



Colorado
Legislative
Council
Staff

Bill 2

FISCAL NOTE

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

Drafting Number: LLS 17-0148
Prime Sponsor(s):

Date: October 4, 2016
Bill Status: Legislative Oversight Committee
Concerning the Treatment of Persons
with Mental Illness in the Criminal and
Juvenile Justice Systems Bill Request

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

BILL TOPIC: MEDICATION MENTAL ILLNESS IN JUSTICE SYSTEMS

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue		
State Expenditures	\$540,575	\$126,057
General Fund	526,726	110,811
Centrally Appropriated Costs	13,849	15,246
FTE Position Change	0.9 FTE	1.0 FTE
Appropriation Required: \$526,726 - Multiple agencies (FY 2017-18).		
Future Year Impacts: Ongoing expenditure increase.		

Summary of Legislation

The bill, *requested by the Legislative Oversight Committee on the Treatment of Persons with Mental Illness in the Criminal and Juvenile Justice Systems*, requires the Office of Behavioral Health in the Department of Human Services (DHS) to:

- promulgate rules, along with the Department of Corrections (DOC), to require providers under each agency's authority to use an agreed-upon formulary;
- conduct regular reviews of medication to address urgent concerns, make updates, and assess compliance with the new formulary and the Medicaid formulary used by the Department of Health Care Policy and Financing;
- develop a process for the Office of Behavioral Health and providers to electronically share patient-specific mental health and treatment information across systems;
- encourage providers to utilize cooperative purchasing from the formulary to maximize cost savings; and
- develop and study the potential for a pilot program based on a home health model involving a federally qualified health center.

In addition, the bill requires the DOC, county jails, community mental health centers, the Division of Youth Corrections in the DHS, and other providers to share patient-specific mental health care and treatment information, provided that federal and state confidentiality requirements are met, including the federal Health Insurance Portability and Accountability Act (HIPAA). The Office of Behavioral Health is required to collect data and report annually to the General Assembly on use of the formulary and collective purchasing.

State Expenditures

The bill increases General Fund costs in the DHS and the Office of Information Technology by \$540,575 and 0.9 FTE in FY 2017-18 and \$126,057 and 1.0 FTE in FY 2018-19 and future years. The bill also affects workload in several other agencies and institutions. These impacts are summarized in Table 1 and described below.

Table 1. Expenditures Under Bill 2		
Cost Components	FY 2017-18	FY 2018-19
Personal Services	\$76,873	\$83,861
FTE	0.9 FTE	1.0 FTE
Operating Expenses and Capital Outlay Costs	5,653	950
Consultant Services	24,000	24,000
Outreach Material	2,000	2,000
Information Technology Services	418,200	0
Centrally Appropriated Costs*	13,849	15,246
TOTAL	\$540,575	\$126,057

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

Personal services. To oversee implementation and ongoing review and management of the new formulary for mental health-related medication, the DHS requires an additional 1.0 FTE at a cost of \$83,861 per year. Standard operating and capital outlay expenses are included for this new staff. First-year costs and FTE are prorated to reflect the General Fund paydate shift and assume a July 1, 2017, start date.

Other formulary costs. The DHS will have costs of \$24,000 per year for medical consultant services related to the development and monitoring of the medication formulary. This cost is based on 120 hours of consultant services at a rate of \$200 per hour. The DHS will also have costs of \$2,000 per year to create and disseminate outreach material to providers and staff concerning the use of the formulary.

Information technology services. To facilitate the electronic sharing of patient-specific mental health care and treatment information, the DHS will have one-time costs of \$418,200 in FY 2017-18 for contract staff to design, implement, and support the use of encrypted email services among state agency staff and mental health care providers. This work will be managed by the Office of Information Technology (OIT) using reappropriated funds from the DHS. The use of an email-based system is assumed to be the least-cost solution for implementing the bill's information sharing requirement. Should the General Assembly wish to consider a more robust technology solution, the costs for establishing a centralized database for sharing patient information is discussed in the Departmental Difference section below.

Department of Personnel and Administration. The bill may increase workload in the Department of Personnel and Administration (DPA) to administer group purchasing by mental health providers. Assuming the DPA may use its existing pharmaceutical group purchasing agreement for this purpose, any workload impact is assumed to be minimal.

Correctional facilities. To the extent that the new formulary differs from the existing formulary used by the DOC and the Division of Youth Corrections in the DHS, costs for offender medical services may increase or decrease. However, assuming any differences between the formulary are minor, no significant impact is expected. Workload in the DOC and the Division of Youth Corrections may increase for its staff to share patient medical records with other agencies and providers.

Institutions of Higher Education. Certain requirements of the bill, including information sharing on patients, apply to public hospitals and clinics operated by institutions of higher education. Workload in these facilities may increase for their staff to share patient medical records with other agencies and providers.

Rulemaking. The DHS and DOC will have additional workload to promulgate rules under the bill. It is assumed that this work can be managed by the new FTE in the DHS discussed above and that the legal service costs can be absorbed within the existing appropriations to these agencies. Correspondingly, the Department of Law may have a small increase in workload to provide legal services to the affected departments.

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 2017-18	FY 2018-19
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$6,961	\$7,732
Supplemental Employee Retirement Payments	6,888	7,514
TOTAL	\$13,849	\$15,246

Local Government Impact

County jails may have additional workload to share patient information electronically as required by the bill. In addition, certain requirements of the bill, including information sharing about patients, may apply to clinics operated by school districts and public hospitals operated by local governments. Workload in these facilities may increase for their staff to share patient medical records with other agencies and providers. While it is assumed affected local government agencies and facilities will utilize the secure email process created by OIT, the exact impact is not known at this time.

Effective Date

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

State Appropriations

For FY 2017-18, the bill requires a General Fund appropriation of \$526,726 to the Department of Human Services and an allocation of 0.9 FTE. Of this amount, \$418,200 is reappropriated to the Office of Information Technology.

Departmental Difference

The Office of Information Technology estimates that its costs under the bill will be \$2.3 million and 3.0 FTE in FY 2017-18 and \$1.5 million and 3.0 FTE in FY 2018-19 and future years. These costs would allow the Office of Information Technology to establish a centralized, secure database for sharing of medication and treatment records electronically. While the fiscal note recognizes the advantages of this more expensive approach, the fiscal note currently recommends the lower cost alternative that would meet the requirements of the bill.

State and Local Government Contacts

Corrections	Counties	Health Care Policy and Financing
Human Services	Information Technology	Judicial
Law	Personnel	Public Safety
Sheriffs		