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Revised Fiscal Note

(replaces fiscal note dated April 10, 2023)

Drafting Number: LLS 23-0926 Date: April 17, 2023
Prime Sponsors: Rep. Michaelson Jenet, Sen. Bridges; Gardner Bill Status: House Appropriations
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Bill Topic: EXTENDED STAY & BOARDING PATIENTS

- Summary of Fiscal Impact: State Revenue, State Expenditure, State Transfer, TABOR Refund, Local Government, Statutory Public Entity

The bill enacts measures to better understand the behavioral health needs of children and youth, and creates a cash fund to provide additional resources to providers serving children and youth with more intensive needs.

Appropriation Summary: For FY 2023-24, the bill requires an appropriation of \$100,000 to the Behavioral Health Administration.

Fiscal Note Status: This revised fiscal note reflects the introduced bill, as amended by the House Public and Behavioral Health and Human Services Committee.

Table 1
State Fiscal Impacts Under HB 23-1269

Table with 4 columns: Category, Current Year FY 2022-23, Budget Year FY 2023-24, Out Year FY 2024-25. Rows include Revenue, Expenditures (General Fund, Cash Funds, Total Expend.), Transfers (General Fund, Cash Funds, Net Transfer), and Other Budget Impacts (GF Reserve).

1 This transfer represents unspent General Fund appropriations that are transferred to the High-Acuity Cash Fund, rather than revert back to the General Fund. Transferred funding may be spent through FY 2024-25.

Summary of Legislation

The bill enacts measures to better understand the behavioral health needs of children and youth, including:

- requiring the Department of Health Care Policy and Financing (HCPF) to analyze the use of directed payment authority and fee schedules to ensure adequate services are available for children and youth with behavioral health needs, and to report findings by October 1, 2023;
- requiring the Department of Human Services (CDHS) to convene a working group to develop an incentive funding pool pilot program to encourage residential providers to treat children and youth with behavioral health needs, and to report findings by October 1, 2023;
- requiring the Behavioral Health Administration (BHA) to develop a framework that measures the effectiveness of the behavioral health system for children and youth, using a third-party facilitator as necessary, and to report findings by February 1, 2024;
- requiring hospitals and county departments to report certain de-identified data on children and youth quarterly to the BHA beginning in September 1, 2023, including the number of children and youth who were boarding or had extended stays in the previous quarter. The BHA is to aggregate and report submitted data to advisory boards and councils until October 1, 2024; and
- requiring CDHS to develop a plan for when residential treatment facilities for children and youth close or change their operations, and to report on the plan during their SMART Act hearing.

The bill also creates the High-Acuity Treatment and Services Cash Fund, which will receive a transfer of any unspent General Fund appropriations that remain after distributions are made for certain county child welfare services and staffing in FY 2023-24 and FY 2024-25. The money transferred to the cash fund can be used to provide additional resources to licensed providers serving children and youth with behavioral and mental health needs until June 30, 2025. Any remaining cash funds at the end of FY 2024-25 will return to the General Fund.

State Transfers

On June 30, 2023 and June 30, 2024, the bill requires the DHS to transfer the unspent portion of the CDHS General Fund appropriation after distributions to counties for child welfare services are made to the High-Acuity Treatment and Services Cash Fund. Preliminarily, this transfer is estimated to be approximately \$5.9 million in FY 2023-24, based on appropriations and county spending trends thus far in the current FY 2022-23. It is assumed a similar amount will be transferred in FY 2024-25; however, any potential transfer in the second year will depend on a number of factors and cannot be estimated precisely.

State Expenditures

The bill increases expenditures in the BHA by \$100,000 in FY 2023-24 only, paid from the General Fund, and by up to \$5.9 million per year in FY 2023-24 and FY2024-25, paid from the High-Acuity Treatment and Services Cash Fund. It also minimally increases workload in CDHS and HCPF. These impacts are described below.

Behavioral Health Administration. The BHA will have a one-time cost of \$100,000 in FY 2023-24 to contract a facilitator to develop the behavioral health system assessment framework. The facilitator will coordinate and lead stakeholder meetings, perform data analysis, and compile reports for the department. This estimate is based on the costs for similar projects within the BHA.

Provider payments. In FY 2023-24 and FY 2024-25 only, expenditures in the CDHS will increase by up to \$5.9 million per year to increase payments to providers, paid from the High-Acuity Treatment and Services Cash Fund. The exact amount available to spend will depend on transfers of unspent appropriations at the end of FY 2022-23 and FY 2023-24, as described in the State Transfer section above. It is assumed that the CDHS does not require an appropriation for these payments, based on the statutory language stating that the funds are available for expenditure through June 30, 2025.

Department of Human Services. Workload will increase to develop the incentive funding pool program and the plan for residential treatment facilities. This workload can be absorbed within existing resources.

Department of Health Care Policy and Financing. Workload will increase to analyze directed payment authority and fee schedule rates for certain clinical stabilization services. This workload can be absorbed within existing resources.

Local Government

Beginning in FY 2023-24, workload for county departments of human services will increase to submit quarterly data on children and youth to the BHA. Workload may also increase for some county departments to collaborate with the BHA as stakeholders for their framework development. This workload is expected to be minimal.

Effective Date

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

Technical Note

The bill references unspent General Fund appropriations for FY 2023-24 and FY 2024-25. Based on the timing of the transfers, the fiscal note assumes the intent of the bill is to use the unspent portion of appropriations made to the CDHS in the current FY 2022-23 and in FY 2023-24.

State Appropriations

For FY 2023-24, the bill requires a General Fund appropriation of \$100,000 to the Behavioral Health Administration.

State and Local Government Contacts

Behavioral Health Administration
Health Care Policy and Financing
Human Services
Public Health and Environment

Counties
Higher Education
Information Technology
Treasury