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Fiscal Note

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Prime Sponsors: Rep. Vigil Bill Status: House Health & Human Services
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Bill Topic: GENDER-AFFIRMING HEALTH-CARE PROVIDER STUDY

Summary of Fiscal Impact:
State Revenue [] State Diversion [x] Local Government []
State Expenditure [x] TABOR Refund [] Statutory Public Entity []

The bill requires the Department of Public Health and Environment to conduct a study on the status of gender-affirming health care in Colorado. The bill increases state expenditures from FY 2024-25 to FY 2026-27.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$355,127 to multiple state agencies.

Fiscal Note Status: The fiscal note reflects the introduced bill, which was recommended by the Colorado Youth Advisory Council Review Committee.

Table 1
State Fiscal Impacts Under HB 24-1040

Table with 4 columns: Category, Budget Year FY 2024-25, Out Year 1 FY 2025-26, Out Year 2 FY 2026-27. Rows include Revenue, Expenditures (General Fund, Cash Funds, Centrally Appropriated, Total Expenditures, Total FTE), Diversions (General Fund, Cash Funds, Net Diversion), and Other Budget Impacts (General Fund Reserve).

Summary of Legislation

The bill requires the Department of Public Health and Environment (CDPHE), or a third party contracted by the CDPHE, to conduct a study on the status of gender-affirming health care in Colorado, especially in rural areas. The study must determine, at minimum, the number of gender-affirming health care providers and facilities in each region, the resources available to these providers, the number of patients seeking gender-affirming health care services and the types of services sought, the prevalence of non-prescribed treatments, and the availability of insurance coverage for treatments. The study must also engage and seek input from providers with experience providing gender-affirming care and mental health care; members of the lesbian, gay, bisexual, transgender, or non-binary community; and various state agencies and programs.

The CDPHE must report study findings to the General Assembly by December 31, 2026.

State Diversion

This bill diverts \$9,345 from the General Fund in FY 2024-25 and FY 2025-26 to the Division of Insurance Cash Fund. This revenue diversion occurs because the bill increases costs in the Division of Insurance in the Department of Regulatory Agencies, which is funded with premium tax revenue that would otherwise be credited to the General Fund.

State Expenditures

The bill increases state expenditures in the CDPHE by approximately \$380,000 in FY 2024-25, \$295,000 in FY 2025-26, and \$225,000 in FY 2026-27, paid from the General Fund. It also increases expenditures for the Department of Regulatory Agencies by \$9,000 in FY 2024-25 and FY 2025-26, paid from the Division of Insurance Cash Fund. Workload also minimally increases for other state agencies. Expenditures are shown in Table 2 and described below.

**Table 2
Expenditures Under HB 24-1040**

	FY 2024-25	FY 2025-26	FY 2026-27
Department of Public Health and Environment			
Personal Services	\$147,315	\$155,911	\$140,983
Operating Expenses	\$2,176	\$2,304	\$2,048
Capital Outlay Costs	\$13,340	-	-
Study Contractor	\$75,000	\$100,000	\$50,000
Data System Modification	\$75,000	-	-
All Payers Claims Data License	\$25,000	-	-
Survey Costs	\$9,838	-	-
Centrally Appropriated Costs ¹	\$33,430	\$35,390	\$31,683
FTE – Personal Services	1.7 FTE	1.8 FTE	1.6 FTE
CDPHE Subtotal	\$381,099	\$293,605	\$224,714
Department of Regulatory Agencies			
Personal Services	\$7,330	\$7,330	-
Operating Expenses	\$128	\$128	-
Centrally Appropriated Costs ¹	\$1,887	\$1,887	-
FTE – Personal Services	0.1 FTE	0.1 FTE	-
DORA Subtotal	\$9,345	\$9,345	-
Total Cost	\$390,444	\$302,950	\$224,714
Total FTE	1.8 FTE	1.9 FTE	1.6 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Department of Public Health and Environment. The CDPHE requires staff, a third-party contractor, system modifications, license purchases, and surveys to implement the study, as discussed below.

- **Staff.** The CDPHE requires 1.8 FTE to support the study. The CDPHE will work closely with the contractor to provide data for analysis, aid in data collection from health facilities and providers, and conduct research to inform the methodologies and analytical processes of the study. Staff activities also include providing oversight and logistic support, developing and managing the third-party contract, handling any public inquiries and media requests, and helping draft and submit the final report to legislative committees. Staff costs are prorated in the first and last years based on the timeline of the study and responsibilities, with 1.7 FTE required in FY 2024-25, 1.8 FTE required in FY 2025-26, and 1.6 FTE required in FY 2026-27.

- **Contractor.** Beginning in FY 2024-25, the CDPHE will contract with a third-party to conduct the study. The contractor will assist the CDPHE with developing the data collection process and direction of overall study, identifying and engaging with stakeholders, synthesizing data analyses provided by CDPHE and various stakeholders, and developing the final report. Contractor costs are \$225,000 for the three-year duration of the study, or \$100,000 annually with costs prorated for an October 2024 start date and December 2026 end date.
- **Data system modification.** In FY 2024-25, the CDPHE will have a one-time cost of \$75,000 to contract a developer to modify existing data systems for use by the study, including creating and modifying data tables; extraction, transformation and loading packages for data integration; standardized reporting functions; and user interface. Developer contract costs are based on other projects within the CDPHE.
- **License purchase.** In FY 2024-25, the CDPHE will have a one-time cost of \$25,000 to purchase an All Payer Claims Database license for the most recent year available to access and transform pertinent gender-affirming care payer data for the study.
- **Survey costs.** In FY 2024-25, the CDPHE will have one-time costs of \$9,837 to survey providers and collect data for analysis in the study. These costs include survey development, printing and mailing, purchase of data collection licenses, data entry, and survey follow up.

Department of Regulatory Agencies. From FY 2024-25 to FY 2025-26, the department requires 0.1 FTE to provide the insurance data for the study to the CDPHE. The staff will review approximately 200 health insurance rate and form filings to determine the availability of insurance coverage for different types of gender-affirming treatments.

Other departments. Workload will minimally increase for agencies that engage with the CDPHE for the study, including the Behavioral Health Administration and the Department of Health Care Policy and Financing. This workload can be accomplished within existing appropriations.

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 shown in Table 2.

Effective Date

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

State Appropriations

For FY 2024-25, the bill requires appropriations of \$355,127, of which:

- \$347,669 and 1.7 FTE is appropriated to the Department of Public Health and Environment from the General Fund; and
- \$7,458 and 0.1 FTE is appropriated to the Department of Regulatory Agencies from the Division of Insurance Cash Fund.

State and Local Government Contacts

Behavioral Health Administration
Public Health and Environment

Health Care Policy and Financing
Regulatory Agencies

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit: leg.colorado.gov/fiscalnotes.