



## Legislative Council Staff

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# Revised Fiscal Note

(replaces fiscal note dated March 23, 2022)

**Drafting Number:** LLS 22-0815 **Date:** April 14, 2022  
**Prime Sponsors:** Rep. Kennedy; Will **Bill Status:** Senate Health  
 Sen. Jaquez Lewis; Priola **Fiscal Analyst:** Erin Reynolds | 303-866-4146  
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**Bill Topic:** HEALTH-CARE PRACTICE TRANSFORMATION

**Summary of Fiscal Impact:**

- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

The bill creates the Primary Care and Behavioral Health Statewide Integration Grant Program to be administered by the Department of Health Care Policy and Financing to provide grants to physical and behavioral health care providers for implementation of evidence-based clinical integration care models. The bill increases state expenditures from FY 2022-23 through FY 2025-26.

**Appropriation Summary:** For FY 2022-23, the bill includes an appropriation of \$34.75 million to the Department of Health Care Policy and Financing and an appropriation of \$250,000 to the University of Colorado School of Medicine.

**Fiscal Note Status:** The revised fiscal note reflects the reengrossed bill. It has also been updated to adjust the timing of expenditures to ensure compliance with federal ARPA deadlines.

**Table 1**  
**State Fiscal Impacts Under HB 22-1302**

		Budget Year FY 2022-23	Out Year FY 2023-24
<b>Revenue</b>		-	-
<b>Expenditures<sup>1</sup></b>	Cash Funds	\$35,000,000	-
	Centrally Appropriated	\$55,460	\$124,115
	<b>Total Expenditures</b>	<b>\$35,055,460</b>	<b>\$124,115</b>
	<b>Total FTE</b>	<b>2.3 FTE</b>	<b>5.0 FTE</b>
<b>Transfers</b>		-	-
<b>Other Budget Impacts</b>		-	-

<sup>1</sup> FY 2022-23 funding in HCPF will be spent over two fiscal years, as detailed in Table 2 in the State Expenditures section. Money in the Behavioral and Mental Health Cash Fund comes from federal ARPA funds.

## **Summary of Legislation**

The bill creates the Primary Care and Behavioral Health Statewide Integration Grant Program to be administered by the Department of Health Care Policy and Financing (HCPF) to provide grants to physical and behavioral health care providers for implementation of evidence-based clinical integration care models. In FY 2022-23, the bill appropriates \$31.75 million to HCPF from the Behavioral and Mental Health Cash Fund for this purpose.

Grants may be used to develop outpatient health care infrastructure; increase access to health care; invest in early behavioral health-related interventions; address the behavioral health workforce; and develop and implement alternative payment models. The bill outlines match requirements for hospital-owned or –affiliated practices. The bill outlines certain grantee criteria that HCPF is required to prioritize when awarding grants. HCPF is required to establish a set of statewide resources to support grant recipients and may enter into an interagency agreement or contract to establish these resources. Grant recipients are required to spend or obligate funding no later than December 31, 2024, and expend funding by December 31, 2026.

HCPF is required to form a steering committee to provide input into grant application requirements, feedback and direction on data collection standards and review, and engage with community partners. Any steering committee member who is not a state employee may be reimbursed for reasonable travel expenses.

HCPF, in collaboration with the Behavioral Health Administration (BHA) in the Department of Human Services and the Division of Insurance in the Department of Regulatory Agencies, must prepare a report that includes recommendations on best practices for integrated care models using data collected from grant recipients related to clinical quality improvement and access to care.

In addition, HCPF is required to develop a universal contract for behavioral health services in collaboration with the BHA by July 1, 2023. For FY 2022-23, the General Assembly is required to appropriate \$3.0 million from the Behavioral and Mental Health Cash Fund for this purpose.

The bill also includes an appropriation of \$250,000 from the Behavioral and Mental Health Cash Fund to the Department of Higher Education for use by the University of Colorado.

## **Background**

The Behavioral Health Transformational Task Force recommended that the General Assembly integrate primary care and behavioral health using federal American Rescue Plan Act (ARPA) funds (Recommendation D). The task force report is available online at:

[https://leg.colorado.gov/sites/default/files/images/committees/2017/bhttf\\_final\\_report.pdf](https://leg.colorado.gov/sites/default/files/images/committees/2017/bhttf_final_report.pdf)

**State Expenditures**

The bill increases state expenditures in HCPF by \$34.75 million over FY 2022-23 and FY 2023-24, paid from the Behavioral and Mental Health Cash Fund. HCPF will also have additional administrative expenses, paid using General Fund and federal funds, in FY 2024-25 and FY 2025-26. Finally, the bill appropriates \$250,000 for a workforce program at the University of Colorado School of Medicine in FY 2022-23. Expenditures are shown in Table 2, and detailed below.

**Table 2  
 Expenditures Under HB 22-1302**

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
<b>Department of Health Care Policy and Financing</b>				
Personal Services	\$191,907	\$456,634	\$456,634	\$228,316
Operating Expenses	\$3,105	\$6,750	\$6,750	\$3,375
Capital Outlay Costs	\$24,800	\$6,200	-	-
Contractor Costs	\$1,072,720	\$3,487,720	\$3,115,000	\$378,750
Grants	\$14,750,082	\$14,750,082	-	-
Regional Health Connector Workforce Program ( <i>Higher Ed.</i> )	\$250,000	-	-	-
Centrally Appropriated Costs <sup>1</sup>	\$55,460	\$124,115	\$124,115	\$62,058
<b>Total</b>	<b>\$16,348,074</b>	<b>\$18,831,501</b>	<b>\$3,702,499</b>	<b>\$672,499</b>
<b>Total FTE</b>	<b>2.3 FTE</b>	<b>5.0 FTE</b>	<b>5.0 FTE</b>	<b>2.5 FTE</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation

**Department of Health Care Policy and Financing.** HCPF will create the Primary Care and Behavioral Health Statewide Integration Grant Program, with resources dedicated to evaluating clinical integration care models.

- **Staffing.** Over four fiscal years, HCPF requires 5.0 FTE to implement the grant program. This includes 1.0 FTE policy advisor hired October 1, 2022, to oversee grant program design at a midpoint salary assuming the person hired will have clinical experience; an administrative assistant, rate and financial analyst, and grant specialist hired January 1, 2023, to facilitate the program, assist in training grant sites in alternative payment models and new data sharing practices, and budget tracking and report; and finally a policy advisor hired July 1, 2023, to perform detailed analysis, also hired at the midpoint assuming clinical expertise.
- **Contractors.** HCPF will engage the following contractors to support the grant program, all of which assume an hourly rate of \$202:
  - grant application and review contractor, which will review 60 applications per year in FY 2022-23 and FY 2023-24 with six hours of review per application;
  - clinical consultation contractors, which will require 7,500 hours in FY 2023-24 and FY 2024-25, and 3,750 in FY 2025-26 to conduct site visits and other clinical engagement with grantees;

- a contractor to create the universal contracting provisions and monitor compliance, which will require 4,950 hours per year from FY 2022-23 through FY 2024-25; and
- billing and data sharing contractors, which will require 4,455 hours in FY 2023-24 and 2,970 per year in two subsequent fiscal years.

**Grants.** Grant amounts assume the remainder of funding after administrative expenses, preliminarily estimated at about \$29.8 million, will be awarded in equal amounts over two fiscal years. The actual timing of issuing grants may differ depending on applications received and HCPF funding decisions.

**Regional Health Connector Workforce Program.** The bill appropriates \$250,000 for the Regional Health Connector Workforce Program, which is operated by the University of Colorado School of Medicine. This appropriation is from the Behavioral and Mental Health Cash Fund.

**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.

## Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature, except that section 3, concerning the creation of a universal contract, takes effect only if House Bill 22-1278 becomes law, in which case section 3 takes effect either upon the effective date of this act or House Bill 22-1278, whichever is later.

## State Appropriations

The bill includes the following appropriations to the Department of Health Care Policy and Financing from the Behavioral and Mental Health Cash Fund which are further appropriated to HCPF through December 30, 2024:

- \$31,750,000 for the Primary Care and Behavioral Health Statewide Integration Grant Program, and 2.3 FTE;
- \$3,000,000 for universal contracting provisions.

The bill also includes an appropriation of \$250,000 from the Behavioral and Mental Health Cash Fund to the Department of Higher Education for use by the University of Colorado School of Medicine.

## State and Local Government Contacts

Health Care Policy and Financing

Information Technology

Law