



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

SB 26-008: MENTAL HEALTH ACCESS

Prime Sponsors:

Sen. Michaelson Jenet
Rep. Gilchrist

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Published for: Senate Health & Human Services**Drafting number:** LLS 26-0197**Version:** Initial Fiscal Note**Date:** February 4, 2026

Fiscal note status: This fiscal note reflects the introduced bill.

Summary Information

Overview. The bill creates the Mental Health Services Enterprise in the Behavioral Health Administration to operate two new mental health programs.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Revenue
- State Expenditures
- Local Government

Appropriations. For FY 2026-27, the bill requires an appropriation of \$97,612 to the Behavioral Health Administration. The Mental Health Services Enterprise Cash Fund is continuously appropriated to the enterprise.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
State Revenue	\$3,564,000	\$7,128,000	\$7,128,000
State Expenditures	\$1,866,335	\$8,106,081	\$7,488,544
Transferred Funds	\$0	\$0	\$0
Change in TABOR Refunds	\$0	\$0	\$0
Change in State FTE	3.0 FTE	4.5 FTE	2.0 FTE

Fund sources for these impacts are shown in the tables below

Table 1A
State Revenue

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
General Fund	\$0	\$0	\$0
Cash Funds	\$3,564,000	\$7,128,000	\$7,128,000
Total Revenue	\$3,564,000	\$7,128,000	\$7,128,000

Table 1B
State Expenditures

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
General Fund	\$97,612	\$0	\$0
Cash Funds	\$1,700,119	\$8,003,806	\$7,441,930
Federal Funds	\$0	\$0	\$0
Centrally Appropriated	\$68,604	\$102,274	\$46,614
Total Expenditures	\$1,866,335	\$8,106,081	\$7,488,544
Total FTE	3.0 FTE	4.5 FTE	2.0 FTE

Summary of Legislation

The bill establishes the Mental Health Services Enterprise in the Behavioral Health Administration (BHA) to facilitate access to mental health services through the creation, operation, and funding of the Adult Mental Health Services Program and the Internet-Enabled Mental Health Access Grant Program.

Enterprise Governance

The enterprise is governed by a board of directors, who must adopt rules, administer the two new programs, and assess fees on internet service account holders to fund operations. In addition, the BHA must provide office space and administrative staff to the enterprise for its operations.

Fee Assessment

By January 1, 2027, the enterprise must impose a fee on internet service account holders, not to exceed \$0.25 per account per month. Internet service providers must collect these fees from account holders and remit the money to the enterprise. Providers may deduct and retain up to 1 percent of the fee amount collected to cover their own administrative costs. The enterprise is authorized to assess penalties on delinquent providers, take action to collect both the remittance and the penalty, and conduct audits of the providers regarding the program surcharge.

Fee and penalty revenue remitted to the enterprise are deposited into the newly created Mental Health Services Enterprise Cash Fund, which is continuously appropriated to the enterprise. The enterprise may also issue revenue bonds and accept gifts, grants, and donations for program administration. Each year, the enterprise must fully fund the requirements of the Adult Mental Health Services Program before expending money on the Internet-Enabled Mental Health Access Grant Program.

Adult Mental Health Services Program

The enterprise must create and operate the Adult Mental Health Services Program, which provides eligible adults with access to mental health services through a web-based portal. In conjunction with a contracted vendor, the enterprise must use an existing website or application to facilitate mental health screening, provider registration, appointment scheduling, and health insurance integration.

In addition, the program reimburses mental health service providers for up to six sessions with an eligible adult, whether conducted in-person or via telehealth. Reimbursement rates are determined by the enterprise, and may exceed six sessions contingent on funding availability. Finally, the enterprise must implement a statewide public awareness campaign about the program.

Reporting

By June 1, 2028, and each year thereafter, the contracted vendor must provide the enterprise with information about the program, including participant survey results and program evaluation data. Simultaneously, the enterprise must conduct an annual provider survey, which is shared with the Colorado Department of Human Services (CDHS) along with the vendor report. By June 30, 2027, and each year thereafter, the CDHS must provide a report to the General Assembly with certain information, including the number of program participants and services provided to participants.

Internet-Enabled Mental Health Access Grant Program

The enterprise must also create and operate the Internet-Enabled Mental Health Access Grant Program, which awards grants to entities that use the internet to facilitate mental health services. Specifically, the enterprise must adopt and publish program policies and guidelines on the BHA website, including an application process, grant eligibility, award criteria, and reporting requirements for grant recipients. The enterprise must also review applications and award grants from funds collected in the Mental Health Services Enterprise Cash Fund.

Reporting

By January 31, 2028, and each year thereafter, the enterprise must submit a report to the General Assembly with information about the grant program's activities, and post the report on the BHA's website

Background

House Bill 21-1258 created the state's IMatter program, which reimburses providers for mental health sessions delivered to youths screened into the program. Since its launch, nearly 70,000 covered sessions were provided to more than 16,000 children.

Assumptions

The fiscal note assumes that the Adult Mental Health Services Program will reimburse mental health service providers for up to six sessions per eligible adult, regardless of whether that service and provider is covered under the individual's insurance policy.

The fiscal note also assumes that the BHA will require a General Fund appropriation in FY 2026-27 to cover the program's upfront costs before revenue generation begins in January 2027. See State Appropriations section for additional detail.

State Revenue

The bill increases state revenue by about \$3.6 million in FY 2026-27 and \$7.1 million in future years from fee revenue to the Mental Health Services Enterprise. As enterprise revenue, these funds are not subject to TABOR. Additional revenue may be received from the issuance of bonds, or gifts, grants, and donations to the enterprise. These impacts are shown in Table 2 and discussed below.

Table 2
Mental Health Services Enterprise Revenue

Revenue Source	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
Fees on Internet Account Holders	\$3,600,000	\$7,200,000	\$7,200,000
Internet Provider Deduction	-\$36,000	-\$72,000	-\$72,000
Total	\$3,564,000	\$7,128,000	\$7,128,000

Fees on Internet Account Holders

Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. Beginning in FY 2026-27, the Mental Health Services Enterprise will levy a fee of \$0.25 per month on an estimated 2.4 million internet service account holders.¹ The bill also permits the internet providers that collect the fee to retain 1 percent of all collections, or about \$36,000 in the first year and \$72,000 in future years. Therefore, the enterprise is anticipated to collect a total of about \$3.6 million in FY 2026-27 and \$7.1 million on an ongoing basis. Fees paid to a state enterprise are exempt from TABOR, and the revenue collected in the first five years is not anticipated to exceed the \$100 million threshold for requiring voter approval.

Filing Fees

Starting in FY 2026-27, the bill may increase state revenue from filing fees to the Judicial Department if internet providers do not remit the surcharge to the enterprise in a timely manner. It is assumed that these parties will abide by the law and that this impact will be minimal. Revenue from filing fees is subject to TABOR.

¹ U.S. Census Bureau, 2024 American Community Survey: Types of Computers and Internet Subscriptions.

State Expenditures

The bill increases state expenditures in the Mental Health Services Enterprise within the Behavioral Health Administration by about \$1.9 million in FY 2026-27, \$8.1 million in FY 2027-28, and \$7.5 million in future years. These costs, paid minimally from the General Fund in FY 2026-27, and primarily from the Mental Health Services Enterprise Fund, are summarized in Table 3 and discussed below. The bill also minimally affects workload in several other agencies.

Table 3
State Expenditures
Behavioral Health Administration

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
Personal Services	\$269,887	\$398,046	\$189,370
Operating Expenses	\$3,840	\$5,760	\$2,560
Capital Outlay Costs	\$35,000	\$0	\$0
Web Portal	\$1,039,004	\$50,000	\$50,000
Public Awareness Campaign	\$450,000	\$450,000	\$100,000
Provider Payments	\$0	\$7,100,000	\$7,100,000
Grant Awards	\$0	\$0	\$0
Centrally Appropriated Costs	\$68,604	\$102,275	\$46,614
Total Costs	\$1,866,335	\$8,106,081	\$7,488,544
Total FTE	3.0 FTE	4.5 FTE	2.0 FTE

Behavioral Health Administration

Beginning in FY 2026-27, the BHA will incur staff, web portal, public awareness campaign, and provider payment costs to implement the bill.

Staff

Starting in FY 2026-27, the BHA requires 4.5 FTE to establish the internet provider fee, manage vendor contracts, conduct stakeholder meetings, manage both programs, and ensure monthly remittance of surcharges. Staff costs and FTE have been prorated in the first year to reflect a September 1, 2026, start date for the Contract Administrator IV, Accountant III, and Program Management II, and a start date of January 1, 2027, for the Marketing and Communications Specialist IV and another Contract Administrator IV. Beginning in FY 2028-29, the FTE requirement is reduced to 2.0 FTE to maintain and oversee the programs.

Web Portal

In FY 2026-27, expenditures in the BHA will increase by about \$1.0 million to contract with a third-party vendor to manage, oversee, and develop a portal that includes an assessment tool, telehealth infrastructure, and reporting. This estimate is based on the cost for a similar portal in the IMatter program. Beginning in FY 2027-28, the BHA requires \$50,000 for web portal maintenance.

For context, costs to expand the current IMatter platform to this program are estimated at \$820,000 for development in the first year and \$750,000 for annual ongoing maintenance. However, the bill assumes that the BHA will contract with the least-cost vendor as identified during the procurement process.

Public Awareness Campaign

In FY 2026-27 and FY 2027-28, the BHA requires \$450,000 per year to develop and launch a public awareness campaign to eligible adults in the state. In future years, campaign costs are reduced to \$100,000 annually. This cost is based on a similar campaign for the IMatter program, and other statewide public awareness campaigns conducted by the Department of Human Services (CDHS).

Provider Payments

Based on the state revenue projections outlined above, and after accounting for staff, web portal, and campaign costs, the enterprise will have about \$7.1 million per year of cumulative funding for provider reimbursements beginning in FY 2027-28. The number of adults covered through the program will depend on a variety of factors, including population usage and reimbursement rates.

The fiscal note assumes that:

- adults using the program will engage in an average of 4.3 mental health sessions, based on data from the IMatter program; and
- the enterprise will reimburse providers at a rate of \$134.51 per session.

Based on these assumptions, the program will cover sessions for about 12,065 eligible adults per year. For context, an estimated 2.3 million adult Coloradans have mental health and substance use disorder needs. If 2.0 percent of this population utilize the program, then 46,780 adults would intend to access mental health sessions through the portal. Comparatively, the IMatter program has a utilization rate of 1.8 percent.

Grant Awards

The fiscal analysis assumes that the enterprise will not have a remaining balance in the fund for the Internet-Enabled Mental Health Access Grant Program. The actual amount available for grant awards will depend on the fund's net balance after fully funding the Adult Mental Health Services Program. See Technical Note.

Legal Services

The enterprise may require legal services, provided by the Department of Law, which can be accomplished within existing appropriations. Legal counsel is related to rulemaking, implementation, and ongoing administration of the program.

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 may include employee insurance, supplemental employee retirement payments, indirect cost assessments, and other costs, are shown in Table 2 above.

Department of Health Care Policy and Financing

Colorado's Medicaid program, Health First Colorado, covers behavioral health services for enrolled members, including health behavior assessments, interventions, psychiatric consultations, therapies, treatments, and more. If members choose to receive mental health sessions through the Adult Mental Health Services Program rather than a covered Medicaid provider, then expenditures will decrease in the Department of Health Care Policy and Financing. Due to the wide range of reimbursement rates for these services, and decisions made by individual members, the fiscal note does not estimate these impacts. Any cost shifting realized as a result of the bill will be addressed through the annual budget process.

Department of Human Services

Workload in the CDHS will minimally increase to compile a report for the General Assembly, and can be accomplished within existing appropriations.

Department of Regulatory Agencies

Workload in the Division of Insurance will minimally increase to field calls and complaints, review carrier filings, update plan regulations, and issue guidance to insurance carriers, which can be accomplished within existing appropriations.

Judicial Department

Similar to the State Revenue section above, trial courts in the Judicial Department may experience an increase in workload if additional civil cases are filed. It is assumed that internet providers will abide by the law and that any violation of the legislation will result in a minimal number of new cases. This effort can be accomplished within existing appropriations.

Cash Fund Creation—Departments of Personnel and Treasury

Workload will increase for the Departments of Personnel and Administration (DPA) and Treasury to manage and perform accounting for the cash fund created in the bill. While no appropriation is required at this time, these departments may seek additional funding through the annual budget process based on the cumulative impact of all cash funds created through legislation.

Governor's Office

Workload will increase in the Governor's Office of Boards and Commissions to make the required appointments under the bill, including recruiting, vetting, and interviewing potential appointees, and following the appointment through the Senate confirmation process. Based on the cumulative impact of all legislation, the Governor's Office may seek funding through the annual budget process, as necessary.

Technical Note

As discussed in the State Expenditure section, this analysis has concluded that the fee set in the bill will not yield enough revenue for the Internet-Enabled Mental Health Access Grant Program, which the bill requires be funded after the requirements of the Adult Mental Health Services Program are fully funded.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2026-27, the bill requires a General Fund appropriation of \$97,612 to the Behavioral Health Administration, and 0.7 FTE. This appropriation covers upfront costs between the bill's effective date and January 2027 when the enterprise will begin collecting continuously appropriated revenue in the Mental Health Services Enterprise Cash Fund.

State and Local Government Contacts

Behavioral Health Administration	Judicial
Governor	Personnel
Health Care Policy and Financing	Regulatory Agencies
Human Services	Treasury
Information Technology	