



**Colorado
Legislative
Council
Staff**

Bill 4

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 18-0260
Prime Sponsor(s):

Date: October 25, 2017
Bill Status: Opioid and Other Substance Use Disorders Interim Study Committee Bill Request

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BILL TOPIC: EXPAND ACCESS BEHAVIORAL HEALTH CARE PROVIDERS

Fiscal Impact Summary	FY 2018-2019	FY 2019-2020	FY 2020-2021
State Revenue			
State Expenditures	<u>\$2,778,777</u>	<u>\$2,778,843</u>	<u>\$2,780,253</u>
Cash Funds	2,500,000	2,500,000	2,500,000
Centrally Appropriated Costs	278,777	278,843	280,253
FTE Position Change	2.0 FTE	2.0 FTE	2.1 FTE
Appropriation Required: \$2.5 million - Department of Public Health and Environment (FY 2018-19).			
Future Year Impacts: Ongoing expenditure increase.			

Summary of Legislation

Under current law, the Colorado Health Service Corps Program (CHSC) offers loan repayment for certain eligible health care providers who serve in federally-designated health professional shortage areas. The thirteen-member CHSC Advisory Council reviews applications and makes recommendations to the Primary Care Office in the Colorado Department of Public Health and the Environment (CDPHE), which administers the program.

The bill, ***requested by the Opioid and Other Substance Use Disorders Interim Study Committee***, adds behavioral health care providers and candidates for licensure to the list of health care providers eligible for loan repayment. Candidates for licensure must serve at least two years after obtaining a license, plus the time spent obtaining supervised experience hours.

In addition, the Primary Care Office must create and administer state-designated health professional shortage areas. The bill removes the requirement that the CHSC loan repayment recipients must serve in a health professional shortage area as designated by the federal government.

Scholarship program. Beginning in FY 2018-19, the bill creates a scholarship program to cover the costs of obtaining certification as an addiction counselor for individuals who agree to serve in a state or federally designated health professional shortage area for at least six consecutive months. Scholarships may cover up to the full costs of educational materials and direct expenses and must be paid to the academic institution or state-approved trainer. The advisory council must review applications and make recommendations to the Primary Care Office.

Advisory council. The bill adds two members to the council: a representative of a substance use disorder service provider and a licensed or certified addiction counselor. When considering applications from behavioral health care providers for loan repayment through the CHSC and the newly-created scholarship program, the advisory council must give priority to applicants who are practicing with a non-profit or public employer.

Additional provisions. The bill clarifies what must be included in the existing biennial program report, specifies that CDPHE must include the report as part of its SMART Act hearing. Beginning in FY 2018-19, the General Assembly must annually appropriate \$2.5 million from the Marijuana Tax Cash Fund for loan repayment for behavioral health care providers and candidates for licensure, and for scholarships to addiction counselors.

Background

CHSC. CHSC was created in 2009 and provides education loan reimbursement for eligible health care providers who agree to serve in a federally-designated health professional shortage area for either two or three years, depending on the type of provider. Award amounts range from \$10,000 to \$90,000, depending on the type of provider and whether the provider works full or part time. Repayment amounts are paid in full at the beginning of the contract, although recipients must pay back a portion of the funds if the contract is not fulfilled.

As of October 2017, 279 providers were contracted with the program. For FY 2017-18, CHSC received approximately \$5.9 million in funding from the following sources: General Fund (\$1.9 million), Tobacco Master Settlement (\$845,646), a federal grant (\$1.3 million), and private grants (\$1.9 million).

Marijuana Tax Cash Fund. The Marijuana Tax Cash Fund contains state sales tax revenue collected on medical and retail marijuana and 85 percent of the revenue from the special sales tax on retail marijuana. The funds are appropriated annually and cannot be spent until the fiscal year after the year the funds were collected. Funds are dedicated to statutorily-determined uses, including health care, health education, substance abuse prevention and treatment, and law enforcement.

State Expenditures

The bill increases state cash fund expenditures in CDPHE by **\$2.8 million per year, beginning in FY 2018-19.** Specific costs are listed in Table 1 and discussed below.

Table 1. Expenditures Under Bill 4			
Cost Components	FY 2018-19	FY 2019-20	FY 2020-21
Personal Services	\$140,282	\$141,011	\$147,713
FTE	2.0 FTE	2.0 FTE	2.1 FTE
Operating Expenses and Capital Outlay Costs	\$11,306	\$1,900	\$1,995
Database Modification	\$16,000	\$5,000	\$5,000
Loan Repayments	\$75,000	\$75,000	\$75,000
Scholarships	\$2,257,412	\$2,277,089	\$2,270,292
Centrally Appropriated Costs*	\$278,777	\$278,843	\$280,253
TOTAL	\$2,778,777	\$2,778,843	\$2,780,253

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

Assumptions. The fiscal note assumes that administrative costs for the scholarship program and expanded loan repayment program are paid out of the \$2.5 million appropriated for the bill. The fiscal note also assumes the following:

- loan repayment awards will average \$55,000 and approximately 41 new, three-year, loan repayment contracts will be signed each year, totaling about \$2.3 million annually;
- scholarship awards will average \$3,500 and approximately 21 one-year grant contracts will be signed each year, totaling about \$75,000 annually; and
- work will begin on the expanded CHSC and new scholarship program on July 1, 2018, with applications accepted in September 2018.

Administrative costs increase slightly over the first three years of the expanded program due to the three-year contract period. As a result, the amount available for loan repayments and scholarships will decrease slightly over the first three years. The exact distribution of available funds between the scholarship program and expanded loan repayment program will be determined by CDPHE.

Personal services. CDPHE requires 2.0 FTE in FY 2018-19 and FY 2019-20, and 2.1 FTE in FY 2020-21. Staffing is required to establish state health professional shortage areas, and maintain data and eligibility requirements, establish parameters for the scholarship program and the addition of behavioral health professionals to the current loan repayment program, conduct outreach and site visits, and manage contracts for both programs. Personal service or staff costs increase as the program phases in to full capacity over three years.

Database modification. CDPHE requires \$16,000 in FY 2018-19 to modify the health professional workforce directory database to add behavior health providers, and \$5,000 per year beginning in FY 2019-20 for annual maintenance to the expanded database.

Additional workload. The bill increases the workload for CDPHE to add two additional members to the advisory committee. Advisory committee members serve without compensation or reimbursement for expenses. In addition, the bill increases the workload for CDPHE to comply with the modified reporting requirements. The workload increase can be accomplished within existing appropriations.

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. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

Cost Components	FY 2018-19	FY 2019-20	FY 2020-21
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$16,207	\$16,208	\$17,017
Supplemental Employee Retirement Payments	\$12,570	\$12,635	\$13,236
Indirect Costs	\$250,000	\$250,000	\$250,000
TOTAL	\$278,777	\$278,843	\$280,253

Effective Date

The bill takes effect July 1, 2018.

State Appropriations

For FY 2018-19, the bill requires an appropriation of \$2.5 million from the Marijuana Tax Cash Fund, and an allocation of 2.0 FTE, to the Department of Public Health and Environment.

State and Local Government Contacts

Governor	Health Care Policy and Financing
Higher Education	Human Services
Information Technology	Public Health and Environment
Regulatory Agencies	