



Legislative Council Staff

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Final Fiscal Note

Drafting Number:	LLS 23-0740	Date:	July 26, 2023
Prime Sponsors:	Rep. Ortiz; Hartsook Sen. Winter F.; Liston	Bill Status:	Signed into Law
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Bill Topic: PROSTHETIC DEVICES FOR RECREATIONAL ACTIVITY

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 requires state-regulated insurance plans to cover an alternative prosthetic limb if the patient's physician determines that it is necessary to engage in physical and recreational activity. The bill increases state expenditure on an ongoing basis beginning in FY 2023-24.

Appropriation Summary: For FY 2023-24, the bill requires and includes an appropriation of \$6,108 to the Department of Regulatory Agencies.

Fiscal Note Status: This fiscal note reflects the enacted bill.

**Table 1
State Fiscal Impacts Under HB 23-1136**

		Budget Year FY 2023-24	Out Year FY 2024-25	Out Year FY 2025-26	Out Year FY 2026-27
Revenue		-	-	-	-
Expenditures	General Fund	-	\$2,230	\$4,460	\$4,460
	Cash Funds	\$6,108	\$952	\$154,535	\$307,166
	Federal Funds	-	\$5,910	\$1,385,495	\$2,759,169
	Central. Approp.	\$1,674	-	-	-
	Total Expenditures	\$7,782	\$9,092	\$1,544,491	\$3,070,795
	Total FTE	0.1 FTE	-	-	-
Diversions	General Fund	(\$7,782)	-	-	-
	Cash Funds	\$7,782	-	-	-
	Net Diversion	\$0	-	-	-
Other Budget	GF Reserve	-	\$335	\$669	\$669

Summary of Legislation

The bill requires state-regulated insurance plans to cover an alternative prosthetic limb if the patient’s physician determines that it is necessary to engage in physical and recreational activity beginning January 1, 2025.

The bill requires the Division of Insurance to submit to the federal government a determination as to whether the additional benefit requires the state to defray the cost.

State Diversion

This bill diverts \$7,782 from the General Fund in FY 2023-24. This revenue diversion occurs because the bill increases costs in the Department of Regulatory Agencies, Division of Insurance, which is funded with premium tax revenue that would otherwise be credited to the General Fund.

State Expenditures

The bill increases state expenditures in the Department of Regulatory Agencies (DORA) by about \$8,000 in FY 2023-24, and in the Department of Health Care Policy and Financing (HCPF) by about \$9,000 in FY 2024-25, \$1.5 million in FY 2025-26, and \$3.1 million in FY 2026-27 and ongoing. Expenditures are shown in Table 2 and detailed below.

**Table 2
 Expenditures Under HB 23-1136**

	Budget Year FY 2023-24	Out Year FY 2024-25	Out Year FY 2025-26	Out Year FY 2026-27
Department of Regulatory Agencies				
Personal Services	\$6,108	-	-	-
Centrally Appropriated Costs ¹	\$1,674	-	-	-
FTE – Personal Services	0.1 FTE	-	-	-
DORA Subtotal	\$7,782	-	-	-
Department of Health Care Policy and Financing				
CHP+ DME Costs	-	\$9,092	\$18,186	\$18,186
Medicaid DME Costs	-	-	\$1,526,305	\$3,052,609
HCPF Subtotal	-	\$9,092	\$1,544,491	\$3,070,795
Total	\$7,782	\$9,092	\$1,544,491	\$3,070,795
Total FTE	0.1 FTE	-	-	-

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

Department of Regulatory Agencies. The Division of Insurance requires 0.1 FTE in FY 2023-24 only to adjust policies and rates and confer with the federal government. These costs are prorated to account for the bill's effective date and paid from the Division of Insurance Cash Fund.

Department of Health Care Policy and Financing (HCPF). HCPF, which operates the Children's Health Plan Plus (CHP+) must provide an alternative prosthetic limb in certain circumstances to members of CHP+. Additionally, Medicaid expansion benefit plan provisions require that all DOI mandatory covered items be covered for Medicaid expansion members. Thus HCPF must provide an alternative prosthetic limb to Medicaid members that meet the terms of the bill and are part of the Affordable Care Act expansion populations. The impacts of the requirement for both populations are detailed below. Both assume that most patients could maximize limb function by acquiring an additional limb and that the additional limb would cost the same as the initial one.

- **Durable Medical Equipment Costs—CHP+.** Based on current expenditures, HCPF requires \$18,000 to meet the coverage requirements for the CHP + population. HCPF coverage will start on January 1, 2025. FY 2024-25 costs are prorated to this start date.
- **Durable Medical Equipment Costs—Medicaid expansion population.** Based on current expenditures, HCPF requires \$3.1 million to meet the coverage requirements for the Medicaid expansion population. Based on the timeline of federal approval, coverage is estimated to start on January 1, 2026. FY 2025-26 costs are prorated to this start date.

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 was signed into law by the Governor on May 25, 2023, and takes effect on August 7, 2023, assuming no referendum petition is filed.

State Appropriations

For FY 2023-24, the bill requires and includes an appropriation of \$6,108 from the Division of Insurance Cash Fund to the Department of Regulatory Agencies and 0.1 FTE.

State and Local Government Contacts

Health Care Policy and Financing
Regulatory Agencies

Information Technology

Law