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Final Fiscal Note

Drafting Number: LLS 21-0583 Date: October 6, 2021
Prime Sponsors: Sen. Pettersen; Moreno Bill Status: Signed into Law
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Bill Topic: PROTECTING PREVENTIVE HEALTH CARE COVERAGE

- Summary of Fiscal Impact:
State Revenue (checkbox)
State Expenditure (checked)
State Diversion (checked)
TABOR Refund (checkbox)
Local Government (checked)
Statutory Public Entity (checkbox)

The bill expands preventive health care and family planning services covered under state-regulated health insurance plans and Medicaid. It increases state expenditures and creates a General Fund diversion on an ongoing basis.

Appropriation Summary: For FY 2021-22, the bill requires and includes appropriations of \$918,820 to multiple state agencies.

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

Table 1
State Fiscal Impacts Under SB 21-016

Table with 4 columns: Category, Sub-category, Budget Year FY 2021-22, and Out Year FY 2022-23. Rows include Revenue, Expenditures (General Fund, Cash Funds, Federal Funds, Centrally Appropriated, Total Expenditures, Total FTE), Diversion (General Fund, Cash Funds, Net Diversion), and TABOR Refund.

## **Summary of Legislation**

Current law requires that for state-regulated health insurance plans, the total cost of certain preventive services be covered without cost sharing requirements, in accordance with the A or B recommendations of the U.S. Preventive Services Task Force. The bill adds the following services to this list:

- counseling, prevention, and screening for a sexually transmitted infection (STI); and
- contraception.

Current law requires a health-care provider or facility to perform a diagnostic exam for an STI and subsequently treat the STI at the request of a minor patient. The bill allows a health-care provider to administer, dispense, or prescribe preventive measures or medications where applicable. The consent of a parent is not a prerequisite for a minor to receive preventive care, but a health-care provider shall counsel the minor on the importance of bringing the minor's parent or legal guardian into the minor's confidence regarding the services.

The bill requires that Medicaid cover family planning and family planning-related services and establishes that such services must be provided without cost sharing for the client. These services are defined in the bill, and the Medical Services Board is directed to promulgate rules establishing specific services to be covered within these definitions. The bill removes the requirement that services be provided by a certified family planning clinic and authorizes reimbursement for family planning services and family-planning-related services provided by any licensed health-care provider.

**Conditionality.** The coverage requirements only apply if the Commissioner of Insurance determines that the coverage does not require a state defrayal pursuant to the federal Affordable Care Act, and the federal Department of Health and Human Services confirms this determination or fails to reply.

## **State Diversions**

The bill diverts an estimated \$17,830 from the General Fund annually beginning in FY 2021-22 for plan review in DORA. This revenue diversion occurs because the bill increases costs in the Division of Insurance (DOI) in DORA, which is funded with premium tax revenue that would otherwise be credited to the General Fund.

## **State Expenditures**

The bill increases state expenditures by \$923,297 and 0.2 FTE in FY 2020-21 and \$17,830 and 0.2 FTE in FY 2021-22 from state and federal funds. These costs are shown in Table 2 and described below.

**Table 2  
Expenditures Under SB 21-016**

<b>Cost Components</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
<b>Department of Regulatory Agencies</b>		
Personal Services	\$13,353	\$13,353
Centrally Appropriated Costs <sup>1</sup>	\$4,477	\$4,477
FTE – Personal Services	0.2 FTE	0.2 FTE
<b>DORA Subtotal</b>	<b>\$17,830</b>	<b>\$17,830</b>
<b>Department of Health Care Policy and Financing</b>		
MMIS Programming	\$848,467	-
PBMS Programming	\$57,000	-
<b>HCPF Subtotal (90 percent federal funds)</b>	<b>\$905,467</b>	<b>\$0</b>
<b>Total</b>	<b>\$923,297</b>	<b>\$17,830</b>
<b>Total FTE</b>	<b>0.2 FTE</b>	<b>0.2 FTE</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

**Department of Health Care Policy and Financing.** Medicaid currently covers family planning and family planning-related services and does not require a copay if the services are focused on preventing, delaying, or planning for a pregnancy, which includes contraceptives and sterilization services. Expanding services that are exempt from copays will increase state costs in some cases, though the specific services that are exempt under the bill have not yet been identified. This impact is mitigated by a federal requirement that Medicaid only charge up to 5 percent of a member's income in copays, meaning that exempting these services from copays could increase copays for other services for some members until the cap is reached. The impact to medical services expenditures is expected to be minimal, and the department will account for any increases in provider payments due to copay exemptions through the annual budget process.

In order to implement these changes, updates are required to the Medicaid Management Information System (MMIS) and Pharmacy Benefit Management System (PBMS) to identify diagnosis codes related to family planning visits and exempt all associated services from copays. The fiscal note estimates these updates will require a combined workload of 7,410 hours of work at a blended rate of \$122 per hour. Of these costs, \$90,547 (10 percent) are from the General Fund and \$814,920 (90 percent) are from federal funds. Rulemaking can be accomplished within existing appropriations.

**Department of Regulatory Agencies.** The DOI will review filings for each health benefit plan subject to the bill, which includes all individual, small group, and large group plans that are not self-insured. The fiscal note assumes that DOI will review 800 applicable plans each year, and that each review will require thirty minutes to ensure preventive services are contained in each form filing and are appropriately reflected in rate filings and communicated to policyholders. This workload requires 0.2 FTE of a rate and financial analyst. Costs are paid from the DOI Cash Fund.

**State employee insurance.** State employee insurance is offered through two carriers, one of which (Kaiser Permanente) is subject to state regulation and would be required to expand coverage in accordance with the bill. Any cost increase could contribute to higher insurance premiums, which would be shared between state agencies and employees. Because insurance premiums are influenced by a number of variables and the cost share between the state and employees has not been determined, the cost to the state is not estimated.

**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 \$4,477 in FY 2021-22 and future years.

## Local Government

As with state employee insurance, to the extent that premiums increase for local government insurance plans, cost increases will be shared by local governments and employees.

## Effective Date

The bill was signed into law by the Governor and took effect on July 6, 2021. The coverage requirements phase in over time, pending determinations on whether defrayal payments are required.

## State Appropriations

For FY 2020-21, the bill requires the following appropriations:

- \$90,547 from the General Fund and \$814,920 in federal funds to the Department of Health Care Policy and Financing; and
- \$13,353 from the Division of Insurance Cash Fund to the Department of Regulatory Agencies, and 0.2 FTE.

## State and Local Government Contacts

Colorado Health Benefit Exchange  
Higher Education  
Personnel

Health Care Policy and Financing  
Information Technology  
Regulatory Agencies