



Legislative  
Council Staff

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# FINAL FISCAL NOTE

<b>Drafting Number:</b> LLS 19-0966	<b>Date:</b> May 21, 2019
<b>Prime Sponsors:</b> Sen. Zenzinger Rep. Hansen	<b>Bill Status:</b> Signed into Law
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**Bill Topic:** PACE PROGRAM FUNDING METHODOLOGY

**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

**Budget package bill.** This bill repeals a provider rate setting mechanism for the Program for All-Inclusive Care for the Elderly and restores funding levels to the prior rate. It requires the Department of Health Care Policy and Financing and providers to meet during the 2019 legislative interim to consider an appropriate funding methodology. The bill will increase state expenditures and workload beginning in FY 2019-20.

**Appropriation Summary:** For FY 2019-20, the bill includes an appropriation of \$13,510,958 to the Department of Health Care Policy and Financing.

**Fiscal Note Status:** This fiscal note reflects the enacted bill, which was recommended by the Joint Budget Committee as part of its FY 2019-20 budget package.

**Table 1  
State Fiscal Impacts Under SB 19-209**

		FY 2019-20	FY 2020-21
<b>Revenue</b>		-	-
<b>Expenditures</b>	General Fund	\$6,755,479	\$7,425,456
	Federal Funds	\$6,755,479	\$7,425,456
	<b>Total</b>	<b>\$13,510,958</b>	<b>\$14,850,912</b>
<b>Transfers</b>		-	-
<b>TABOR Refund</b>		-	-

## **Summary of Legislation**

The bill repeals a statutory provision requiring the Department of Health Care Policy and Financing (HCPF) to use a "grade of membership" method when determining provider rates for the Program for All-Inclusive Care for the Elderly (PACE). As a result, the bill includes a FY 2019-20 appropriation to HCPF to restore PACE provider rates to previous levels of funding. HCPF is required to meet with PACE organizations during the 2019 legislative interim to consider funding methodologies for future fiscal years and any other germane issues.

## **Background**

PACE is a comprehensive managed care program for people 55 years and older who meet nursing facility level of care standards. Benefits include standard medical costs, behavioral health, and long-term services and supports.

Senate Bill 16-199 required HCPF to develop an actuarially sound method for calculating the upper payment limit for PACE providers. Following this method, per capita rates to providers would be reduced by an estimated 6.0 percent, or \$13.5 million, in FY 2019-20.

## **State Expenditures**

The bill will increase state expenditures by \$13.5 million in FY 2019-20 and \$14.9 million in FY 2020-21, split evenly between the General Fund and federal funds. HCPF will use these funds to cover the PACE provider rate restored under the bill. Workload will also increase for HCPF in FY 2019-20 to work with PACE providers to determine the appropriate funding methodology for PACE in future fiscal years. If a new funding methodology is adopted, the FY 2020-21 appropriation may differ from what is shown in this fiscal note.

## **Effective Date**

The bill was signed into law by the Governor and took effect on April 17, 2019.

## **State Appropriations**

For FY 2019-20, the bill includes a General Fund appropriation of \$6,755,479 and a federal funds appropriation of \$6,755,479 to the Department of Health Care Policy and Financing.

## **State and Local Government Contacts**

Health Care Policy and Financing

Joint Budget Committee