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HB 19-1038

**REVISED
FISCAL NOTE**

(replaces fiscal note dated January 15, 2019)

Drafting Number: LLS 19-0593
Prime Sponsors: Rep. Duran; Lontine
Sen. Ginal; Story

Date: January 24, 2019
Bill Status: House Appropriations
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Bill Topic: DENTAL SERVICES FOR PREGNANT WOMEN ON CHP+

Summary of Fiscal Impact:

| | |
|---|--|
| <input type="checkbox"/> State Revenue | <input type="checkbox"/> TABOR Refund |
| <input checked="" type="checkbox"/> State Expenditure | <input type="checkbox"/> Local Government |
| <input type="checkbox"/> State Transfer | <input type="checkbox"/> Statutory Public Entity |

This bill expands dental services provided under the Children's Health Plan Plus to pregnant women starting on October 1, 2019. It will increase state expenditures on an ongoing basis.

Appropriation Summary: For FY 2019-20, the bill requires an appropriation of \$439,425 to the Department of Health Care Policy and Financing.

Fiscal Note Status: The fiscal note reflects the introduced bill, as amended by the House Public Health Care and Human Services Committee.

**Table 1
State Fiscal Impacts Under HB 19-1038**

| | | FY 2019-20 | FY 2020-21 |
|---------------------|---------------|-------------------|-------------------|
| Revenue | | - | - |
| Expenditures | General Fund | - | \$44,883 |
| | Cash Funds | \$66,955 | \$48,149 |
| | Federal Funds | \$372,470 | \$196,607 |
| | Total | \$439,425 | \$289,639 |
| Transfers | | - | - |
| TABOR Refund | | - | - |

Summary of Legislation

Beginning October 1, 2019, this bill requires the Medical Services Board to include dental services for all enrolled pregnant women on the schedule of health care services offered through the Children's Health Plan Plus (CHP+, referred to in statute as the Children's Basic Health Plan).

Background

The CHP+ provides health insurance to low-income children and pregnant and postpartum women who have family incomes below 260 percent of the Federal Poverty Level (FPL) and who are not eligible for Medicaid. Women must be pregnant or less than 60 days postpartum to be eligible for CHP+. The Department of Health Care Policy and Financing (HCPF) administers the plan and currently uses a dental contractor for all childrens' dental services, paid through a per-member, per-month capitated rate.

In the current fiscal year, FY 2018-19:

- CHP+ is expected to provide coverage to nearly 76,250 children and 900 pregnant or postpartum women;
- the federal government provides 88 percent of the funding, while the state contributes the remaining 12 percent in transfers from the CHP+ Trust (which consists of consists of Tobacco Master Settlement funds, General Fund moneys, and fees paid by families enrolled in CHP+), the Colorado Healthcare Affordability and Sustainability Enterprise, and other sources; and
- the state share of costs for prenatal clients from with family incomes less than 205 percent of the FPL are paid from the CHP+ Trust or the General Fund, based on the availability of federal matching funds, while the costs for prenatal clients with family incomes between 205 and 260 percent of the FPL are paid from the Healthcare Affordability and Sustainability Fee Cash Fund (HAS Fund).

State Expenditures

Beginning in FY 2019-20, the bill will increase expenditures from the CHP+ Trust, the HAS Fund, and federal funds. In FY 2020-21, the CHP+ Trust portion will instead come from the General Fund, due to the scheduled decrease in the federal match rate. These expenditures are shown in Table 2 and discussed further below.

Table 2
Expenditures Under HB 19-1038

| | FY 2019-20 | FY 2020-21 |
|---|-------------------|-------------------|
| Department of Health Care Policy and Financing | | |
| Dental Benefit Coverage | \$166,693 | \$239,639 |
| Actuarial Contracting | \$50,000 | \$50,000 |
| Computer Programming | \$222,732 | - |
| Total Cost | \$439,425 | \$289,639 |
| <i>General Fund</i> | - | \$44,883 |
| <i>CHP+ Trust</i> | \$45,267 | - |
| <i>HAS Fund</i> | \$21,688 | \$48,149 |
| <i>Federal Funds</i> | \$372,470 | \$196,607 |

Department of Health Care Policy and Financing. HCPF will provide dental benefits to nearly 900 prenatal and postpartum clients in CHP+. Costs to implement the program include computer programming and a contract actuary.

Dental benefit coverage assumptions. The estimate of dental benefits in this fiscal note is based on the costs of dental services for pregnant women covered under Medicaid, multiplied by the forecasted caseload for CHP+ prenatal clients. This is approximately 900 women in the first year, and the outyear uses the forecasted growth rate for the current CHP+ dental population. The fiscal note assumes that HCPF will use its existing CHP+ dental contractor and pay a monthly capitation rate to cover this new population. To estimate the impact to federal funds, 79.38 percent is used in FY 2019-20, and 67.88 percent in FY 2020-21, based on the scheduled decrease of the federal match rate, which will end up at 65 percent in FY 2021-22. Therefore, General Fund will be required to cover the CHP+ Trust portion of the program funding beginning in FY 2020-21.

Computer programming. The Medicaid Management Information System will be configured to create and track capitation payments of dental services for the new population and enable the system to accept data from the dental contractor, as is federally required for managed care programs. These changes will require 1,794 hours of computer programming performed at a contractor at a rate between \$80 and \$156 per hour for the various programming, analysis, and systems testing work required.

Actuarial contracting. HCPF will contract with an actuary to calculate and certify a rate for prenatal dental services. Based on projects with a similar scope, this work is estimated at 250 hours of work at the rate of \$200 per hour. The services of an actuary will be required in FY 2019-20 and FY 2020-21 only to develop a rate without utilization data. In subsequent years, this data will be available and can be accomplished within the department's existing actuarial resources.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2019-20, the bill requires an appropriation of \$439,425 to the Department of Health Care Policy and Financing from the following funds:

- \$45,267 from the Children's Basic Health Plan Trust;
- \$21,688 from the Healthcare Affordability and Sustainability Fee Cash Fund; and
- \$372,470 from federal funds.

State and Local Government Contacts

Counties Health Care Policy and Financing Information Technology