



**Legislative
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FISCAL NOTE

Drafting Number: LLS 20-0562
Prime Sponsors: Sen. Tate
 Rep. Lontine

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Bill Status: Senate HHS
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Bill Topic: **ALLOW MEDICAID BUY-IN PROGRAM AFTER AGE 65**

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

The bill establishes a Medicaid buy-in program for working adults with disabilities who are 65 or older. It increases state revenue and expenditures on an ongoing basis.

Appropriation Summary: For FY 2020-21, the bill requires an appropriation of \$2.2 million to the Department of Health Care Policy and Financing.

Fiscal Note Status: The fiscal note reflects the introduced bill.

**Table 1
State Fiscal Impacts Under SB 20-033**

		FY 2020-21	FY 2021-22	FY 2022-23
Revenue	Cash Funds	-	\$51,350	\$64,085
Expenditures	General Fund	\$2,201,811	\$3,316,387	\$3,792,399
	Cash Funds	-	\$51,350	\$64,085
	Federal Funds	(\$60,084)	(\$60,084)	(\$60,084)
	Centrally Appropriated	\$30,400	\$33,528	\$33,528
	Total	\$2,172,127	\$3,141,181	\$3,829,928
	Total FTE	2.0 FTE	2.0 FTE	2.0 FTE
Transfers		-	-	-
TABOR Refund	General Fund	-	\$51,350	\$64,085

Summary of Legislation

Under current law, the Department of Health Care Policy and Financing (HCPF) administers a Medicaid buy-in program for working adults with disabilities up to age 64 that would not otherwise qualify for Medicaid. The bill authorizes working adults with disabilities who are age 65 and older to buy into Medicaid, and establishes that the program will be funded solely with state funds. To be eligible, a working adult must:

- be enrolled or have applied for Medicare;
- be eligible for and receiving long-term care, home- and community-based services, or durable medical equipment as part of complex rehabilitative services, or have extraordinary medical expenses not covered by Medicare; and
- have been continuously enrolled in the Medicaid buy-in program for at least one year prior to turning 65, except that enrollment is not required to be continuous for individuals that were enrolled on January 1, 2020, aged out of the program prior to implementation of this program, and enroll by July 1, 2022.

The Medical Services Board is authorized to promulgate rules to implement the program.

Background

The existing Medicaid buy-in program for working adults with disabilities has eligibility criteria that differs from other Medicaid eligibility categories in that the income limit is higher and there is no asset limit. Clients in the buy-in program pay a monthly premium that is calculated on a sliding scale based on income, averaging about \$34 per month. The program has other cost recovery mechanisms such as estate recovery, which obtains assets from clients who die. Participation allows access to standard Medicaid benefits as well as certain home- and community-based waiver services. The existing buy-in program is jointly funded with state and federal funds. HCPF will be unable to draw a federal match for individuals over the age of 64.

The program currently has 493 enrollees who are 64 years old. Of those with Medicare coverage, the average per-capita cost of Medicaid services is about \$25,400.

Assumptions

The fiscal note assumes that administrative work to create the program will take place in FY 2020-21 and the program will enroll members and pay claims beginning in FY 2021-22.

State Revenue

The bill increases state cash fund revenue by an estimated \$51,350 in FY 2021-22 and \$64,085 in FY 2022-23 in premiums collected from clients buying in to the program. This assumes 125 participants buying in with premiums of about \$34 per month, which is based on the existing sliding scale for the buy-in program. The Medical Services Board is authorized to institute a different sliding scale for this program. This revenue is subject to state spending limits established in TABOR.

State Expenditures

The bill increases state expenditures in HCPF by \$2.2 million and 2.0 FTE in FY 2020-21, \$3.1 million and 2.0 FTE in FY 2021-22, and \$3.8 million and 2.0 FTE in FY 2022-23. These costs are paid from the General Fund, except for cash funds from premiums collected, as discussed in the revenue section. These costs are shown in Table 2 and described below.

**Table 2
Expenditures Under SB 20-033**

	FY 2020-21	FY 2021-22	FY 2022-23
Department of Health Care Policy and Financing			
Administrative Costs			
Personal Services	\$262,390	\$275,318	\$275,318
Operating Expenses	\$2,700	\$2,700	\$2,700
Capital Outlay	\$12,400	-	-
Contract Staff Related to MMIS	\$169,000	-	-
Actuarial Analysis of Premium Structure	\$100,000	\$100,000	\$100,000
Medicaid Management Information System Changes	\$1,029,623	-	-
Colorado Benefits Management System Changes	\$565,614	\$8,776	\$10,953
Centrally Appropriated Costs	\$30,400	\$33,528	\$33,528
Administrative Costs Subtotal	\$2,172,127	\$420,322	\$422,499
Total FTE	2.0 FTE	2.0 FTE	2.0 FTE
Medical Services			
Medical Services Costs	-	\$3,178,573	\$3,966,858
Caseload Shift from Current Medicaid	-	(\$457,714)	(\$559,429)
Medical Services Subtotal		2,720,859	3,407,429
Total Cost	\$2,172,127	\$3,141,181	\$3,829,928
Total FTE	2.0 FTE	2.0 FTE	2.0 FTE

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

Administrative costs. HCPF administration of the program will include personnel and IT system upgrades.

Personnel. Staffing costs include an additional 2.0 FTE to administer the program, develop rules, assist with Medicaid Management Information System (MMIS) and Colorado Benefits Management System (CBMS) changes, and evaluate eligibility. The system analysis requires 1,000 hours at a rate of \$169 per hour for contract staff to work with the MMIS consultant to create and implement benefit rules in MMIS. In addition, it is assumed that one existing program manager would become fully state funded to oversee the program, resulting in a shift of about \$60,000 federal funds to General Fund. Lastly, contract actuarial services will be needed to determine appropriate premiums and a cost-sharing structure.

IT systems. MMIS will be updated to include the new program, which will allow claims to be tracked and coded and limits on medical services to be put in place, since the program will not have the same authority Medicaid has to overspend its appropriation. The CBMS will be updated to include new eligibility criteria, and to allow for varying premium structures.

Medical services. The bill will increase Medicaid caseload by an estimated 125 people in FY 2021-22, growing to 156 people in FY 2022-23. Medical services are estimated to cost about \$25,400 per person.

While most individuals eligible would not otherwise qualify for Medicaid due to income, asset, or age limits, this enrollment estimate also includes individuals that transfer from another Medicaid enrollment category to this program, which would increase state costs due to the loss of federal matching funds. These individuals have an incentive to do so in order to allow them to continue working and maintaining assets while accessing Medicaid benefits. This population is estimated at 18 in FY 2021-22, and 22 in FY 2022-23.

Specific eligibility criteria and a cost structure have not yet been defined in rule; therefore, HCPF will use the annual budget process to request changes in cost as needed.

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. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$30,400 in FY 2020-21, \$33,528 in FY 2021-22 and FY 2022-23.

TABOR refund. The bill is expected to decrease state General Fund obligations for TABOR refunds by \$51,350 in FY 2021-22. Under current law and the December 2019 Legislative Council Staff forecast, the measure will correspondingly increase the amount refunded to taxpayers via sales tax refunds made available on income tax returns for tax year 2021 and 2022. A forecast of state revenue subject to TABOR is not available beyond FY 2021-22.

Effective Date

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

State Appropriations

For FY 2020-21, the bill requires the following General Fund appropriations to the Department of Health Care Policy and Financing:

- \$157,322 for program administration staff, operating costs, and capital outlay, and 2.0 FTE;
- \$169,000 for contract staff to work with the MMIS consultant;
- \$120,168 for existing staff to shift to being fully state-funded;
- \$100,000 for an actuarial contractor;
- \$1,029,623 for a contractor to update MMIS; and
- \$565,614 to update CBMS, which is reappropriated to the Office of Information Technology.

Additionally, the bill requires a reduction of \$60,084 in federal funds.

State and Local Government Contacts

Health Care Policy and Financing
Law
Regulatory Agencies

Information Technology
Personnel