



**Colorado  
Legislative  
Council  
Staff**

**Bill 6**

**REVISED  
FISCAL NOTE**

(replaces fiscal note dated October 26, 2017)

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

**Drafting Number:** LLS 18-0257  
**Prime Sponsor(s):**

**Date:** October 30, 2017  
**Bill Status:** Opioid and Other Substance Use  
Disorders Interim Study Committee  
Bill Request

**Fiscal Analyst:** Bill Zepernick (303-866-4777)

**BILL TOPIC:** SUBSTANCE USE DISORDER PAYMENT AND COVERAGE

Fiscal Impact Summary	FY 2018-2019	FY 2019-2020
<b>State Revenue</b>		
<b>State Expenditures</b>	<b><u>\$856,817</u></b>	<b><u>\$967,699</u></b>
General Fund	194,089	219,206
Cash Funds	36,776	51,792
Federal Funds	625,952	696,701
<b>FTE Position Change</b>		
<b>Appropriation Required:</b> \$856,817 - Department of Health Care Policy and Financing (FY 2018-19).		
<b>Future Year Impacts:</b> Ongoing expenditure increase.		

**Note:** The fiscal note has been revised to reflect additional information not included in the original fiscal note.

**Summary of Legislation**

This bill, ***requested by the Opioid and Other Substance Use Disorders Interim Study Committee***, makes several changes to substance use treatment under health insurance plans and the state Medicaid program. For both private health insurance and Medicaid, these changes include prohibiting requirements that covered persons:

- get prior authorization in order to receive medication-assisted treatment (MAT); and
- undergo step therapy that requires the use of an opioid medication prior to providing coverage for a non-opioid prescription drug recommended by a patient's health care provider.

For private health insurance, the bill also requires that insurers cover transdermal lidocaine patches for chronic pain. In addition, health plans that provide a benefit for physical therapy, acupuncture, or chiropractic care cannot subject those services to dollar limits, deductibles, copayments, or coinsurance that are higher than those for primary care services for covered persons who are diagnosed with chronic pain and who have or have had a substance use disorder diagnosis. For Medicaid, the bill also requires that the brand-name intranasal opioid antagonist Narcan and its generic version be covered.

## **State Expenditures**

The bill increases Medicaid expenditures by **\$856,817 in FY 2018-19 and \$967,699 in FY 2019-20**. The bill also impacts workload and costs in several other areas, as described below.

**Medicaid MAT costs.** By removing prior authorizations for MAT through the Medicaid pharmacy benefit, costs are expected to increase by \$856,817 in FY 2018-19 and \$967,699 in FY 2019-20. In FY 2015-16, 524 persons were denied MAT during the prior authorization process and did not seek an alternate form of MAT within three months. Based on this data and increasing to account for caseload growth, it is assumed that an additional 595 persons in FY 2018-19 and 616 persons in FY 2019-20 will receive MAT with the removal of prior authorizations at an annual cost of \$1,570 per year. The first-year costs are prorated to reflect the August 8 effective date of the bill.

**Child Health Plan Plus costs.** The provisions of the bill affecting private health insurance plans also apply to the Child Health Plan Plus (CHP+ plan), the state children's health insurance plan administered by the Department of Health Care Policy and Financing (HCPF). Similar to the discussion of employee state health insurance above, these changes may increase program costs. However, given the population served under CHP+, any additional costs are assumed to be minimal. CHP+ costs are paid using state funds, federal funds, and client premiums.

**Insurance filings.** The Division of Insurance in the Department of Regulatory Agencies may have a one-time increase in workload to incorporate the changes in the bill into its policies and to communicate the changes to insurance carriers. This work is expected to require a minimal amount of staff time.

**State employee health insurance.** To the extent that the new prohibitions on step therapy involving opioid medications and the cost sharing limitations on physical therapy, acupuncture, and chiropractic services increase costs paid by health benefit plans, state agencies' costs for employee health insurance may increase. Because state employee health insurance contributions are based upon prevailing market rates, with costs shared between the employer and employee, this bill is not expected to affect the state's share of employee health insurance premiums until FY 2019-20. Because insurance rates are influenced by a number of variables, the exact effect of this bill cannot be determined. Any increase caused by the bill will be addressed through the total compensation analysis included in the annual budget process.

## **Local Government Impact**

Similar to the state employee insurance impact discussed above, local governments offering health insurance coverage to their employees may experience an increase in costs. To the extent that the limitations on step therapy and cost sharing increases insurance premiums, local government costs for employee health insurance may increase. Health insurance premiums depend on a variety of factors and an exact estimate of any potential increase cannot be determined.

## **State Appropriations**

For FY 2018-19, the Department of Health Care Policy and Financing requires an appropriation of \$856,817, of which \$194,089 is General Fund, \$36,776 is from the Hospital Affordability and Sustainability Fee Fund, and \$625,952 is federal funds.

**Effective Date**

The bill takes effect August 8, 2018, if the General Assembly adjourns on May 9, 2018, as scheduled, and no referendum petition is filed.

**State and Local Government Contacts**

Corrections  
Human Services  
Personnel

Counties  
Information Technology  
Regulatory Agencies

Health Care Policy and Financing  
Law

