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Revised Fiscal Note

(replaces fiscal note dated April 26, 2022)

Drafting Number:	LLS 22-0487	Date:	April 29, 2022
Prime Sponsors:	Rep. Gonzales-Gutierrez; McCluskie Sen. Moreno	Bill Status:	Senate Appropriations
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Bill Topic: HEALTH BENEFITS FOR COLORADO CHILDREN & PREGNANT PERSONS

Summary of Fiscal Impact:	<input type="checkbox"/> State Revenue	<input checked="" type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
	<input type="checkbox"/> State Transfer	<input checked="" type="checkbox"/> Statutory Public Entity

The bill expands Medicaid coverage to low-income pregnant people and children, regardless of immigration status; requires the Insurance Commissioner to improve the quality of health insurance coverage through the Health Insurance Affordability Enterprise; and extends a survey of birthing parents indefinitely, among other requirements. It will increase state, local, and statutory public entity expenditures, and reduce state revenue, on an ongoing basis beginning in FY 2022-23.

Appropriation Summary: For FY 2022-23, the bill requires an appropriation of \$2.0 million to multiple state agencies.

Fiscal Note Status: This revised fiscal note reflects the reengrossed bill, as amended by the Senate Health and Human Services Committee. It has also been updated to reflect new information.

Table 1
State Fiscal Impacts Under HB 22-1289

		Budget Year FY 2022-23	Out Year FY 2023-24	Out Year FY 2024-25	Out Year FY 2025-26
Revenue	Cash Funds	(\$905,405)	(\$935,751)	(\$935,751)	(\$935,751)
	Total Revenue	(\$905,405)	(\$935,751)	(\$935,751)	(\$935,751)
Expenditures	General Fund	\$1,298,426	\$5,834,931	\$3,941,075	\$10,102,174
	Cash Funds	(\$905,405)	(\$935,751)	(\$935,751)	(\$935,751)
	Federal Funds	\$1,646,658	\$8,995,374	\$8,018,972	\$17,544,601
	Centrally Approp.	\$133,468	\$230,169	\$252,364	\$245,799
	Total Expenditures	\$2,173,147	\$14,124,723	\$11,276,660	\$26,956,823
	Total FTE	7.6 FTE	12.8 FTE	13.2 FTE	13.7 FTE
Transfers		-	-	-	-
Other Budget Impact	TABOR Refund	(\$340,727)	(\$349,587)	not estimated	not estimated
	GF Reserve	\$173,130	\$748,244	\$572,005	\$1,496,170

* Totals may not sum due to rounding

Summary of Legislation

The bill expands Medicaid and Children's Basic Health Plan (CHP+) coverage to low-income pregnant people and children, regardless of immigration status (lookalike programs); requires the Insurance Commissioner to improve the quality of health insurance coverage through the Health Insurance Affordability Enterprise; and extends a survey of birthing parents indefinitely, among other requirements, as discussed below.

Health Care Policy and Financing. Effective January 1, 2025, the Department of Health Care Policy and Financing (HCPF) must provide comprehensive health insurance coverage for low-income pregnant people and children (age 0 to 18) who would be eligible for Medicaid or CHP+ if not for their immigration status. For pregnant persons, coverage continues for 12-months postpartum so long as this coverage remains available through Medicaid and CHP+ plans. HCPF is required to use a cash system of accounting and has over-expenditure authority for service costs. HCPF is required to report on program implementation, then cost savings and health benefits associated with lookalike programs, at its annual SMART Act hearing.

HCPF is also required to:

- upon the bill's effective date, make comprehensive lactation support services, lactation supplies and equipment (including a single-user double electric breast pump, pump parts and pump collection kit, and, if necessary, access to a loaned multi-user hospital grade electric breast pump with compatible individual collection kit), and maintenance of multi-user loaned equipment a covered benefit for Medicaid and CHP+ recipients, with access prior to labor and delivery;
- draw down federal Health Services Initiative funding to improve perinatal and postpartum support after completing a stakeholder process to determine funding priorities;
- establish an outreach program to address enrolling eligible groups into insurance options, and to report on outreach and enrollment strategy outcomes by conducting a stakeholder process approximately one and two years after implementation;
- pursue a demonstration waiver that authorizes the state to use federal medical assistance payments, in coordination with the Division of Insurance (DOI), to enhance or expand state subsidized individual health care coverage for low-income Coloradans and, if needed to maximize federal financial participation, for populations eligible under this bill and under House Bill 22-1094, if passed; and
- eliminate the annual CHP+ enrollment fee.

Division of Insurance, Department of Regulatory Agencies. The bill requires the Insurance Commissioner to establish state-subsidized individual health plans through rule for qualified individuals that are equivalent to coverage provided in a qualified health plan and that maximize affordability, along with other specified requirements to be addressed through rule by the Health Insurance Affordability Board. Additionally, beginning January 1, 2024, the bill establishes a special insurance enrollment period for individuals who do not have existing insurance coverage when they become pregnant.

Department of Public Health and Environment. The bill makes permanent a Department of Public Health and Environment (CDPHE) health survey for birthing parents and requires the survey to oversample members of groups that comprise a small percentage of the population and that disproportionately experience health inequities.

State Revenue

By making the fee waiver for CHP+ permanent, the bill reduces cash fund revenue to the CHP+ Trust and the Health Care Affordability and Sustainability Cash Fund by a total of \$905,405 in FY 2022-23 and \$935,751 in FY 2023-24 and ongoing. Of this revenue, \$340,727 in FY 2022-23 and \$349,587 in FY 2023-24 to the CHP+ is subject to TABOR; revenue to the HAS Cash Fund is exempt from TABOR.

State Expenditures

The bill increases state General Fund and federal funds expenditures beginning in FY 2022-23 in HCPF, the CDPHE, and the Department of Human Services (CDHS) as shown in Table 2. It will also increase workload and potential costs in the DOI. These impacts are detailed below.

**Table 2
 Expenditures Under HB 22-1289**

Cost Components	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Department of Health Care Policy and Financing				
Personal Services	\$440,320	\$919,207	\$1,021,428	\$992,914
Operating Expenses	\$7,155	\$14,175	\$15,525	\$14,850
Capital Outlay Costs	\$43,400	\$24,800	\$6,200	-
Service Costs (see Table 3)	\$375,178	\$568,660	\$17,300,270	\$34,916,034
Service Savings (see Table 3)	-	(\$5,046,187)	(\$20,435,685)	(\$20,700,316)
MMIS Programming	-	\$3,114,696	\$2,612,463	-
CBMS Programming	-	\$122,463	\$573,909	-
Actuarial Contractor	-	\$250,000	-	-
Outreach Costs	\$750,000	\$750,000	\$750,000	\$750,000
County Support	-	\$125,000	\$221,227	\$189,022
Health Services Initiatives	-	\$12,452,807	\$8,349,675	\$9,928,371
CHP+ Fee Waiver (CF)	(\$905,405)	(\$935,751)	(\$935,751)	(\$935,751)
CHP+ Fee Waiver (GF/FF)	\$905,405	\$935,751	\$935,751	\$935,751
Centrally Appropriated Costs ¹	\$90,608	\$183,684	\$205,879	\$199,314
FTE – Personal Services	5.1 FTE	10.1 FTE	11.4 FTE	11.0 FTE
HCPF Subtotal	\$1,706,661	\$13,479,305	\$10,620,892	\$26,290,189
<i>General Fund</i>	\$874,800	\$5,235,998	\$3,331,792.68	\$9,482,025.18
<i>CHP+ Trust</i>	(\$340,727)	(\$349,587)	(\$349,587)	(\$349,587)
<i>HAS Fee</i>	(\$564,678)	(\$586,164)	(\$586,164)	(\$586,164)
<i>Federal Funds</i>	\$1,646,658	\$8,995,374	\$8,018,972	\$17,544,601
<i>Centrally Appropriated</i>	\$90,608	\$183,684	\$205,879	\$199,314

**Table 2
Expenditures Under HB 22-1289 (Cont.)**

Cost Components	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Department of Public Health and Environment				
Personal Services	\$198,560	\$216,611	\$216,611	\$216,611
Operating Expenses	\$3,645	\$3,645	\$3,645	\$3,645
Capital Outlay Costs	\$18,600	-	-	-
Survey Materials and Postage	\$34,403	\$36,124	\$37,930	\$39,826
Software and Licenses	\$6,207	\$6,232	\$6,259	\$6,287
Participant Incentives	\$162,211	\$170,322	\$178,838	\$187,780
Centrally Appropriated Costs ¹	\$42,860	\$46,485	\$46,485	\$46,485
FTE – Personal Services	2.5 FTE	2.7 FTE	2.7 FTE	2.7 FTE
CDPHE Subtotal	\$466,486	\$479,419	\$489,768	\$500,634
Department of Human Services				
Computer Programming	-	\$166,000	\$166,000	\$166,000
DHS Subtotal	-	\$166,000	\$166,000	\$166,000
Total	\$2,173,147	\$14,124,723	\$11,276,660	\$26,956,823
Total FTE	7.6 FTE	12.8 FTE	13.2 FTE	13.7 FTE

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

Department of Health Care Policy and Financing. Starting in FY 2022-23, HCPF will incur ongoing staffing, information technology, outreach, and county administration costs to implement the insurance program. The provision of breastfeeding equipment through Medicaid and CHP+ also begins in FY 2022-23. Starting in FY 2024-25, non-citizen pregnant people and children will be enrolled under the Medicaid and CHP+ look-alike programs, and non-citizens who currently qualify for Emergency Medical Services under Medicaid will instead be served by a new DOI-designed plan. Lactation support services also begin in FY 2024-25. These costs are discussed in more detail below and Table 3 details service costs and savings.

- **Staffing.** HCPF will ramp up a staff of 10.5 FTE as follows: 1.0 FTE to manage Medicaid Management Information System (MMIS) changes; 1.0 FTE to manage Colorado Benefits Management System (CBMS) changes; 1.0 FTE to provide eligibility systems policy analysis; 1.0 FTE to develop and implement eligibility system training; 1.0 FTE policy advisor to coordinate system requirements for Emergency Medical Services; 1.0 FTE to coordinate the state-only CHP+ benefit plan and the health services initiative application process; 1.0 FTE for compliance and stakeholder engagement; 1.0 FTE for outreach; 0.5 FTE for rate-setting and accounting; 1.0 FTE for centralized financial support; and 1.0 FTE to manage breast pump support. Starting July 1, 2024, HCPF requires 1.0 FTE business analyst for 18 months, to provide pharmacy system change management and operational monitoring. Operating and capital outlay expenses for all staff are included. First-year costs are prorated for the General Fund pay date shift and assume a September 1 hire date.
- **MMIS and CBMS programming.** Systems programming costs represent vendor estimates and staffing costs to modify both the MMIS and the CBMS.

- **Actuarial contractor.** HCPF's actuary will perform a one-time rate assessment in FY 2023-24.
- **Outreach costs.** Outreach costs assume \$25,000 in funding will be provided to ten community-based organizations at a cost of \$250,000 per year, as well as 2,500 hours of contractor services for outreach and translation at an hourly rate of \$200, at a cost of \$500,000 per year.
- **County support.** County support costs assume county staff will provide application support for an estimated 1,240 individuals, and process 155 appeals per year. Costs also include funding for policy and procedural development support.
- **Health Services Initiative spending.** The bill requires HCPF to draw down federal Health Services Initiatives funding, which requires a 35 percent General Fund match.
- **CHP+ permanent fee waiver.** The bill permanently removes the annual enrollment fee for the CHP+ program. This will result in a decrease in spending of fee revenue from cash funds (\$935,751), and a corresponding increase from General Fund (\$127,707) and federal funds (\$808,044).
- **Service costs—newly eligible populations.** The bill requires and the fiscal note reflects HCPF enrolling newly eligible pregnant adults and children starting January 1, 2025. Costs assume that the newly eligible population will receive identical care and services received by existing Medicaid and CHP+ members, including access to waiver services, and exclude current EMS spending. Adult service costs assume the enhanced federal match rate of 65 percent, and children's service costs assume no federal match. Cost estimates use either pre-pandemic utilization data with a three-year average growth rate applied or SB 21-194 per capita costs where applicable. Utilization estimates begin with 2,138 pregnant and postpartum adults enrolled in the Medicaid look-alike program; 137 pregnant adults enrolled in the CHP+ look-alike program; 546 children enrolled in the Medicaid look-alike program; and 765 children enrolled in the CHP+ look-alike program. The actual population will likely vary from these assumptions, particularly for children for which little utilization data is available, resulting in what is likely a conservative estimate. The fiscal note assumes this population will be carefully accounted for through the annual budget process.
- **Service costs—breast pumps and lactation consulting.** Since the bill provides breast pump coverage even for persons who may be eligible for this service through the Special Supplemental Nutrition Program for Women, Infants, and Children, it is assumed that the entire Medicaid and CHP+ post-partum populations, estimated at 2,417 and 398 initially, will access these services through the bill. Cost assume a benchmark rate of \$133.30. Of these individuals, it is assumed that about 75 percent will seek lactation support at an estimated consultation cost of \$30.41 beginning in FY 2024-25, once services receive federal approval.
- **Service savings.** Service savings assume that, beginning in FY 2023-24, 468 adults will receive a half-year of coverage under the DOI's Health Insurance Affordability Enterprise plan at a per person EMS savings of \$21,563, up to 960 adults by FY 2025-26. Because the DOI performs rate-setting and plan approval every June preceding the calendar year plans, the fiscal note assumes that these processes could not occur until June 2023, for calendar year 2024 plans.

Table 3
Estimated Service Costs and Savings Under HB 22-1289

Service Costs	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Non-Citizen Pregnant Adult Medicaid	-	-	\$9,413,010	\$19,514,304
Non-Citizen Pregnant Adult CHP+	-	-	\$804,313	\$1,635,438
Non-Citizen Postpartum Adult Medicaid	-	-	\$3,909,198	\$7,919,640
Non-Citizen Postpartum Adult CHP+	-	-	\$249,940	\$506,095
Non-Citizen Children State-only Medicaid	-	-	\$976,234	\$2,020,865
Non-Citizen Children State-only CHP+	-	-	\$1,126,430	\$2,339,998
Breast Pumps Medicaid	\$322,138	\$495,256	\$620,108	\$745,421
Breast Pumps CHP+	\$53,040	\$73,404	\$82,435	\$92,771
Lactation Support Services Medicaid	-	-	\$104,685	\$125,840
Lactation Support Services CHP+	-	-	\$13,916	\$15,661
<u>Total Service Costs</u>	<u>\$375,178</u>	<u>\$568,660</u>	<u>\$17,300,270</u>	<u>\$34,916,034</u>
<i>General Fund</i>	\$179,633	\$273,319	\$7,530,545	\$15,185,862
<i>Federal Funds</i>	\$195,545	\$295,340	\$9,769,725	\$19,730,172
Service Savings				
EMS Savings from Non-Pregnant Adults	-	(\$5,046,187)	(\$20,435,685)	(\$20,700,316)
<u>Total Service Savings</u>	<u>\$0</u>	<u>(\$5,046,187)</u>	<u>(\$20,435,685)</u>	<u>(\$20,700,316)</u>
<i>General Fund</i>	-	(\$2,523,094)	(\$10,217,843)	(\$10,350,158)
<i>Federal Funds</i>	-	(\$2,523,094)	(\$10,217,842)	(\$10,350,158)

Department of Public Health and Environment. Based on the costs of the pilot program, the CDPHE requires 2.7 FTE to continue the Health eMoms survey, as well as costs for survey materials, postage, software, and participant incentives.

Department of Human Services. Because foster youth under 19 years of age will now be eligible for health benefits regardless of immigration status, the bill creates a need for a claims processing link between the MMIS and CDHS' Trails system. The DHS requires a full-time developer to create and maintain an interface between Trails and MMIS, at a cost of \$80 per hour.

Division of Insurance, Department of Regulatory Agencies. In FY 2022-23, the Health Insurance Affordability Board will perform rulemaking and related stakeholder outreach regarding state-subsidized individual health plans, which can be accomplished within existing appropriations.

- **Federal financial participation and savings utilization.** The bill requires HCPF to apply for a 1903(v) waiver to enhance the state's subsidization of health insurance for low-income Coloradans and maximize federal financial participation. If the waiver is approved, the bill will draw down federal funding to the Health Insurance Affordability Enterprise.

- **Current state-subsidized plan rollout.** The Health Insurance Affordability Board is currently in the process of developing a state-subsidized insurance plan for qualified individuals—defined as Colorado residents, regardless of immigration status, with a household income of less than 300 percent of the federal poverty level who are not eligible for other state or federal health benefits. For CY 2023, the enterprise board voted to offer that plan with \$0 premium and a 94 percent actuarial value to undocumented persons with incomes less than 138 percent of the federal poverty level. Assuming 9,100 enrollees, this plan is estimated to cost \$51.9 million per year. This plan may reduce the savings to HCPF reflected in the bill.

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.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve beginning in FY 2022-23. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, which decreases the amount of General Fund available for other purposes.

Local Government

Counties will have additional workload and costs to enroll newly eligible persons into Medicaid and CHP+ under bill, which will be paid for by the state, as discussed in the State Expenditures section.

Statutory Public Entity

Connect for Health Colorado, Colorado's insurance marketplace, will spend an estimated \$104,500 in FY 2022-23 on computer programming to create the special enrollment period for pregnant persons with retroactive start date capability and a noticing requirement. Costs for Connect for Health Colorado are paid using fees assessed on health plans sold in the state, among other sources, and it is assumed that existing revenue streams can be used to cover these costs.

Effective Date

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

State Appropriations

The bill requires the following appropriations:

- an increase of \$874,800 General Fund and \$1,646,658 federal funds to HCPF and 5.1 FTE, and a reduction of \$340,727 CHP+ Trust Fund and \$564,678 HAS Fee Cash Fund; and
- \$423,626 General Fund to the Department of Public Health and Environment and 2.5 FTE.

State and Local Government Contacts

Connect for Health Colorado
Human Services
Law
Regulatory Agencies

Health Care Policy and Financing
Information Technology
Public Health and Environment