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FISCAL NOTE

Drafting Number: LLS 20-0272	Date: February 24, 2020
Prime Sponsors: Sen. Pettersen; Moreno Rep. Esgar; Mullica	Bill Status: Senate HHS
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Bill Topic: PROTECTING PREVENTIVE HEALTH CARE COVERAGE

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input checked="" type="checkbox"/> State Diversion	<input type="checkbox"/> Statutory Public Entity

The bill expands preventive health care services that are required to be covered under state regulated health insurance and codifies other services into state statute. In addition, the bill increases Medicaid coverage for family planning services. It increases state expenditures and creates a General Fund diversion on an ongoing basis.

Appropriation Summary: For FY 2020-21, the bill requires a appropriation of \$918,814 to multiple state agencies.

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

**Table 1
State Fiscal Impacts Under SB 20-156**

		FY 2020-21	FY 2021-22
Revenue		-	-
Expenditures	General Fund	\$90,547	-
	Cash Funds	\$13,347	\$13,347
	Federal Funds	\$814,920	-
	Centrally Appropriated	\$4,466	\$4,466
	Total	\$923,280	\$17,813
	Total FTE	0.2 FTE	0.2 FTE
Diversions	General Fund	(\$17,813)	(\$17,813)
	Cash Funds	\$17,813	\$17,813
	Total	\$0	\$0
TABOR Refund		-	-

Summary of Legislation

Current law requires that the total cost of preventive services recommended by the U.S. Preventive Services Task Force with a grade of A or B be covered without cost sharing requirements by insurance plans under the jurisdiction of the Division of Insurance (DOI) in the Department of Regulatory Agencies (DORA). The bill codifies some of these preventive health care services, and adds or expands upon other required coverage, including:

- osteoporosis screening for individuals age 60-64;
- anemia screening;
- urinary incontinence screening; and
- screening and treatment of sexually transmitted infections (STIs).

In addition, the bill modifies requirements for health care providers and facilities when examining or treating a minor for an STI. The bill specifies that, if necessary, a provider must administer, dispense, or prescribe preventive measures or medications.

Lastly, the bill requires that Medicaid cover family planning and family planning related services, as defined in the bill, and establishes that such services must be provided without cost sharing for the client. The bill authorizes reimbursement for such services for any licensed health care provider.

State Diversions

The bill diverts an estimated \$17,813 from the General Fund to the Division of Insurance Cash Fund in DORA in FY 2020-21 and future years. This revenue diversion occurs because the bill increases costs in the DOI, which is funded with premium tax revenue that would otherwise be credited to the General Fund.

State Expenditures

The bill increases state expenditures by \$923,280 and 0.2 FTE in FY 2020-21 and \$17,813 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 20-156**

Cost Components	FY 2020-21	FY 2021-22
Department of Health Care Policy and Financing		
MMIS Programming (Medicaid)	\$848,467	-
PBMS Programming (Pharmacy)	\$57,000	-
(Subtotal - HCPF)	\$905,467	-
Department of Regulatory Agencies		
Personal Services	\$13,347	\$13,347
Centrally Appropriated Costs*	\$4,466	\$4,466
FTE – Personal Services	0.2 FTE	0.2 FTE
(Subtotal - DORA)	\$17,813	\$17,813
Total	\$923,280	\$17,813
Total FTE	0.2 FTE	0.2 FTE

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

Department of Health Care Policy and Financing. Medicaid currently covers 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, though the specific services that are exempt under the bill have not yet been identified. HCPF 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. Of these costs, \$90,547 (10 percent) are from the General Fund and \$814,920 (90 percent) are from federal funds.

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 subject to DOI regulation. 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. Costs are paid from the DOI Cash Fund.

State Employee Insurance. Insurance carriers that offer health benefit plans to state employees are required to meet the coverage requirements of the bill. This may increase state expenditures on employee health insurance due to required preventive services that are not currently covered under one state employee plan. Any cost increase could contribute to higher insurance premiums, which would be shared by state agencies and employees. Because insurance rates are influenced by a number of variables, the impact of this bill on premiums 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 \$4,466 in FY 2020-21 and future years.

Technical Note

It is unknown whether the benefit changes under the bill constitute a new benefit mandate. Under the federal Patient Protection and Affordable Care Act, new benefit mandates that go beyond the essential health benefit package must be paid by the state, rather than by premiums collected from policy holders.

Effective Date

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

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
- \$13,347 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
Information Technology
Personnel
Public Health and Environment

Higher Education
Health Care Policy and Financing
Regulatory Agencies