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FISCAL NOTE

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Prime Sponsors:

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Bill Topic: TREATMENT OPIOID AND OTHER SUBSTANCE USE DISORDERS

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

The bill makes various requirements concerning treatment for substance use disorders. It will increase state expenditures beginning in FY 2020-21 and create a one-time diversion in FY 2020-21.

Appropriation Summary: The bill requires an appropriation of \$1.6 million to multiple state agencies.

Fiscal Note Status: This fiscal note reflects the bill draft requested by the Opioid and Other Substance Use Disorders Study Committee.

Table 1
State Fiscal Impacts Under Bill 4

Table with 3 columns: Category, FY 2020-21, FY 2021-22. Rows include Revenue, Expenditures (General Fund, Marijuana Tax Cash Funds, Cash Funds, Centrally Appropriated, Total, Total FTE), Diversion (General Fund, Cash Funds), and TABOR Refund.

Summary of Legislation

The bill makes various requirements concerning treatment for substance use disorders. These are discussed below.

Department of Human Services. The bill requires the Department of Human Services (DHS) and contracted entities to assess and study issues related to substance use disorder treatment, as well as to provide services and support for treatment, as discussed below.

- *Independent community assessments on sufficiency of substance use disorder services.* Managed service organizations are required to contract with an independent entity to assess the sufficiency of substance use disorder services in communities every two years. The assessment must include input and review from community entities and individuals. Based on the assessment, each managed service organization will prepare a draft community action plan, allowing time for stakeholder review and comment on the assessment and plan, and submit the community action plan to DHS and the Department of Health Care Policy and Financing (HCPF) by May 1, 2021, initially and every two years thereafter.
- *State child care and treatment study.* The DHS is required to commission a state child care and treatment study and final report, in consultation with the Department of Health Care Policy and Financing (HCPF), to make findings and recommendations concerning gaps in family-centered substance use disorder treatment and to identify alternative payment structures for funding child care and children's services alongside substance use disorder treatment of a child's parent. By March 31, 2021, the report must be provided to the General Assembly and presented during the DHS's SMART Act hearing for the 2022 legislative session.
- *Access to treatment.* The bill prohibits managed service organizations; withdrawal management services; and recovery residences from denying access to medical or substance use disorder treatment services, including recovery services, to persons who are participating in prescribed medication-assisted treatment for substance use disorders.
- *Research.* The bill appropriates \$250,000 per year to the Office of Behavioral Health (OBH) for five years, from FY 2020-21 through FY 2024-25, from the Marijuana Tax Cash Fund for allocation to the Center for Research into Substance Use Disorder Prevention, Treatment, and Recovery Support Strategies (the center) at the University of Colorado to employ grant writers to assist local communities in drawing down federal and state funds to address opioid and other substance use disorders.

Behavioral health care provider loan forgiveness and scholarships — CDPHE. The bill increases a Marijuana Tax Cash Fund appropriation to the Colorado Health Services Corps program in the Colorado Department of Public Health and Environment (CDPHE) from \$2.5 million to \$3.5 million annually beginning in FY 2020-21 for the purpose of providing loan forgiveness and scholarships to behavioral health care providers, licensure candidates, and addiction counselors. The bill also requires the Primary Care Office in CDPHE to utilize best practices for increasing diversity in applicants. Upon request, the office is required to provide non-identifying demographic information concerning all applicants and those awarded.

Health Care Policy and Financing. The bill requires managed care entities to provide coordination of care for the full continuum of substance use disorder treatment and recovery, including transition services for a person who leaves a facility or form of treatment.

Insurers and the Division of Insurance, Department of Regulatory Agencies. The bill requires insurance carriers to cover certain levels of treatment and specific medications, and authorizes the Commissioner of Insurance in DOI to promulgate related rules and accept reporting, as discussed below.

- *Treatment coverage.* The bill requires insurance carriers to provide coverage for the treatment of substance use disorders in accordance with the most recent edition of American Society of Addiction Medicine (ASAM) criteria for placement, medical necessity, and utilization management determinations.
- *Medication coverage.* The bill authorizes the Insurance Commissioner, in consultation with CDPHE, to promulgate rules, or to seek a revision of the essential health benefits package for prescription medications, for medication-assisted treatment to be included on insurance carriers' formularies.

The bill also requires insurance carriers to provide coverage for naloxone hydrochloride, or other similarly acting drug, without prior authorization and without imposing any deductible, copayment, coinsurance, or other cost-sharing requirement.

- *Reporting.* The bill requires that insurance carriers report to the commissioner on the number of in-network providers who are licensed to prescribe medication-assisted treatment for substance use disorders, including buprenorphine, and of that number, to indicate how many providers are actively prescribing medication-assisted treatment. The commissioner is required to promulgate rules concerning the reporting.

Enhanced dispensing fee for administration of injectable medication-assisted treatment. The bill authorizes pharmacies in a collaborative pharmacy agreement with one or more physicians to receive an enhanced dispensing fee for the administration of all FDA-approved injectable medications for medication-assisted treatment, not just injectable antagonist medication.

No prohibition of medication-assisted treatment by courts or corrections. The bill prohibits courts and parole, probation, and community corrections from prohibiting the use of prescribed medication-assisted treatment as a condition of participation or placement.

State Diversions

This bill diverts \$22,372 from the General Fund in FY 2020-21 only. This revenue diversion occurs because the bill increases costs in the Division of Insurance, Department of Regulatory Agencies, which is funded with premium tax revenue that would otherwise be credited to the General Fund.

State Expenditures

The bill increases state expenditures by \$1.6 million and 1.3 FTE in FY 2020-21 and \$1.3 million and 1.0 FTE in FY 2021-22. Costs are paid from the General Fund, the Marijuana Tax Cash Fund, and the Division of Insurance Cash Fund. Costs are shown in Table 2 and discussed below.

**Table 2
 Expenditures Under Bill 4**

Cost Components	FY 2020-21	FY 2021-22
Department of Human Services (GF and MTCF)		
State Child Care and Treatment Study and Final Report (GF)	\$300,000	-
Grant Writers at The Center (MTCF)	\$250,000	\$250,000
DHS (Subtotal)	\$550,000	\$250,000
Department of Public Health (MTCF)		
Personal Services	\$59,613	\$59,613
Operating Expenses	\$1,350	\$1,350
Capital Outlay Costs	\$6,200	-
Loan Forgiveness and Scholarships	\$932,837	\$939,037
Centrally Appropriated Costs*	\$32,539	\$30,958
FTE – Personal Services	1.0 FTE	1.0 FTE
CDPHE (Subtotal)	\$1,032,539	\$1,030,958
Department of Regulatory Agencies (DOI Cash Fund)		
Personal Services	\$22,372	-
Centrally Appropriated Costs*	\$5,010	-
FTE – Personal Services	0.3 FTE	-
DORA (Subtotal)	\$27,382	-
Total	\$1,609,921	\$1,280,958
Total FTE	1.3 FTE	1.0 FTE

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

Department of Human Services. The DHS will contract for a one-time study in FY 2020-21 at an estimated cost of \$300,000 General Fund. This estimate is based on a similar recent behavioral health population-in-need study conducted by the DHS. Actual study costs will be determined through the request for proposals process. The DHS will also pass-through \$250,000 of Marijuana Tax Cash Fund to pay for grant writers at the center at the University of Colorado.

Department of Public Health and Environment. The CDPHE is appropriated an additional \$1.0 million from the Marijuana Tax Cash Fund to fund loan forgiveness and scholarships for behavioral health providers and students. The funding is anticipated to cover 45 loan forgiveness and scholarship contracts per year: 15 three-year loan repayment program contracts with

behavioral health care professionals each year, assuming contracts of \$55,000, and 30 one-year addictions counseling scholarship program contracts, assuming contracts of \$4,000. The additional workload created to award this funding requires 0.1 FTE Contract Administrator, 0.6 Public Health and Community Outreach, and 0.3 Statistical Analyst through FY 2024-25.

Division of Insurance, DORA. The DOI will require one-time rulemaking and rate form review to implement the bill estimated to cost \$27,382 and 0.3 FTE in FY 2020-21, paid from the Division of Insurance Cash Fund. The data gathering requirements of the bill can be accomplished with existing resources.

- *Rulemaking.* The DOI will revise four regulations which will require a one-time 0.1 FTE Policy Advisor IV to manage the revisions and related stakeholder meetings and engagement.
- *Rate and form review.* The DOI will perform additional rate and form review of all health coverage filings to ensure compliance with the bill, which will require one-time 0.1 FTE Rate and Financial Analyst II and 0.1 FTE Actuary II. In subsequent years, the adjustment to rate and form review under the bill will be incorporated into the DOI's review procedures.

Health Care Policy and Financing. HCPF currently provides behavioral, mental health, and substance use disorder treatment services through Medicaid and the Child Health Plan Plus (CHP+). A few components of the bill have potential fiscal impacts to HCPF. These are discussed below.

- *ASAM criteria and insurer requirements.* Requiring ASAM criteria impacts the CHP+ and would require changes to contracts with managed care entities. Any impact to utilization and rates would be adjusted through the annual rate setting process and updated through the annual budget process. Because substance use disorder services are not heavily utilized under the CHP+, the fiscal note assumes a minimal impact.
- *Injectable treatments.* HCPF currently pays the same rate for administration of Vivitrol regardless of where the medication was administered. It covers one non-antagonist injectable medication, Sublocade, and does not allow any payments to pharmacies for its administration. It is assumed that a change in setting will not change utilization.

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 estimated to be \$37,549 in FY 2020-21 and \$30,958 in FY 2021-22.

Technical Note

The OBH's study deadline of March 31, 2021, will not allow enough time for the request for proposals process and work to be accomplished. An August 1, 2021, deadline is preferable.

Effective Date

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

State Appropriations

For FY 2020-21, the bill requires the following appropriations:

- \$300,000 General Fund and \$250,000 Marijuana Tax Cash Fund to the Department of Human Services;
- \$1,000,000 Marijuana Tax Cash Fund to the Department of Public Health and Environment with an allocation of 1.0 FTE; and
- \$22,372 Division of Insurance Cash Fund to the Department of Regulatory Agencies with an allocation of 0.3 FTE.

State and Local Government Contacts

Colorado Health Benefit Exchange
Health Care Policy and Financing
Public Health and Environment

Corrections
Human Services
Regulatory Agencies

Counties
Information Technology