JOINT BUDGET COMMITTEE

STAFF BUDGET BRIEFING
FY 2021-22

TOBACCO REVENUE

JBC WORKING DOCUMENT - SUBJECT TO CHANGE
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

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NOVEMBER 11, 2020

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ADDITIONAL RESOURCES

Brief summaries of all bills that passed during the 2019 and 2020 legislative sessions that had a fiscal impact on tobacco revenue distributions are available in Appendix A of the annual Appropriations Report:
https://leg.colorado.gov/publications/appropriations-report-fiscal-year-2020-21

OVERVIEW

Colorado has traditionally received annual tobacco revenue from two sources, with a third source being added this year:

1. Tobacco taxes imposed by Section 21 of Article X of the Colorado Constitution (often called Amendment 35).
2. The Tobacco Master Settlement Agreement (MSA), a 1998 legal settlement between tobacco manufacturers and the states who sued the tobacco manufacturers to recover Medicaid and other health-related costs incurred by the states as a result of treating smoking related illnesses.
3. An additional tobacco tax created by HB 20-1427 (Proposition EE) beginning January 1st 2021.

Both Amendment 35 and MSA dollars are distributed by formula, while proposition EE revenue distribution is largely specified in HB 20-1427. Long Bill appropriations are determined based on forecasted revenues provided by Legislative Council Staff (LCS). More details about distribution of tobacco revenue are included in the following sections.

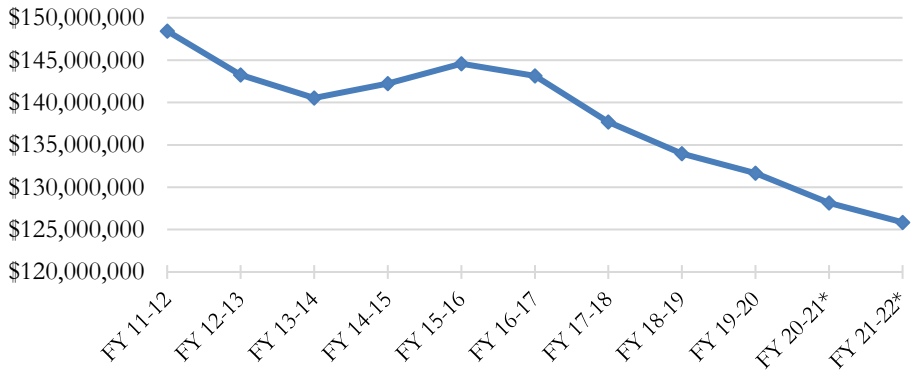
AMENDMENT 35

Amendment 35, approved by voters in 2004, added the following two cigarette and tobacco taxes to Section 21 of Article X of the Colorado Constitution:

- An additional $0.64 tax on each pack of cigarettes sold in Colorado (a pack equals twenty cigarettes); and
- A statewide tobacco products tax equal to 20.0 percent of the manufacturer's list price, on the sale, use, consumption, handling, or distribution of tobacco products by distributors.

Amendment 35 revenue has been steadily declining over time, as shown in the table below. The September 2020 LCS forecast anticipates these funds will continue to decline in FY 2020-21 and FY 2021-22, with $128.2 million in FY 2020-21 and $125.9 million in FY 2021-22.

AMENDMENT 35 COLLECTIONS BY FISCAL YEAR



*Forecasted Revenue

Amendment 35 was codified in Section 24-22-117, C.R.S. This provision outlines how revenue from Amendment 35 is allocated to various state agencies including the Departments of Health Care Policy and Financing (HCPF), Public Health and Environment (DPHE), and Revenue (REV). The following table summarizes the allocation of Amendment 35 revenue for FY 2018-19, FY 2019-20, and the estimate for FY 2020-21 (based on the September 2020 LCS forecast).

DISTRIBUTION OF AMENDMENT 35 REVENUE

DEPT.	PROGRAM AND/OR FUND	PERCENT	FY 2018-19 ACTUAL	FY 2019-20 ACTUAL	FY 2020-21 ESTIMATED*
HCPF	Health Care Expansion Fund	46.0	$61,628,035	$60,563,132	$58,949,000
HCPF	Primary Care Fund	19.0	25,455,058	25,015,207	24,348,500
DPHE	Tobacco Education Programs Fund	16.0	21,435,838	21,065,437	20,504,000
DPHE	Prevention, Early Detection and Treatment Fund	16.0	21,435,838	21,065,437	20,504,000
HCPF	Old Age Pension Fund	1.5	2,009,610	1,974,885	1,922,000
REV	Local governments to compensate for lost revenue from tobacco taxes	0.9	1,205,766	1,184,931	1,153,500
DPHE	Immunizations performed by small local public health agencies.	0.3	401,922	394,977	384,500
HCPF	Children's Basic Health Plan	0.3	401,922	394,977	384,500
Total Distributions		**100.0**	**$133,973,990**	**$131,658,983**	**$128,150,000**

**Based on September 2020 LCS forecast*

Long Bill appropriations are normally made based on the December LCS forecast. Given the extension of the 2020 legislative session, and the later than usual introduction of the Long Bill, appropriations were made based on the May 2020 forecast. The table below shows the forecasted amount used for the FY 2020-21 Long Bill compared to the September 2020 LCS forecast, which anticipates higher revenue.

FY 2020-21 AMENDMENT 35 PROJECTIONS					
DEPT.	PROGRAM AND/OR FUND	PERCENT	FY 2020-21 LONG BILL*	FY 2020-21 SEPT. 2020	DIFFERENCE
HCPF	Health Care Expansion Fund	46.0	$56,660,960	$58,949,000	$2,288,040
HCPF	Primary Care Fund	19.0	23,403,440	24,348,500	$945,060
DPHE	Tobacco Education Programs Fund	16.0	19,708,160	20,504,000	$795,840
DPHE	Prevention, Early Detection and Treatment Fund	16.0	19,708,160	20,504,000	$795,840
HCPF	Old Age Pension Fund	1.5	1,847,640	1,922,000	$74,360
REV	Local governments to compensate for lost revenue from tobacco taxes	0.9	1,108,584	1,153,500	$44,916
DPHE	Immunizations performed by small local public health agencies.	0.3	369,528	384,500	$14,972
HCPF	Children's Basic Health Plan	0.3	369,528	384,500	$14,972
Total Distributions		**100.0**	**$123,176,000**	**$128,150,000**	**$4,974,000**

**Based on May 2020 LCS forecast*

Money that is credited to the Prevention Early Detection and Treatment (PEDT) Fund is further divided among three programs: Breast and Cervical Cancer Program, Health Disparities Program Fund, and Center for Health and Environmental Information. The following table summarizes how the total funds credited to the PEDT Fund is further allocated.

BREAKDOWN OF MONEY CREDITED TO THE PREVENTION EARLY DETECTION AND TREATMENT FUND		
FUND	PERCENT	FY 2020-21 ESTIMATED*
Total Amount Credited to the Prevention, Early Detection and Treatment Fund		**$20,504,000**
Breast and Cervical Cancer Program	20.0%	4,100,800
Health Disparities Program Fund	15.0%	3,075,600
Center for Health and Environmental Information	Fixed $	116,942
Remains in the Prevention, Early Detection and Treatment Fund		*$13,210,658*

**Based on September 2020 LCS forecast*

TOBACCO MASTER SETTLEMENT AGREEMENT

Tobacco Master Settlement Agreement (MSA) payments are driven by the following three factors:

- Number of units sold[1] nationwide;
- The inflation adjustment; and
- Amounts of disputed payments.

Payments received in April are based on sales and adjustments from the prior year. For example, the payment received by Colorado in April 2020 was based on the number of units sold in 2019.

MSA revenues are distributed according to statutory formula. Fiscal Year 2019-20 and FY 2020-21 allocations are included in the table below, as well as the most recent forecast for FY 2021-22.

TOBACCO MASTER SETTLEMENT AGREEMENT REVENUE ALLOCATIONS				
	PERCENTAGE	FY 2019-20 ACTUAL	FY 2020-21 ALLOCATION	FY 2021-22 FORECAST
Health Care Policy and Financing				
Children's Basic Health Plan Trust	18.00%	$14,606,960	$14,464,601	$13,800,000
Autism Waiver	2.00%	1,622,996	1,607,178	1,500,000
Subtotal - Health Care Policy and Financing	***20.00%***	***16,229,956***	***16,071,779***	***15,300,000***
Higher Education				
University of Colorado Health Sciences Center[3]	17.50%	14,201,211	14,062,807	13,400,000
Human Services				
Nurse Home Visitor Program	26.70%	21,666,991	21,455,825	20,400,000
Tony Grampsas Youth Services Program	7.50%	6,086,233	6,026,917	5,700,000
Subtotal - Human Services	***34.20%***	***27,753,224***	***27,482,742***	***26,100,000***
Law				
Tobacco Settlement Defense Account[2]	2.50%	2,028,744	602,692	1,900,000
Military and Veterans Affairs				
State Veterans Trust Fund	1.00%	811,498	803,589	800,000
Personnel				
Supplemental State Contribution Fund	2.30%	1,866,445	1,848,255	1,800,000
Public Health and Environment				
Drug Assistance Program (ADAP; Ryan White)	5.00%	4,057,489	4,017,945	3,800,000
AIDS and HIV Prevention Grants (CHAPP)	3.50%	2,840,242	2,812,561	2,700,000
Immunizations	2.50%	2,028,744	2,008,972	1,900,000
Health Services Corps Fund	1.00%	811,498	803,589	800,000
Dental Loan Repayment Program[2]	1.00%	811,498	642,872	800,000
Subtotal Public Health and Environment	***13.00%***	***10,549,471***	***$10,285,939***	***10,000,000***
Capital Construction - Department of Higher Education - Fitzsimons Lease Purchase Payments	8.00%	6,491,982	6,428,712	6,100,000
Unallocated Amount[2]	1.50%	1,217,247	2,772,381	1,100,000
TOTAL	**100.00%**	**81,149,778**	**$80,358,896**	**$75,600,000**

[1] Pursuant to Section 39-28-202 (10), C.R.S., "units sold" means the number of individual cigarettes sold in the state by the applicable tobacco product manufacturer, whether directly or through a distributor, retailer, or similar intermediary or intermediaries, during the year in question, as measured by excise taxes collected by the state on containers of roll-your-own tobacco, and on packs of cigarettes bearing the excise tax stamp of the state.

[2] These distribution percentages were modified for FY 2020-21 for one-time budget balancing purposes.

[3] 2 percent of this amount is required to be spent on cancer research.

Early in the figure setting process, typically the end of January or beginning of February, staff will make recommendations for the Committee's consideration on the estimated amount of Tobacco Master Settlement money available for distribution to programs based on the forecast done by Legislative Council economists. Because of differences in the actual amount received and the forecasted amounts, as well as a relative decline in MSA revenue over the past few years, many programs receiving MSA dollars have been conservative in their expenditures. As seen in the table below, some programs' expenditures were higher than their allocation in FY 2019-20, indicating that those programs utilized fund balances. Fund balances from the Nurse Home Visitor Program Fund and the Colorado State Veterans Trust Fund were transferred to the General Fund as part of balancing the budget for FY 2020-21. The unspent dollars relating to those items below will be used to build those balances back up.

REQUESTED INFORMATION FOR MSA PROGRAMS FOR FY 2019-20				
DEPARTMENT	PROGRAM	ALLOCATION	EXPENDITURES	OVER/(UNDER)
HCPF	Children's Basic Health Plan	$14,606,960	$22,861,205	$8,254,245
HCPF	Autism Waiver	1,646,937	1,673,585	26,648
HED	UC Health Sciences Center	14,237,157	14,237,157	0
DHS	Nurse Home Visitor Program	22,759,294	20,543,970	(2,215,324)
DHS	Tony Grampsas Youth Services Program	6,623,309	6,377,813	(245,496)
DMVA	State Veterans Trust Fund	846,836	838,217	(8,619)
DPA	Supplemental State Contribution Fund	1,866,445	1,627,232	(239,213)
CDPHE	Drug Assistance Program	4,057,489	5,086,607	1,029,118
CDPHE	AIDS and HIV Prevention Grants	2,667,625	4,241,088	1,573,463
CDPHE	Immunizations	2,143,988	1,982,708	(161,280)
CDPHE	Health Services Corps Fund	811,498	802,853	(8,645)
CDPHE	Dental Loan Repayment Program	811,498	810,841	(657)

The Tobacco Settlement Defense Account receives a portion of MSA dollars to fund ongoing litigation needs within the Department of Law (DOL), as well as a small amount of funding for the Department of Revenue. In previous years, this has funded both FTE within the DOL, as well as contracted litigation support from outside counsel. Due to the 2018 NPM Adjustment Settlement Agreement, which released disputed payments, the need for outside counsel has been greatly reduced. However, states that sign on to the settlement agree to expand enforcement of the non-participating manufacturer (NPM) clause of the MSA. Mainly, this would involve expanded/enhanced tracking of NPM units sold in Colorado and increased fraud prevention. The DOL is still in the process of identifying exactly what this expansion would entail and what resources would be necessary to diligently enforce the expanded terms of the agreement. As part of the budget balancing package, HB 20-1380 (Move Tobacco Litigation Settlement Moneys) transferred the balance of the Tobacco Settlement Defense Account to the General Fund. Due to the uncertainty of enforcement needs and the costs that may be related, staff is not recommending a change to the DOL's allocation at this time in order to prepare for upcoming enhancements to the Department's diligent enforcement practices. However, if the General Assembly should need to take budget balancing actions similar to the 2020 legislative session the Department's allocation could be altered again via legislation.

RECOMMENDATION

Staff recommends that the Committee discuss the MSA allocations and associated fund balances for the Nurse Home Visitor Program, the Children's Basic Health Plan, and the Tobacco Settlement Defense Account with the Departments of Human Services, Health Care Policy and Financing, and Law.

MSA BACKGROUND

The 1998 Tobacco Master Settlement Agreement (MSA) provides Colorado with an annual revenue stream as a result of legal action to recover state expenses incurred for the treatment of illnesses resulting from tobacco use. Tobacco Master Settlement Agreement money is distributed to certain programs based on a statutory formula. This section provides an overview of the Tobacco Master Settlement Agreement, including the components that comprise the annual MSA payment to Colorado, disputed payments, and arbitration and settlement of disputed payments.

DISCUSSION

LEGAL PROCEEDINGS

In 1995, Colorado and six other states sued major tobacco companies to recover, among other things, healthcare costs attributed to smoking-related illnesses. After four years, and tobacco company losses in similar lawsuits, the states and tobacco companies agreed to a settlement on November 28, 1998 (this is called the Tobacco Master Settlement Agreement or MSA). The MSA was signed by forty-six states[2], the District of Columbia, and five U.S. territories (collectively called the Settling States), and the original Participating Manufacturers (Philip Morris, R.J. Reynolds Tobacco Company, and Lorillard Tobacco Company). The Tobacco Master Settlement Agreement went into effect April 2000. The MSA settled and released past and future claims by Settling States against Participating Manufacturers and required Participating Manufacturers to make annual payments in perpetuity based upon their annual nationwide cigarette sales. Participating Manufacturers are subject to an array of advertising, marketing, and other restrictions as part of the Tobacco Master Settlement Agreement. Currently, there are fifty-three manufacturers who have agreed to the terms of the MSA.

Each Participating Manufacturer makes a single annual payment based on the following three factors:

- Number of units sold[3] nationwide;
- Amount of withheld disputed payments; and
- The inflation adjustment.

Payments received in April are based on sales and adjustments from the prior year, as calculated by an independent auditor. For example, the payment received by Colorado in April 2020 was based on the number of units sold in 2019.

Participating Manufacturers may withhold, or reduce, payments to states if there is a dispute that arises based on the calculations. These withholdings are called "disputed payments" (discussed below).
The inflation adjustment is equal to the greatest of 3.0 percent or the Consumer Price Index percentage change for the calendar year being used to determine the payment. Therefore, if the CPI percentage is lower than 3.0 percent, the inflation adjustment for that year is 3.0 percent. There have

[2] Florida, Minnesota, Mississippi, and Texas did not sign the MSA because they had entered into separate settlements prior to the MSA.
[3] Pursuant to Section 39-28-202 (10), C.R.S., "units sold" means the number of individual cigarettes sold in the state by the applicable tobacco product manufacturer, whether directly or through a distributor, retailer, or similar intermediary or intermediaries, during the year in question, as measured by excise taxes collected by the state on containers of roll-your-own tobacco, and on packs of cigarettes bearing the excise tax stamp of the state.

only been four years since the inception of the Tobacco Master Settlement Agreement when CPI was greater than 3.0 percent[4].

PARTICIPATING MANUFACTURERS AND NON-PARTICIPATING MANUFACTURERS

The costs of the MSA were expected to place Participating Manufacturers (PMs) at a competitive disadvantage when compared to the Non-Participating Manufacturers (manufacturers who have not signed the MSA). In an effort to offset the disadvantage, the MSA required Settling States to enact laws that forced Non-Participating Manufacturers (NPMs) to make payments into escrow accounts comparable to what they would have paid to states if they had participated in the MSA. The payments by Non-Participating Manufacturers remain in escrow for twenty-five years. Non-Participating Manufacturers control the interest earnings from the escrow payments and the money can only be accessed if states sue Non-Participating Manufacturers and win. Twenty-five years from the date of each escrow payment, in the absence of a suit by the state, the money is returned to the Non-Participating Manufacturers. It is unclear what happens to funds paid by Non-Participating Manufacturers that have gone out of business during the twenty-five year time frame.

To ensure states enforced NPM statutes, which protected PM interests, the MSA included a Non-Participating Manufacturer adjustment clause to reduce manufacturer payments to states when three conditions are met in a given calendar year:

- The market share of Participating Manufacturers declines by 2.0 percent or more relative to the market share prior to the enactment of the MSA;
- An independent economic consultant finds that the Tobacco Master Settlement Agreement significantly contributed to the market share decline; and
- An arbitration panel finds that a given state failed to diligently enforce the Non-Participating Manufacturer statute.

The determination of the Participating Manufacturers' change in market share is done by a market analysis and applies to all Settling States. Therefore, regardless what happens at a state level, if the national market share of Participating Manufacturers declines by 2.0 percent or more, the first condition is satisfied. If the market share for a specific calendar year has declined by 2.0 percent or more, an independent auditor evaluates if the MSA was a significate factor in the decline. The determination of whether the second condition is met is also done on a national level.

DISPUTED PAYMENTS AND ARBITRATION

Participating Manufacturers have used the Non-Participating Manufacturer adjustment clause to withhold a portion of their payment since the MSA went into effect. In order to determine if the Participating Manufacturers were justified in withholding a portion of their payments (called disputed payments) states and Participating Manufacturers enter into arbitration. The arbitration is a multi-state arbitration, with all arbitrating states participating in common hearings. After the common hearings conclude, each participating state has a state specific hearing to determine if that state diligently enforced its escrow statute for Non-Participating Manufacturers selling it its state. At the outset, each state is liable for its allocable share of the market share loss. As states are found to have diligently enforced their statutes, those diligent states' allocable shares are reallocated to the states that are found to be non-diligent, increasing the amounts those states are responsible for. Therefore, if only one state

[4] The years where CPI exceeded 3.0 percent were 2000 (3.39%), 2004 (3.26%), 2005 (3.42%), and 2007 (4.08%).

is determined to have failed in diligently enforcing the Non-Participating Manufacturers provisions, that state will be held financially responsible for Participating Manufacturers' loss of market share nationwide. However, the maximum Non-Participating Manufacturers adjustment penalty faced by a state cannot exceed the total amount of tobacco settlement funds the state was due in the year in question.

The structure of the penalty, within the Non-Participating Manufacturer adjustment clause, increases the stakes for all states related to diligent enforcement of the tobacco laws. Further, because of the way the Non-Participating Manufacturer reduction penalty is allocated, diligent enforcement determinations must be made for all states participating in arbitration before the aggregate adjustment can be distributed.

The arbitration process is lengthy. Colorado and 51 MSA jurisdictions began the NPM Adjustment arbitration based on 2003 disputed payments in June 2010. On September 11, 2013, the panel issued its ruling on the Colorado case. At the end of the arbitration, nine states, including Colorado, were found to be diligent, while five states were ruled non-diligent. As a result of this ruling, Colorado received $11,367,403, which was equal to amounts previously withheld due to the 2003 Non-Participating Manufacturer adjustment plus interest.

Colorado and 19 other states entered arbitration on the 2004 disputed payments beginning in February 2016.

The table below reflects the payment history, including the annual base payment and the amount withheld by tobacco companies. Amounts received in April of the prior year (e.g., FY 2016-17) determine total funding allocations for the current year (e.g., FY 2017-18).

COLORADO TOBACCO MASTER SETTLEMENT AGREEMENT PAYMENTS AND DISPUTED PAYMENTS 2007 TO 2017

Payment Year	Fiscal Year Appropriation	Base Payment	Disputed Amount Withheld	Release of Prior Withholdings
CY 2007	FY 2007-08	$82,005,568	$12,113,579	$0
CY 2008	FY 2008-09	103,640,385	7,711,843	0
CY 2009	FY 2009-10	105,419,647	7,062,223	7,411,531
CY 2010	FY 2010-11	95,709,303	8,714,641	0
CY 2011	FY 2011-12	89,065,763	13,614,015	0
CY 2012	FY 2012-13	90,809,964	11,574,809	0
CY 2013	FY 2013-14	90,769,997	12,362,477	0
CY 2014	FY 2014-15	89,037,053	11,756,684	11,367,403
CY 2015	FY 2015-16	88,079,225	12,500,634	0
CY 2016	FY 2016-17	92,200,153	11,168,694	0
CY 2017	FY 2017-18	91,116,849	13,639,276	0

2018 NPM ADJUSTMENT SETTLEMENT AGREEMENT

In March 2018, the Office of the Attorney General reached a settlement with Participating Manufacturers regarding payment disputes. The Settlement releases disputed payments for CYs 2004 through 2017 and resolves NPM adjustment disputes through 2022. While Colorado was successful in arbitration proceedings in the past, the settlement reduces the risk and uncertainty that accompanies litigation, and provides a more predictable fiscal picture moving forward. More discussion about the distribution of the settlement dollars is included below.

More specifically, the settlement resolves the disputed payments in three ways: it releases disputed payments from 2004-2014, ends NPM adjustment withholding from future annual payments, and determines percentage splits/credits for those no-longer-withheld funds, with a portion that would have otherwise been withheld going to Colorado, and the rest being credited back to manufacturers. As a result, Colorado's receipts will modestly increase in 2019, 2020, and 2023, and modestly decrease in 2021 and 2022.

States that sign on to the settlement agree to expand enforcement of the NPM clause of the MSA. Mainly, this would involve expanded/enhanced tracking of NPM units sold in Colorado and increased fraud prevention. The Attorney General's Office is still in the process, given the recent signing of the agreement, of identifying exactly what this expansion would entail and what resources would be necessary to diligently enforce the expanded terms of the agreement. *The Joint Budget Committee may see a related budget request in the coming fiscal years to address any increased needs identified by the Department of Law or the Department of Revenue.*

The 2018 NPM Adjustment Settlement Agreement had three components for the FY 2018-19 fiscal year.

1. A one-time payment of approximately $113.3 million, which was credited to the General Fund.
2. A decrease of approximately $20.0 million to the 2018 MSA annual payment, which is credited to the Tobacco Litigation Settlement Cash Fund (where funds are distributed via statutory formula). Senate Bill 18-280 (Tobacco Litigation Settlement Cash Fun Transfer) transferred $20.0 million from the General Fund to the Cash Fund to restore FY 2018-19 funding for programs receiving MSA dollars.
3. A balance of approximately $93.3 million General Fund.

ALLOCATION OF MSA DOLLARS

ACCELERATED PAYMENTS

Prior to FY 2007-08, the Long Bill appropriation of MSA revenue was based on MSA revenue received in April of the prior fiscal year (i.e. the appropriation was based on funds already received by the state.) In response to the economic downturns, the General Assembly changed statute so that Long Bill appropriations were in part reliant on the April payment that would occur during the upcoming fiscal year, requiring MSA-funded programs to operate for most of the fiscal year before the majority of MSA was received in April. (I.e. the FY 2010-11 appropriation was reliant in part on the April 2011 payment.) This change is referred to as accelerating the use of tobacco revenues, or accelerated payments. The FY 2010-11 changes allowed for access to $65.0 million in one-time funding without reducing support for MSA programs.

Since most program expenditures are made prior to the receipt of MSA funds, programs are loaned money from the General Fund for approximately nine months each year. In order to lessen the reliance on General Fund advances prior to the April payment, H.B. 12-1247 began to gradually reduce the use of such advances from the Treasury by reducing the use of current year revenue and increasing the use of prior year revenue. The bill required spending from current year revenue be reduced each year by any unallocated MSA funds and other residual funds in the Tobacco Litigation Settlement Cash Fund. Statute was also amended in 2014 to require disputed payments be used to reduce the

amount of spending from current year revenue. A total of $11.4 million received in April 2014 was used for this purpose. Additionally, the amount of money received and allocated to programs in April 2017 was reduced by $15.0 million in order to reduce the accelerated payment. This was ahead of an anticipated reduction of the April 2018 payment due to the elimination of the strategic contribution payment, which was a limited-term supplemental payment Colorado received due to the State's significant contribution to the original litigation.

The size of the accelerated payment should be a concern if there is a possibility that the April payment will be significantly lower than the amount that was used to set the appropriation. For example if the appropriation was based on the forecast of $90.0 million and the actual payment was for $50.0 million, there will be a portion of General Fund that has been expended which cannot be paid back with Tobacco Master Settlement Agreement money, thus resulting in an unaccounted for General Fund expenditure during the fiscal year. For FY 2020-21, the size of the accelerated payment is $61.3 million.

POINTS TO CONSIDER FOR FIGURE SETTING:

The figure setting process for Tobacco Master Settlement Agreement money is similar to the process for other common policy areas of the budget. Early in the figure setting process, typically the end of January or beginning of February, staff will make recommendations for the Committee's consideration on the estimated amount of Tobacco Master Settlement money available for distribution to programs based on the forecast done by Legislative Council economists. Individual staff analysts will incorporate these amounts for programs in their budget areas that are supported by Tobacco Master Settlement funds. Individual staff will also take into consideration existing cash fund balances, which could result in an appropriation higher than the expected MSA revenue projections.

INFORMATIONAL ISSUE: 2020 SESSION BUDGET BALANCING ACTIONS

In response to the budget challenges in the 2020 Session, the Joint Budget Committee and the General Assembly took actions that modified the statutory MSA distribution formula on a one-time basis and increased the accelerated payment. The General Assembly's actions made an additional $1.6 million available for balancing purposes by reducing MSA distributions and $20 million available from funds the State is expecting to receive in April of 2021.

SUMMARY

FY 2020-21 Budget

- For FY 2020-21, the General Assembly's actions included a total of $1.6 million in MSA distribution reductions in the Department of Law and the Department of Public Health and Environment, which were then transferred to the General Fund.

- The FY 2020-21 balancing actions also included a $20.0 million increase to the accelerated payment, bringing the total accelerated payment amount to $61.3 million

- In addition to the transfers above, the General Assembly transferred $3.2 million in unallocated funds and $15.2 million in cash funds to the General Fund.

DISCUSSION

SUMMARY OF 2020 SESSION BUDGET BALANCING APPROPRIATION CHANGES

The following table summarizes the budget balancing actions that impacted appropriations from the MSA distribution formula for FY 2020-21, including actions taken through the Long Bill and other legislation. Please note:

- The changes to the MSA distribution formula were made as one-time adjustments, continuing these adjustments would require additional legislation.
- The total from the two unallocated funds lines at the bottom of the table were added to the accelerated payment transfer from the Tobacco Litigation Settlement Cash Fund.
- Actions to increase available revenues (such as transfers from cash funds to the General Fund) are not included in this table and are discussed in a separate section.

TOBACCO MASTER SETTLEMENT AGREEMENT REVENUE ALLOCATIONS FY 2020-21				
	STATUTORY %	STATUTORY FORMULA, FEB. FORECAST	MODIFIED %	MODIFIED DISTRIBUTIONS
Health Care Policy and Financing				
Children's Basic Health Plan Trust	18.0%	$14,464,601	18.0%	$14,464,601
Autism Waiver	2.0%	1,607,178	2.0%	$1,607,178
Subtotal - Health Care Policy and Financing	*20.0%*	*16,071,779*	*20.0%*	*16,071,779*
Higher Education				
University of Colorado Health Sciences Center	15.5%	12,455,629	15.5%	12,455,629

TOBACCO MASTER SETTLEMENT AGREEMENT REVENUE ALLOCATIONS FY 2020-21				
	STATUTORY %	STATUTORY FORMULA, FEB. FORECAST	MODIFIED %	MODIFIED DISTRIBUTIONS
Cancer Program	2.0%	1,607,178	2.0%	1,607,178
Subtotal - Higher Education	*17.5%*	*14,062,806*	*17.5%*	*14,062,807*
Human Services				
Nurse Home Visitor Program	26.7%	21,455,825	26.7%	21,455,825
Tony Grampsas Youth Services Program	7.5%	6,026,917	7.5%	6,026,917
Subtotal - Human Services	*34.2%*	*27,482,742*	*34.2%*	*27,482,742*
Law				
Tobacco Settlement Defense Account	2.5%	2,008,972	**0.75%**	**602,692**
Military and Veterans Affairs				
State Veterans Trust Fund	1.0%	803,589	1.0%	803,589
Personnel				
Supplemental State Contribution Fund	2.3%	1,848,255	2.3%	1,848,255
Public Health and Environment				
Drug Assistance Program (ADAP; Ryan White)	5.0%	4,017,945	5.0%	4,017,945
AIDS and HIV Prevention Grants (CHAPP)	3.5%	2,812,561	3.5%	2,812,561
Immunizations	2.5%	2,008,972	2.5%	2,008,972
Health Services Corps Fund	1.0%	803,589	1.0%	803,589
Dental Loan Repayment Program	1.0%	803,589	**0.8%**	**642,872**
Subtotal Public Health and Environment	*13.0%*	*$10,446,656*	*12.8%*	*$10,285,939*
Capital Construction - Higher Education - Fitzsimons Lease Purchase Payments	8.0%	6,428,712	8.0%	6,428,712
Unallocated Amount	1.5%	1,205,383	3.5%	**2,772,381**
Amount Received Over Forecast (Unallocated)	n/a	n/a	n/a	**2,000,130**
TOTAL	100.0%	$80,358,894	100.0%	$82,359,026

ACTIONS TO INCREASE AVAILABLE REVENUES

The General Assembly made a number of transfers (totaling $40.0 million) from various MSA related cash funds to the General Fund to increase available General Fund. The following changes were made via H.B. 20-1380. All of these items are assumed to be one-time.

TRANSFERS TO THE GENERAL FUND			
SOURCE FUND	NET GF REVENUE IMPACT	OTHER FUNDS REVENUE IMPACT	TOTAL FUNDS
Tobacco Litigation Settlement Cash Fund			
Increase in accelerated payment	$20,000,000	($20,000,000)	$0
Amount received over forecasted amount	2,000,130	(2,000,130)	0
Reduced Appropriation from the Tobacco Settlement Defense Account	1,406,280	(1,406,280)	0
Unallocated amount from FY 2019-20	1,205,383	(1,205,383)	0
Reduced Appropriation from Dental Loan Repayment Program	160,717	(160,717)	0
Subtotal: Tobacco Litigation Settlement Cash Fund	**24,772,510**	**(24,772,510)**	**0**
Tobacco Settlement Defense Account	8,000,000	(8,000,000)	0
Nurse Home Visitor Program Cash Fund	4,237,375	(4,237,375)	0
Colorado State Veterans Trust Fund	3,000,000	(3,000,000)	0

TRANSFERS TO THE GENERAL FUND			
SOURCE FUND	NET GF REVENUE IMPACT	OTHER FUNDS REVENUE IMPACT	TOTAL FUNDS
TOTAL	**$40,009,885**	**($40,009,885)**	**$0**

POINTS TO CONSIDER

Looking toward the FY 2021-22 budget, staff offers the following points to consider regarding the Tobacco Master Settlement Agreement.

- As part of balancing the General Assembly increased the accelerated payment amount from $41.3 million to $61.3 million. The typical avenue for paying this amount down is a 1.5 percent unallocated amount within the statutory distribution formula itself (about $1.2 million for FY 20-21).
- MSA revenue amounts are expected to decrease over time, meaning that the General Assembly will have less room to increase the accelerated payment in the future, and that the accelerated payment could make up a larger percentage of MSA revenue received. This will also mean that program revenue will decrease, either affecting services provided or requiring programs to supplement revenue with another fund source.
- Modifications to the MSA distribution formula were made on a one-time basis, and would require additional legislation in order for those modified allocations to continue.

PROPOSITION EE

Proposition EE is a ballet measure created by HB 20-1427 (Cigarette, Tobacco, and Nicotine Products Tax) and was approved by voters during the November 2020 elections. The measure raises taxes on cigarettes and other tobacco products (OTP) while creating a tax on nicotine products such as vaping devices. The measure creates a funding stream that is separate from Amendment 35 revenue and has expenditure amounts that are largely defined in the bill, rather than a distribution formula.

SUMMARY

- Taxes on cigarettes and other tobacco products will increase beginning January 1, 2021, and increase incrementally until July 1, 2027.
- A new nicotine tax will take effect beginning January 1, 2021.
- Revenue will be distributed to several cash funds as outlined in statute, with remaining revenue going to the State Education Fund until FY 2023-24, and the Preschool Programs Cash Fund thereafter.

DISCUSSION

INCREASED TAX REVENUE

Proposition EE raises taxes on cigarettes and other tobacco products above the current amount set by Amendment 35, and will increase incrementally until FY 2027-28 as indicated in the table below. Nicotine products will also be taxed for the first time in Colorado under the new law in a similar fashion to other tobacco products, at a percentage of the manufacturers listed price. This amount will begin at a rate of 30 percent in 2021 and increase annually up to 62 percent beginning in July of 2027. Increased tax revenue will be placed into the newly created Tax Holding fund and is expected to total $86.5 million in FY2020-21, $175.6 million in FY 2021-22 and $177.2 million in FY 2022-23.

Incremental Tobacco Tax Increases			
	FY 2020-21 to FY 2023-24	FY 2024-25 to FY 2026-27	FY 2027 and Beyond
Cigarettes			
Current Law	$0.84	$0.84	$0.84
Increase from Proposition EE	1.10	1.40	1.80
Total	**$1.94**	**$2.24**	**$2.64**
OTP			
Current Law	40%	40%	40%
Increase from Proposition EE	10%	16%	22%
Total	**50%**	**56%**	**62%**

Tax revenue will be deposited in the 2020 Tax Withholding Fund and distributed on an ongoing basis throughout the year, with dollars going to the funds outlined in statute first, and any remaining revenue being distributed to the State Education Fund and Preschool Programs Cash Fund after the other obligations have been fulfilled. If revenue is insufficient to cover initial obligations dollars will be dispersed on a proportional basis.

In addition to increased tax rates Proposition EE also sets a minimum price for cigarettes at $7.00 a pack until July 1, 2024 and $7.50 thereafter. The effect of setting a minimum price is an expected increase in sales tax revenue, which is then to be deposited into the Preschool Programs Cash Fund and the General Fund.

TRANSFERS AND EXPENDITURES FROM INCREASED REVENUE

The net increase revenue from Proposition EE will be deposited into the 2020 Tax Holding Fund and then transferred to individual cash funds in amounts defined in HB 20-1427 and designated for specific purposes. The table below outlines expected distributions of new revenue, including new cigarette, tobacco, and nicotine tax revenue as well as sales tax revenue through FY 2027-28.

Proposition EE Revenue Disbursement								
Distributions	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
Tobacco Education Programs Fund	-	-	-	-	$20,000,000	$20,000,000	$20,000,000	$30,000,000
Tobacco Tax Cash Fund	5,475,000	10,950,000	10,950,000	10,950,000	10,950,000	10,950,000	10,950,000	10,950,000
General Fund	2,025,000	4,050,000	4,050,000	4,050,000	4,050,000	4,050,000	4,050,000	4,050,000
Rural Schools	25,000,000	30,000,000	35,000,000	-	-	-	-	-
Housing Development Grant Fund	11,166,000	11,167,000	11,167,000	-	-	-	-	-
Eviction Legal Defense Fund	500,000	500,000	500,000	-	-	-	-	-
State Education Fund[1]	42,373,606	118,929,275	115,557,993	-	-	-	-	-
Preschool Programs Cash Fund (excise taxes)[1]	-	-	-	164,221,770	187,986,330	187,280,934	186,529,153	230,902,287
Preschool Programs Cash Fund (Sales Tax Revenue)	602,517	1,073,995	793,651	523,321	657,914	391,883	127,268	-
General Fund (Sales Tax Revenue)	222,849	397,231	293,542	193,557	243,338	144,943	47,072	-
Total	**$87,364,972**	**$177,067,501**	**$178,312,186**	**$179,938,648**	**$223,887,581**	**$222,817,760**	**$221,703,493**	**$275,902,287**

[1] These funds will begin seeing revenue after the other fund obligations outlined in the bill have been fulfilled.

Tobacco Education Programs Fund- Revenue credited to the Tobacco Education Programs Fund will be expended for tobacco and nicotine education, prevention, and cessation grants and for grant making administration. When tobacco education programs funding is made available beginning in FY 2024-25, the Colorado Department of Public Health and Environment (CDPHE) may require additional staff to administer grants. Expenditures for staff salaries and attendant operating, capital, and travel costs will be paid from the amounts transferred to the cash fund. The revenue in the Tobacco Education Programs fund is subject to annual appropriation.

Tobacco Tax Cash Fund- Revenue transferred to the Tobacco Tax Cash Fund is distributed to programs administered in the Colorado Department of Health Care Policy and Financing and CDPHE, including Medicaid, Child Health Plan Plus (CHP+), immunization programs, primary care programs, cancer and chronic disease detection and treatment programs, tobacco education programs, and various other healthcare programs. The Tobacco Tax Cash Fund is subject to the same distribution formula as Amendment 35 revenue outlined in Section 24-22-117, C.R.S.

Rural Schools Fund- The funding allocated to the Rural Schools Fund, within the Department of Education, will be allocated on a per pupil basis to rural schools and charter schools within those districts. Funds will be distributed on a per pupil basis, with 55 percent distributed to large rural districts and charters, and 45 percent to small rural districts and charters as outline in Section 22-54-142, C.R.S.

Housing Development Grant Fund- Revenue credited to the Housing Development Grant Fund, administered by the Department of Local Affairs, will be expended to improve, preserve, or expand the supply of affordable housing in Colorado. At least $5 million of the funds must be used for affordable housing in rural areas. The money in the Housing Development Grant Fund is continuously appropriated.

Eviction Legal Defense Fund- Revenue credited to the Eviction Legal Defense Fund, administered by the Judicial Department, will be expended to provide legal services to indigent parties facing eviction. The Eviction Legal Defense Fund is subject to annual appropriation.

State Education Fund- Any remaining revenue in the first three fiscal years will be deposited in the State Education Fund, administered by the Department of Revenue. It can be spent for the state share of total program funding, or for other programs related to education, as determined by the General Assembly.

Preschool Programs Cash Fund- Beginning in FY 2023-24 any remaining revenue will be deposited into the Preschool Programs Cash Fund within the Department of the Treasury and must be spent to provide at least 10 hours a week of free preschool to children in the year before they start kindergarten. The program has not been designated to a specific department at the time of this writing. The Preschool Programs Cash Fund is subject to annual appropriation.

RECOMMENDATION

Staff recommends that the Committee discuss the Proposition EE allocations and associated programmatic implementation plans with the Departments of Treasury, Revenue, Judicial, Local Affairs, Education, Public Health and Environment, and Health Care Policy and Financing.

APPENDIX A
INFORMATION REQUESTS

UPDATE ON REQUESTS FOR INFORMATION

Department of Health Care Policy and Financing, Medical Services Premiums; Indigent Care Program, Children's Basic Health Plan Medical and Dental Costs; Department of Higher Education, Colorado Commission on Higher Education, Special Purpose, University of Colorado, Lease Purchase of Academic Facilities at Fitzsimons; Governing Boards, Regents of the University of Colorado; Department of Human Services, Division of Child Welfare, Tony Grampsas Youth Services Program; Office of Early Childhood, Division of Community and Family Support, Nurse Home Visitor Program; Department of Military and Veterans Affairs, Division of Veterans Affairs, Colorado State Veterans Trust Fund Expenditures; Department of Personnel, Division of Human Resources, Employee Benefits Services, H.B. 07-1335 Supplemental State Contribution Fund; Department of Public Health and Environment, Disease Control and Environmental Epidemiology Division, Administration, General Disease Control, and Surveillance, Immunization Operating Expenses; Special Purpose Disease Control Programs, Sexually Transmitted Infections, HIV and AIDS Operating Expenses, and Ryan White Act Operating Expenses; Prevention Services Division, Chronic Disease Prevention Programs, Oral Health Programs; Primary Care Office -- **Each Department is requested to provide the following information to the Joint Budget Committee by October 1, 2020 for each program funded with Tobacco Master Settlement Agreement money: the name of the program; the amount of Tobacco Master Settlement Agreement money received and expended by the program for the preceding fiscal year; a description of the program including the actual number of persons served and the services provided through the program; information evaluating the operation of the program, including the effectiveness of the program in achieving its stated goals.**

COMMENT: The following are summaries of Department responses for each program that will continue to receive Tobacco Master Settlement money in FY 2018-19 and beyond pursuant to H.B. 18-1322. The summaries are separate by Department, and by program if there is more than one program within that Department which receives Tobacco Master Settlement Agreement money.

Health Care Policy and Financing

Children's Basic Health Plan

The Children's Basic Health Plan (CHP+) provides affordable health insurance to children under the age of 19 and pregnant women in low-income families, up to 260 percent of the Federal Poverty Level who do not qualify for Medicaid and do not have private insurance. In FY 2019-20, the program received $14,606,960 of Tobacco Master Settlement funds and served an average monthly caseload of 77,469, including 76,564 children and 905 pregnant adults. This represents a 5.0 percent decrease over FY 2018-19.

Early and Periodic Screening, Diagnostic and Treatment (EPSDT)
The Department provides comprehensive community support treatment, mental health assessment, request for assessment, an adaptive behavior treatment services. In FY 2019-20, the program received $1,646,937 of MSA funds, and served 135 clients, up from 47 clients in FY 2018-19. The program seeks to increase the quality of EPSDT services to children and youth who have a documented need for pediatric behavioral therapy services.

Department of Higher Education
University of Colorado Anschutz Medical Campus
Tobacco Master Settlement Agreement money is used by the University of Colorado Anschutz Medical Campus in a number of ways outlined in the table below.

MSA Funding Areas 2019-20	
Program	Amount
Graduate School PhD Student Support	$1,382,975
Colorado School of Public Health	219,103
School of Medicine	2,659,165
School of Dental Medicine	758,382
College of Nursing	551,439
Skaggs School of Pharmacy and Pharmaceutical Sciences	749,706
Area Health Education Centers	285,373
Cancer Center	1,627,104
Classroom, Library, and Student Services	790,861
Mandatory Education Operating Costs	5,213,067
Total	**$14,237,175**

Specifically, MSA funds support:
- Competitive financial support for Ph.D. students in biomedical and biological sciences.
- Evaluation of the Colorado School of Public Health's educational programs.
- School of Medicine block directors, who focus on providing basic science curriculum for first and second year students, and well-rounded rotations for third year medical students.
- School of Medicine longitudinal curriculum program, which focuses on skills beyond the lab or clinic, such as teamwork, communication, and ethics, and includes courses such as "Culture, Health, Equity, and Society."
- Educational and clinical training opportunities for School of Dental Medicine faculty.
- Faculty support in the School of Nursing.
- Student scholarships and faculty compensation for the School of Pharmacy.
- Program support for Area Health Education Centers, which works to build statewide network capacity and strengthen academic-community partnerships around career pathways to health professions, recruitment and continuing education in rural and urban medically underserved areas, and increased access to health education for rural/urban communities.
- Projects by the Cancer Center focused on new research, rural impact, and increased enrollment in clinical trials.
- Increased access to electronic education and research materials, such as online journals and databases.
- Utilities, building maintenance, IT infrastructure, and other basic operating needs of the 3.2 million square feet of buildings that support the academic program missions on the Anschutz Medical Campus.

Human Services

Tony Grampsas
The Tony Grampsas Youth Services Program provides funding to community-based organizations that serve children, youth, and their families with programs designed to reduce youth crime and violence, youth marijuana use, and prevent child abuse and neglect. Eligible TGYS applicants include local governments, schools, nonprofit organizations, state agencies, and institutions of higher education. TGYS- funded agencies serve target populations including children and youth ages 0-25, as well as parents, caregivers, and community members. **Overall, in FY 2019-20, 88,240 individuals in 41 counties and two tribes, the Ute Mountain Ute Tribe and the Southern Ute Tribe, were served. Of those served: 26,720 (31 percent) were children (ages 0-8), 47,605 (54 percent) were youth (ages 9- 18), 1,682 (2 percent) were young adults (ages 19-24), 7,304 (8 percent) were parents or caregivers, 1,846 (2 percent) were adult mentors, and 3,083 (3 percent) were adult community members.**

Nurse Home Visitor
The Nurse Home Visitor Program (NHVP) was created in statute in FY 1999-2000. The NHVP utilizes the Nurse-Family Partnership (NFP), an evidenced-based, voluntary, community health nursing program aimed at improving the lives of vulnerable families expecting their first child. Clients are partnered with a registered nurse early in their pregnancy and receive home visits until the child turns two. All nurses delivering NFP are trained on the model by the NFP National Service Office (NFPNSO) and receive nursing consultation and continuing education from Invest in Kids (IIK). IIK, the NFPNSO, and the University of Colorado monitor the data to ensure the program is being implemented with fidelity to the model as tested in the original randomized controlled trials. The program is open to all first-time, low-income parents (individuals below 200% of federal poverty level). The average age of clients in Colorado is 20. NFP is available in all 64 counties in Colorado. In FY 2019-20, 4,630 clients and 3,812 children were served by the Nurse Home Visitor Program through 57,030 home visits. Of this amount 87.5 percent of the clients, 87.3 percent of the children, and 88.4 percent of the visits were funded with MSA dollar, while the rest was funded by federal funds through the Maternal Infant, Early Childhood Home Visiting Program.

Military and Veterans Affairs
Colorado State Veterans Trust Fund
The Department uses the Trust Fund for the following purposes: capital improvements or needed amenities for exist or future State Veterans' Community Living Centers, operation and maintenance costs of existing or future state veterans' cemeteries, costs incurred by the Division of Veterans Affairs, and veterans programs operated by nonprofit veterans' organizations. The Trust Fund received $846,836 for FY 2019-20, of which $705,222 was provided for grants to nonprofit organizations and Veterans Community Living Centers across the state, of those dollars awarded $654,308 (93 percent) were expended.

Personnel
Supplemental State Contribution Program
Pursuant to Section 24-50-609, C.R.S. (2016), the General Assembly established the Supplemental State Contribution Program for eligible state employees to provide access to affordable and adequate health insurance offered by the state to as many children of lower-income state employees as possible, and to encourage lower-income employees with dependent children to enroll in health insurance plans by supplementing the plan premiums. The Department must first use funds to provide each eligible state employee who has an annual household income of less than 200 percent FPL (Level I) with a supplement in the amount needed to reduce the employee contribution to all qualifying group benefit

plans to zero. Next, remaining funds shall be used to provide an eligible state employee who has an annual income of 200-249 percent FPL (Level 2) a supplement. Remaining funds shall be used for an eligible state employee who has an annual income of 250-299 percent FPL (Level 3). Supplements are provided to eligible employees at each Level in priority order if funds are available. All supplement contributions are paid from the supplemental state contribution fund created in Section 24-50-609 (5), C.R.S.

For FY 2019-20, the Department was able to serve 445 eligible applications. A total of 178 employees were approved for Level I, 156 were approved for Level 2, and 111 were approved for Level 3. The program provided the maximum supplement, or 100.0 percent of the total amount of the medical premium, for all levels.

Number of eligible state employees receiving the supplemental contribution	Total amount of supplements paid	Average monthly amount of the individual supplements	Average yearly amount of individual supplements	Number of dependent children of eligible state employees
445	**$1,627,232**	**$305**	**$3,657**	**1,095**

Public Health and Environment

HIV and AIDS Prevention Program (CHAPP)

The CHAPP sponsors a statewide competitive grants program for HIV and AIDS prevention and education in Colorado. In FY 2019-20, CHAPP reached 39,544 individual clients in Colorado with comprehensive HIV prevention services, including HIV testing and education. 2,398,777 sterile syringes were distributed to prevent HIV transmission through unsafe injection practices. In future years, the program will continue to expand HIV testing programs, to include STI screening, in non-clinical settings (shelters, churches, social service organizations) in order to reach underserved populations.

Immunization Program

The Program provides financial resources to increase the awareness of immunizations improve vaccination rates and decrease the morbidity of vaccine preventable diseases among all Colorado citizens. The following services were provided with these funds during FY 2019-20:

- Enhancement of Immunization Core Services: Support ongoing immunization program infrastructure needs and core immunization service activities for local public health agencies (LPHAs) 52 LPHA projects were funded, serving 35,007 clients and administering 112,439 vaccinations. **This represents a 78 percent decrease in clients served and a 64 percent decrease in vaccinations given, indicating the COVID-19 pandemic had a significant effect on the program.**
- Promotion of Measles, Mumps and Rubella (MMR) Vaccination: The Department partnered with LPHAs to target schools with the lowest MMR vaccination rates using the Colorado Immunization Information System. The Department needed to vaccinate an additional 1,669 kindergarten students to bring the State coverage rate from 87.4 percent to 90 percent by June 30, 2020. The efforts resulted in an additional 2,289 children receiving the MMR vaccine over last school year and brought the rate up to 91.1 percent.

The Program plans to continue collecting and distributing county level immunization data, identifying immunization trends, and utilizing this information for determination of future MSA funded programs. The programs aims to increase the MMR rate among kindergarteners to 95 percent by July 2023 and increase the number of adults protected against influenza from 70.4 percent to 82 percent by July 2024.

Drug Assistance Program
The State Drug Assistance Program (SDAP) provides formulary medications on an outpatient basis, free of charge, to Colorado residents who have HIV and who meet the financial eligibility criteria. SDAP also provides support for the payment of premiums, deductibles, coinsurance, and copays for insured Colorado residents living with HIV on Medicare, private insurance, and Medicaid. In FY 2019-20, outputs included deductible and copay insurance for 1,258 individuals, vaccinations for 28 individuals, and health insurance premium assistance for 164 individuals. In total, 4,622 unduplicated people were served.

State Dental Loan Repayment Fund
The State Dental Loan Repayment Program, also known as the Expanded Dental Loan Option of the Colorado Health Service Corps, provides an educational loan repayment incentive for dental professionals who provide dental services to underserved populations including the uninsured and those insured by Medicaid and the Child Health Plan+. The program pays all or part of the principal interest and related expenses of the educational loan of each eligible dental professional. The program is open to both dentists and dental hygienists.

46 obligated health professionals participated in the Dental Loan Repayment Program in FY 2019-20, including 38 dentists and 8 registered dental hygienists. 11 dental professionals practiced in rural or frontier counties and 35 dental professionals practiced in an urban practice that serves the state's medically vulnerable, publicly insured and uninsured population. During the state fiscal year, a total of 32,947 underserved Coloradans received care from participating clinicians. Since the program's inception, it has served 624,199 clients.

Colorado Health Service Corps Loan Repayment Program
The program seeks to improve the health of Colorado's medically underserved and vulnerable populations by alleviating health disparities resulting from poor access to primary, mental and oral health care. Health professionals that participate include: primary care physicians (Family Medicine, Internal Medicine, Pediatrics, Obstetrics and Gynecology, and Psychiatry), physician's assistants, dentists (general and pediatric), dental hygienists, nurse practitioners, certified nurse midwives, licensed clinical social workers, licensed professional counselors, psychologists, psychiatric nurse specialists, marriage and family therapists, clinical pharmacists, licensed and certified addiction councilors.

Eligible providers must practice in a designated Health Professional Shortage Area (HPSA) for a period of not less than three years, spend at least 32 hours per week in direct patient care for a full time contract or at least 16 hours per week in direct patient care for a part time contract, serve individuals who are uninsured or publicly insured, offer a sliding fee scale for payment to those below 200 percent of the federal poverty level, and work for a public or nonprofit organization.

In FY 2019-20, across the program, loan repayment was awarded to 250 clinicians.