

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING THE "DIABETES PREVENTION AND OBESITY TREATMENT ACT".

Prime Sponsors: Senator Michaelson Jenet
Reps. Brown and Mabrey

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Phone: 303-866-4952
Date Prepared: April 23, 2024

Appropriation Items of Note

Appropriation Required, Amendment in Packet

General Fund Impact

Significant Cost Increase in Second and Third Year

Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 04/09/24.

XXX	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	Update: Fiscal impact has changed due to <i>new information or technical issues</i>
	Update: Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	Non-Concurrence: JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

The Senate Health & Human Services Committee Report (04/11/24) includes amendments to the bill, however, Legislative Council Staff and JBC Staff agree that the committee amendments do not change the fiscal impact of the bill.

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.001	Staff-prepared appropriation amendment
L.010	Bill Sponsor amendment - does not change fiscal impact, may change appropriation

Current Appropriations Clause in Bill

The bill requires but does not contain an appropriation clause.

Description of Amendments in This Packet

J.001 Staff has prepared amendment **J.001** (attached) to provide \$86,110,283 to the Department of Health Care Policy and Financing for FY 2024-25, including \$17,699,040 General Fund, \$5,887,126 cash funds from the Healthcare Affordability and Sustainability Fee, and \$62,524,117 matching Medicaid federal funds.

In addition, the provision provides \$7,333 cash funds to the Department of Regulatory Affairs in FY 2024-25 from the Division of Insurance Cash Fund. This provision also states that the appropriation is based on the assumption that the Department will require an additional 0.1 FTE.

L.010 Bill Sponsor amendment **L.010** (attached) makes implementation of the new benefits subject to available appropriations as well as federal approval. The Joint Budget Committee Staff and Legislative Council Staff agree that this does not change the fiscal impact of the bill, because the departments will still need the money to implement the benefits.

If L.010 is adopted, the Appropriations Committee should also adopt J.001. However, if L.010 is adopted, the Appropriations Committee could choose not to adopt J.001, in which case the bill would add statutory authorization for new benefits with no funding to actually implement the benefits.

Points to Consider

General Fund Impact

The Joint Budget Committee has proposed a budget package for FY 2024-25 based on the March 2024 Office of State Planning and Budgeting (OSPB) revenue forecast. The budget package includes \$63.1 million in set-asides for legislation outside of the package (see table below). The budget package accounts for the 15.0 percent reserve associated with the placeholders (a total of \$9.5 million).

General Fund Appropriation Placeholders for Other 2024 Legislation	
Description	FY 2024-25
General Legislative Priorities	\$21,739,130
Legislation for Shared Housing Priorities	12,043,478
Legislation for Shared Workforce and Education Priorities	16,152,110
Legislation for Other Shared Priorities	10,519,130
Legislation for Distributions to Rural Hospitals	2,608,689
TOTAL Placeholders for Other 2024 Legislation	\$63,062,537

SB24-054**JBC Staff Analysis**

This bill requires General Fund of \$17,706,373 for FY 2024-25, reducing the \$63.1 million set aside by the same amount. The total General Fund impact includes a General Fund appropriation of \$17,699,040 to the Department of Health Care Policy and Financing and a decrease in General Fund revenue from insurance premiums of \$7,333 as a result of higher administrative costs for the Division of Insurance.

Pursuant to Section 10-3-209 (4), C.R.S., taxes on insurance premiums are credited to the Division of Insurance Cash Fund (with a maximum transfer of five percent of premium tax collections) to cover appropriations made by the General Assembly. Any increase in appropriations reduces the amount of tax revenue deposited in the General Fund, thereby reducing the amount of General Fund available for other purposes.

Future Fiscal Impact

The FY 2024-25 projected fiscal impact of \$86.1 million total funds, including \$17.7 million General Fund, increases in FY 2025-26 to \$199.6 million total funds, including \$39.5 million General Fund, and in FY 2026-27 and ongoing to \$247.2 million total funds, including \$48.8 million General Fund.