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Final Fiscal Note

Drafting Number: LLS 23-0934 Date: August 29, 2023
Prime Sponsors: Rep. Bird; Sirota Bill Status: Signed into Law
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Bill Topic: CONTINUOUS ELIGIBILITY MEDICAL COVERAGE

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

The bill requires HCPF to extend continuous eligibility to select groups and produce a report studying extending eligibility to additional groups. It will increase state expenditures on an ongoing basis beginning in FY 2023-24.

Appropriation Summary: For FY 2023-24, the bill requires and includes an appropriation of \$675,530 to the Department of Health Care Policy and Financing.

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

Table 1
State Fiscal Impacts Under HB 23-1300

Table with 5 columns: Category, Budget Year FY 2023-24, Out Year FY 2024-25, Out Year FY 2025-26, Out Year FY 2026-27. Rows include Revenue, Expenditures (General Fund, Cash Funds, Federal Funds, Central. Approp., Total Expenditures, Total FTE), Transfers, and Other Budget (GF Reserve).

Summary of Legislation

Upon receipt of maximum federal financial participation, by January 1, 2026, the bill requires the Department of Health Care Policy and Financing (HCPF) to extend the continuous eligibility population (see Background Section below) to two populations: children under three, including those who will be eligible under HB 22-1289 at the time of implementation, and adults recently released from incarceration. Under the bill, these populations will not be disenrolled from Medicaid or the Children Health Plan Plus (CHP+), until they reach the age of three or have been out of incarceration for 12 months, respectively. The bill requires HCPF to seek federal approval for these populations by April 1, 2024.

Additionally, the bill requires HCPF to produce a report by January 1, 2026, studying the feasibility of extending continuous eligibility to the populations discussed above and several others including: all adults, with a special emphasis on low-income and homeless adults, and children under six. In producing the report, HCPF must study the potential county workload, administrative burden, health benefits, administrative savings, and social and economic impacts of the extensions. Additionally, HCPF must study methods of meeting its members' health and social needs, including food and housing. These methods are not limited to extending the continuous eligibility program. The bill lists specific stakeholders that HCPF must include in at least three stakeholder meetings. Prior to submitting the report, HCPF must prepare the necessary documentation to seek federal approval to extend continuous eligibility to the populations specified in the report.

Background

Continuous eligibility is a policy that delays disenrolling Medicaid and CHP+ eligible children for up to 12 months after when they otherwise would have been disenrolled (most frequently due to changes in household income or size), with some exceptions.

State Expenditures

Before the new coverage requirements are implemented, the bill increases state expenditures in HCPF by \$0.8 million in FY 2023-24 and \$2.8 million in FY 2024-25, paid from the General Fund and federal funds. After implementation, the bill increases state expenditures in HCPF by \$14.6 million in FY 2025-26, and \$28.2 million in FY 2026-27, paid from the General Fund, the Healthcare Affordability and Sustainability Cash Fund, and federal funds. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under HB 23-1300

	Budget Year FY 2023-24	Out Year FY 2024-25	Out Year FY 2025-26	Out Year FY 2026-27
Department of Health Care Policy and Financing				
Personal Services	\$385,829	\$750,340	\$779,253	\$779,253
Operating Expenses	\$40,100	\$12,150	\$12,150	\$12,150
Capital Outlay Costs	-	-	-	-
System Change Costs	\$249,600	\$1,833,616	-	-
Service Costs (Children)	-	-	\$11,791,862	\$23,583,725
Service Costs (Post-prison)	-	-	\$1,812,642	\$3,625,285
Centrally Appropriated Costs ¹	\$86,702	\$165,040	\$172,154	\$172,154
Total	\$762,231	\$2,761,146	\$14,568,061	\$28,172,567
Total FTE	4.5 FTE	8.6 FTE	9.0 FTE	9.0 FTE

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

Department of Health Care Policy and Financing. Before implementation, HCPF requires funds for system changes and for staff to manage the system changes, and to seek federal authorization. After implementation, HCPF requires funds to cover the additional enrollees and staff to manage the program.

- **Staffing.** The bill appropriates funds for 5.0 FTE in FY 2023-24 to seek federal authorization on the condensed timeline and prepare the feasibility study, prorated for the General Fund paydate shift. This staff's responsibility will shift towards implementing the new coverage requirements beginning in FY 2024-25. HCPF requires an additional 4.0 FTE beginning in FY 2024-25, of which 3.0 FTE are term-limited staff (through FY 2026-27) dedicated to system upgrades (this staffing level is based on HCPF's experience implementing HB 22-1289), and the remaining 1.0 FTE statistical analyst will collect the information necessary for state and federal reporting requirements.
- **System change costs.** Based on HB 22-1289 implementation experience, the bill appropriates funds for a contractor in FY 2023-24 to coordinate system changes. These system change costs continue through FY 2024-25.
- **Service costs.** In FY 2025-26, HCPF will implement the new coverage requirements for children under three and those recently released from prison. To estimate this cost, the fiscal note used FY 2018-19 population data (pre-COVID data) to calculate service cost payments for the children-under-three population, and data collected since 2021 on members released from prisons that enroll in Medicaid. Applying the required disenrollment requirement to that data results in several members receiving extra months of coverage, the equivalent of about 16,000 new children and 2,000 new adult members. Thus, to calculate the cost of this policy change, this fiscal note multiplies 16,000 by \$2,700 (the current average Medicaid and CHP+ costs of a child) and 2,000 by \$5,100 (the current average cost of a recently incarcerated adult).

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 and took effect on June 1, 2023.

State Appropriations

For FY 2023-24, the bill requires and includes an appropriation of \$675,530 to the Department of Health Care Policy and Financing split evenly between the General Fund and federal funds, and 4.5 FTE.

State and Local Government Contacts

Health Care Policy and Financing

Information Technology