



**Colorado
Legislative
Council
Staff**

Bill 9

FISCAL NOTE

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

Drafting Number: LLS 18-0251
Prime Sponsor(s):

Date: October 19, 2017
Bill Status: County Courthouse and County Jail Funding and Overcrowding Solutions Interim Study Committee Bill Request

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BILL TOPIC: HEALTH CARE COST REIMBURSEMENT FOR COUNTY JAILS

Fiscal Impact Summary	FY 2018-2019	FY 2019-2020
State Revenue	<u>\$0</u>	<u>\$0</u>
<i>State Transfer</i>		
General Fund	(5,920,821)	(22,901,064)
Cash Funds	5,920,821	22,901,064
State Expenditures	<u>\$5,876,749</u>	<u>\$22,856,992</u>
Cash Funds	5,900,739	22,873,295
Federal Funds	(44,072)	(44,072)
Centrally Appropriated Costs	20,082	27,769
FTE Position Change	1.5 FTE	2.0 FTE
Appropriation Required: \$5.9 million - Department of Health Care Policy and Financing (FY 2018-19).		
Future Year Impacts: Ongoing expenditure increases and transfer from the General Fund.		

Summary of Legislation

The bill, ***recommended by the County Courthouse and County Jail Funding and Overcrowding Solutions Interim Study Committee***, directs the Department of Health Care Policy and Financing (HCPF) to contract with an outside expert to develop a program that provides reimbursement to county jails for inmate healthcare. In order to qualify for reimbursement, an inmate must:

- not have a conviction;
- not be eligible to participate in the medical assistance program; and
- not have private health insurance coverage.

Additionally, the bill creates the County Jails Health Care Cost Reimbursement Fund. HCPF is given the authority to promulgate rules to implement this program, which must specify the application and reimbursement procedures for counties.

Background

Current federal law prohibits federal matching funds under Medicaid for persons who are incarcerated. However, there is an exception for persons admitted to a hospital or mental health facility for more than 24 hours and who are otherwise eligible for Medicaid.

State Revenue

State transfers. The bill requires the General Assembly to annually transfer money from the General Fund to the newly created County Jails Health Care Cost Reimbursement Fund to cover the cost of the program. This transfer is estimated to be \$5.9 million in FY 2018-19 and \$22.9 million in FY 2019-20, based on the costs shown in the State Expenditures section.

State Expenditures

The bill will increase state cash fund expenditures by **\$5.9 million in FY 2018-19 and \$22.9 million in FY 2019-20 and in future years.** Costs for this program are outlined in Table 1 and described below.

Table 1. Expenditures Under Bill 9		
Cost Components	FY 2018-19	FY 2019-20
Healthcare Reimbursement to Jails	\$5,645,753	\$22,583,010
Personal Services	100,083	144,313
FTE	1.5 FTE	2.0 FTE
Operating Expenses and Capital Outlay Costs	10,831	1,900
Contracting Costs	100,000	100,000
Centrally Appropriated Costs*	20,082	27,769
TOTAL	\$5,876,749	\$22,856,992

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

Reimbursement to counties. This bill will increase state expenditures by \$5.6 million in FY 2018-19 and at least \$22.6 million in future years to reimburse counties for the medical expenses of qualified inmates. Currently, there are approximately 13,500 inmates in Colorado's county jails. Of these, it is estimated that 64%, or about 8685, of inmates are awaiting trial but have not yet been convicted. The total inmate healthcare cost reported by Douglas and Montrose counties were used to calculate an average of \$2,600 spent per inmate on healthcare costs. It is assumed that reimbursement to counties will begin in April 2019, and costs for FY 2018-19 have been prorated to reflect this implementation date. Actual costs for county jails will vary depending on the number of qualifying inmates and each inmate's medical needs.

Administrative costs. HCPF will have costs of \$110,914 in FY 2018-19 and \$146,213 in FY 2019-20 and in future years to administer the county reimbursement program. HCPF will require 1.5 FTE beginning in August 2018 to work with a contractor to implement this program and assist with the administration of the program; staffing increases to 2.0 FTE in FY 2019-20 and future years. Operating and capital costs are show in Table 1 above. As this is a state-only

program, federal Medicaid funds cannot be used in the administration of this program. As a result, the costs of some existing staff at HCPF who provide supervision for the new program will need to be paid with state funds only. This will decrease federal fund expenditures by 44,072 and increase spending from the cash fund by the same amount.

Contracting costs. The department will require \$100,000 to contract for outside help to design this program. Contractor costs will be ongoing to in future years to hire an outside auditor to ensure program funds are spent according to established rules.

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.

Table 2. Centrally Appropriated Costs Under Bill 9		
Cost Components	FY 2018-19	FY 2019-2
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$11,114	\$14,838
Supplemental Employee Retirement Payments	8,968	12,931
TOTAL	\$20,082	\$27,769

Local Government Impact

This bill will increase revenue to counties to pay for inmate medical costs in county jails. The amount of reimbursement will vary depending on the jail and the number of inmates in each county facility. Last year, Douglas County spent \$1.5 million on medical care for an average daily population of 519 inmates. Montrose County spent \$331,00 for an average daily population of 135 inmates. As discussed in the State Expenditures section, reimbursement to counties is estimated to be \$5.9 million in FY 2018-19 and \$22.9 million in FY 2019-20.

Effective Date

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

State Appropriations

For FY 2018-19, the bill requires the following appropriations to HCPF:

- 5,900,739 from the County Jails Health Care Cost Reimbursement Fund and an allocation of 1.5 FTE; and
- a decrease of 44,072 in federal funds for personal services.

State and Local Government Contacts

Corrections
Human Services

Counties
Information Technology

Health Care Policy And Financing
Local Affairs