SB 24-059

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Note

Drafting Number:	LLS 24-0343	**Date:**	February 14, 2024
Prime Sponsors:	Sen. Kirkmeyer; Michaelson Jenet Rep. Duran; Pugliese	**Bill Status:**	Senate Health & Human Services
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Bill Topic: **CHILDREN'S BEHAVIORAL HLTH STATEWIDE SYSTEM OF CARE**

Summary of Fiscal Impact:
☐ State Revenue ☐ State Transfer ☐ Local Government
☒ State Expenditure ☐ TABOR Refund ☐ Statutory Public Entity

The bill requires the development of a comprehensive children's behavioral health system of care by the Behavioral Health Administration. The bill increases state expenditures on an ongoing basis beginning in FY 2024-25.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of $2.1 million to multiple state agencies.

Fiscal Note Status: The fiscal note reflects the introduced bill, which was requested by the Colorado Child Welfare System Interim Study Committee.

Table 1
State Fiscal Impacts Under SB 24-059

		Budget Year FY 2024-25	Out Year FY 2025-26	Out Year FY 2026-27
Revenue		-	-	-
Expenditures	General Fund	$2,093,250	$12,861,339	$230,628,255
	Cash Funds	-	-	$2,311,821
	Federal Funds	$184,774	$90,417	$88,902,929
	Centrally Appropriated	$126,320	$325,139	$588,535
	Total Expenditures	**$2,404,344**	**$13,276,895**	**$322,431,540**
	Total FTE	**6.7 FTE**	**17.0 FTE**	**30.0 FTE**
Transfers		-	-	-
Other Budget Impacts	General Fund Reserve	$313,987	$1,929,201	$34,594,238

Summary of Legislation

The bill establishes the Office of the Children's Behavioral Health Statewide System of Care in the Behavioral Health Administration (BHA) to develop and maintain a comprehensive children's behavioral health system of care. The system should allow children and youth up to twenty-one years of age to have a single point of access to behavioral health care regardless of payer, insurance, and income. The bill outlines what the system must include at minimum and sets timelines for the office in developing the system of care. The bill specifies that the state is the last payer, and that services must be first paid for by Medicaid and private insurance, when available.

Required services. The services to be provided by the system of care include:

- a statewide behavioral health standardized screening and assessment tool;
- a trauma informed mobile crisis response and stabilization service for children and youth;
- moderate and intensive care coordination;
- parent and youth peer support;
- intensive in-home and community based services;
- out-of-home treatment services; and
- respite services.

Implementation timeline. The bill outlines tasks and deadlines that must be met when implementing the new system of care. Specifically, the BHA must:

- create a leadership team by November 1, 2024, and report to the General Assembly by July 1, 2027;
- create an implementation team by January 15, 2025, that will develop an implementation plan for the system of care (discussed below) by January 15, 2026, including creating a capacity-building center to train, coach, and certify providers of services in the system of care;
- create an advisory council by January 15, 2025; and
- begin or contract for a cost and utilization analysis of the populations of child and youth who are included in the system of care by January 1, 2025, and report on the analysis by July 1, 2025.

In addition, the Department of Health Care Policy and Financing (HCPF) must establish medical necessity criteria for all services in the system of care and set standard rate and utilization floors for all services across all managed care entities by July 1, 2025.

Implementation Plan. The implementation plan required by the bill will inform the development and implementation of the system of care. Through the plan, the BHA must create a timeline for implementing services, and must consider numerous implementation and policy questions such as expansion of the required screening and assessment tool, service provider capacity-building, additional services to be included in the system, funding source expansion including modifying private insurance plan requirements and improving Medicaid waivers, and the level of staffing within the BHA for implementing the system of care. The bill requires the system of care to provide services after the implementation plan is developed and fully implemented.

Other duties. The new system of care office in the BHA must develop and establish a data and quality team to track and report annually on key child welfare factors; develop a website and perform outreach to provide information to the public on the implementation of the system of care; and develop a grievance policy. HCPF is also required to establish a standard statewide Medicaid fee schedule or rate frame for behavioral health services for children and youth.

Assumptions

Timelines. The fiscal note assumes that the start date for service delivery through the system of care will be July 1, 2026, in in FY 2026-27. The assumed start of services is timed to be after the completion of the implementation plan in January 2026 plus an additional six months to finalize implementation based on the plan. Should implementation planning take longer than assumed, the full costs for services delivery will occur later than estimated in this fiscal note.

Initially, in FY 2024-25, the BHA will incur costs to develop the policies, organization, and data that will inform the implementation of the system of care, including the resources and staff required to convene the leadership team, create the implementation team, and create an advisory council. There will also be costs associated with conducting the cost and utilization analysis. In FY 2024-25, HCPF will also establish a standard uniform medical necessity criteria, as well as a standard Medicaid fee schedule and rate frame.

In FY 2025-26, the BHA will set up and expand necessary systems for implementing the system of care, including establishing the data and quality team, developing a grievance policy, developing the website, and performing public outreach. It will also build capacity by using contractors to operate the capacity building center.

Costs and population estimates. The service costs and populations served through the system of care in the fiscal note are estimates only, as actual costs will be greatly affected by future policy decisions by the BHA based on findings of the implementation team and the cost and utilization analysis. Similarly, the state funding and appropriations for the system of care will also be affected by funding sources identified and facilitated by the BHA and HCPF, such as expanding private insurance or the use of federal grants and Medicaid funding.

State Expenditures

The bill increases state expenditures by $2.4 million in FY 2024-25, $13.0 million in FY 2025-26, and $514 million per year in FY 2026-27 and future years. These costs are primarily paid from the General Fund, with cash funds and federal funds available for a portion of the total costs. The vast majority of costs are in the BHA. HCPF and the Department of Human Services will also have costs under the bill. These costs are outlined in Table 2 and described in more detail below.

Table 2
Expenditures Under SB 24-059

	FY 2024-25	FY 2025-26	FY 2026-27
Behavioral Health Administration			
Personal Services	$489,570	$1,337,536	$1,934,344
Operating Expenses	$5,120	$17,920	$26,880
Capital Outlay Costs	$33,350	$60,030	$46,690
Legal Services	$230,436	$230,436	$230,436
Service costs	-	-	$136,561,419
Capacity-building Center Initiatives	-	$10,000,000	$10,000,000
Capacity-building Center Contractor	-	$500,000	$500,000
Capacity-building Center Data System	-	$200,000	$50,000
Implementation Plan Contractor	$800,000	-	-
Cost and Utilization Analysis Contractor	$350,000	-	-
Public Awareness Campaign	-	$300,000	$300,000
Website Developer Contractor	-	$100,000	$25,000
Data Team Technical Support	-	$25,000	$25,000
Centrally Appropriated Costs[1]	$91,144	$283,755	$418,886
FTE – Personal Services	4.0 FTE	14.0 FTE	21.0 FTE
FTE – Legal Services	1.0 FTE	1.0 FTE	1.0 FTE
BHA Subtotal	**$1,999,620**	**$13,054,677**	**$150,118,655**
General Fund	*$1,908,476*	*$12,770,922*	*$149,699,769*
Centrally Appropriated	*$91,144*	*$283,755*	*$418,886*

Table 2
Expenditures Under SB 24-059 (Cont.)

	FY 2024-25	FY 2025-26	FY 2026-27
Health Care Policy and Financing			
Personal Services	$151,532	$178,273	$669,609
Operating Expenses	$2,176	$2,560	$8,960
Capital Outlay Costs	$13,340	-	$33,350
Screening and Assessment	-	-	$158,748,050
Intensive Care Treatment	-	-	$1,350,000
Wraparound services	-	-	$2,740,800
Contracted Services	$202,500	-	-
Centrally Appropriated Costs[1]	$35,176	$41,384	$149,125
FTE – Personal Services	1.7 FTE	2.0 FTE	7.0 FTE
HCPF Subtotal	**$404,724**	**$222,217**	**$163,699,894**
General Fund	*$184,774*	*$90,417*	*$72,349,827*
Cash Fund	-	-	*$2,311,821*
Federal Funds	*$184,774*	*$90,417*	*$88,889,121*
Centrally Appropriated	*$35,176*	*$41,384*	*$149,125*
Department of Human Services			
Personal Services	-	-	$98,267
Operating Expenses	-	-	$1,280
Capital Outlay Costs	-	-	$6,670
Psychiatric Residential Treatment Facility Beds	-	-	$8,486,250
Centrally Appropriated Costs[1]	-	-	$20,524
FTE – Personal Services	-	-	1.0 FTE
CDHS Subtotal	-	-	**$8,612,991**
General Fund	-	-	*$8,578,659*
Federal Funds	-	-	*$13,808*
Centrally Appropriated	-	-	*$20,524*
Total Costs – All Agencies	**$2,404,344**	**$13,004,398**	**$322,431,540**
General Fund	*$2,093,250*	*$12,588,842*	*$230,628,255*
Cash Funds	-	-	*$2,311,821*
Federal Funds	*$184,774*	*$90,417*	*$88,902,929*
Centrally Appropriated[1]	*$126,320*	*$325,139*	*$588,535*
Total FTE – All Agencies	**6.7 FTE**	**17.0 FTE**	**30.0 FTE**

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

Behavioral Health Administration

BHA will have costs for staff, contracted services, and services provided through the behavioral health system of care, with the start dates for these costs described in the Assumptions section above.

Staff. In FY 2024-25, BHA will require 4.0 FTE to support the administrative and leadership responsibilities required by the newly created office; to oversee the development of policies for system of care; to provide implementation team oversight and staff support; and liaise with other departments and contractors. Staff costs in FY 2024-25 are prorated for a September 2024 start date.

In FY 2025-26, FTE will increase to 14.0 FTE to create and refine claims and rule systems for the system of care; to expand data systems and report data on child welfare factors; develop a grievance policy; perform education and outreach on the system of care to the public; and support the contracted work for the capacity building center.

In FY 2026-27 and ongoing, FTE will increase to 21.0 FTE, to implement and oversee service delivery guided by the implementation plan, and provide training and technical assistance regarding mental health assessments; and build reports on the system. Full staffing costs for the system of care are realized in FY 2026-27.

Staff costs in FY 2025-26 and future years are estimates only. Actual staffing needs will be affected by the implementation plan and future policy decision by the BHA in creating the new system of care.

Implementation plan contractor. In FY 2024-25 only, the BHA requires a one-time cost of $800,000 to hire a contractor to facilitate the creation of the implementation plan by January 1, 2026. It is assumed that appropriations for this purpose will be spent through FY 2025-26.

Cost and utilization analysis contractor. In FY 2024-25, the BHA requires a one-time cost of $350,000 to contract with a vendor to provide a cost and utilization analysis of the populations of child and youth who are included in the system of care.

Website development and public awareness campaign. In FY 2024-25, the BHA requires $100,000 to contract a website developer and $25,000 in following years for website updates and maintenance, as well as $300,000 annually to perform public outreach and education on the system of care.

Data collection and reporting technical support. To aid the data team responsible for expanding data systems and reporting on data, the BHA requires $25,000 annually for technical support to include expanded children and youth data into existing data systems beginning in FY 2025-26.

Legal services. Beginning in FY 2024-25, the BHA will require 1,800 hours of legal services annually from the Department of Law at the rate of $128.02 for legal review, risk analysis, potential administrative defense surrounding the implementation plan, rule promulgation duties, internal office administration and personnel matters regarding programmatic requirements, and general systemic alignment inquiries related to federal and state privacy and funding considerations.

Service costs. The cost to provide services to children and youths who are uninsured or under-insured through the behavioral health system of care is estimated to be $136.5 million per year, as detailed in Table 3 and described below, with services beginning in FY 2026-27. These service costs and populations are estimates only; actual costs will be affected by the details of the implementation plan and other factors. This estimate does not include increased service utilization under Medicaid and CHP+, which is discussed later under the Department of Health Care Policy and Financing.

- **Screenings and assessments.** The fiscal note assumes that of the 913,068 youth under 21 without Medicaid, 4 percent are uninsured and 20 percent are underinsured, or their private insurance does not otherwise cover services for their behavioral health needs. From that uninsured and underinsured population, 20 percent of youth will have a mental health condition that will require a screening (43,535) and 40 percent of those screened (17,414) will require a behavioral health assessment and other behavioral health services. The cost per screening is $130 and a biannual assessment is $2,500, based on HCPF costs for screening and assessments. An additional $150,000 is included in the total costs for trainings and technical assistance provided by contractors.
- **Mobile crisis response and stabilization services**. The fiscal note assumes the BHA will scale up existing mobile crisis response and stabilization services, with $22 million required to double their mobile crisis response and $20 million to have four facilities providing stabilization services. The fiscal note will be updated as more information is provided about the expansion of these services.
- **Intensive case management**. Based on HCPF estimates of the number of children and youth with Medicaid who will require intensive care coordination after being assessed, it is estimated 12 underinsured or uninsured individuals will require moderate to intensive care coordination services annually at $18,000 per individual.
- **Peer support.** The fiscal note assumes 500 peers will be reimbursed to provide family and youth peer support services at a rate of $394 per peer per month. The number of peers can be adjusted based on definitions of appropriate levels of peer support from the implementation plan.
- **Intensive care.** It is assumed that $25.0 million is required to provide behavioral health services for approximately 17,414 uninsured or underinsured youth that are assessed as needing some type of behavioral health service, including intensive community- and home-based services, residential care, inpatient hospitalization, and outpatient care. This is based on reports of HCPF's total spending on these behavioral health services. Additional funding may be required to provide any residential room and board costs for uninsured and underinsured youth, and those with Medicaid, as it is currently not covered by Medicaid.

- **Respite services.** The fiscal note assumes $5.0 million will be required to expand current respite services in the state.

Table 3
BHA System of Care Service Costs

Description	FY 2026-27
Screening and Assessment	$49,344,643
Mobile Crisis Response and Stabilization Services	$42,000,000
Intensive Case Management	$219,417
Peer Support Services	$2,364,000
Intensive Care	$25,218,685
Respite Services	$5,000,000
Service Organization Administrative Costs[1]	$12,414,674
Total	**$136,561,419**

[2] *It is assumed that service organizations will administer the system of care network and that contractual administrative costs to service organization in the amount of 10% of the contractual service delivery costs is required to ensure service delivery under the parameters established by BHA.*

Capacity-building center contractor and data systems. Beginning FY 2025-26, the BHA will require $500,000 annually to contract for a vendor to administer the capacity-building center. The contractor will train, coach, and certify providers on all services offered under the system of care, establish a provider learning community, work with rural clinics to expand capacity, and administer capacity-building grants. BHA will also require a one-time investment of $200,000 for a data system for the center in FY 2025-26, with ongoing system costs of $50,000 annually.

Capacity-building center initiatives. The bill requires the General Assembly to appropriate $10 million to provide a student loan forgiveness program, paid internship and clinical rotations, a financial aid program for youth transitioning out of foster care, as well as expand current BHA efforts through the capacity building center. The fiscal note assumes these programs will also be offered in FY 2025-26 to begin building capacity for the system.

Department of Health Care Policy and Financing

HCPF requires staff, contracted services, and costs for the services provided through the behavioral health system of care, with the start dates for these costs described in the Assumptions section.

Staff. Beginning in FY 2024-25, HCPF requires 2.0 FTE, along with contracted services discussed below, to establish the Medicaid fee schedule for behavioral health services and build the framework for enhanced rates and quality bonuses. Additionally, the process to establish medical necessity criteria for all services in the system of care is expected to be completed within current resources by July 1, 2025, as required. Staff costs are prorated for a September 1, 2024 start date.

Beginning FY 2026-27 with the start of system of care service delivery, HCPF will require an additional 5.0 FTE to oversee the implementation of the assessment tool and screening process for children; ensure that all children screened receive the federally mandated services as required by Medicaid; ensure children with CHP+ benefits who are screened and require high fidelity wraparound support services receive those services and benefits.

Contractor resources. HCPF will have costs of $202,500 for contractor services in FY 2024-25 only to pay for a managed care rates contractor to incorporate new rates into behavioral health capitation payments once the Medicaid fee schedule is established for behavioral health services.

Service costs. Beginning in FY 2026-27, HCPF will have costs for providing assessments, intensive care coordination, and conflict-free case management for children under medical assistance programs.

- **Screening and assessment**. Similar to BHA estimates, the fiscal note estimates that 20 percent children and youth under 21 with Medicaid and CHP+ (131,199 youths), will be screened annually at a cost of $130 per screening. Of children and youth screened, 40 percent (52,480 youths) will be assessed further with the new statewide assessment tool. Assessments will cost $2,500 per child, assuming that each child will be assessed twice a year to gauge their progress and additional behavioral health needs.
- **Intensive care treatment.** The fiscal note estimates that the assessment tool will determine that approximately 100 children per year will require intensive care coordination services through the Early and Periodic Screening, Diagnostic, and Treatment benefit. The cost to administer these services is expected to be $1,500 per child per month. This care coordination is limited to Medicaid recipients, and it is assumed CHP+ enrollees found to require intensive care coordination would be referred to the new system of care office for coverage; however, the number of children or youth with CHP+ assessed to require care coordination services is expected to be minimal.
- **Wrap-around services.** HCPF requires an additional $200 per member per month for 800 Medicaid enrollees and $1,200 per member per month for 57 CHP+ enrollees to provide the high-fidelity wrap-around services in the treatment plans from the conflict-free case management entities.

Mobile crisis response and stabilization services. Costs to expand the department's existing mobile crisis response program may be absorbable, however, should there be a notable increase in utilization, additional providers may be required and costs would be addressed through the annual budget process.

Department of Human Services

Starting in FY 2026-27, costs in the CDHS will increase as shown in Table 2 to contract for 15 additional Psychiatric Residential Treatment Facility (PRTF) beds. Currently, support for PRTF beds is provided through the Office of Children, Youth and Families in CDHS. The CDHS contracts PRTF beds for children and youth in out-of-home care with acute mental and behavioral health needs. The fiscal note assumes the CDHS will contract for 15 beds at PRTFs to build capacity as required by the bill. Each bed will be contracted for the whole year at a rate of $1,550 per day. CDHS requires 1.0 FTE to manage these contracted beds.

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 $298,283 in FY 2024-25, $498,042 in FY 2025-26, and $630,454 in FY 2026-27 across all affected departments.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2024-25, the bill requires appropriations totaling $2,093,250 to multiple state agencies, including:

- $1,908,476 from the General Fund to the Behavioral Health Administration, and 4.0 FTE, of which $230,436 is reappropriated to the Department of Law with an additional 1.0 FTE; and
- $369,548 to the Department of Health Care Policy and Financing, split evenly between the General Fund and federal funds, and 1.7 FTE.

Departmental Difference

The BHA estimates that service costs under the system of care will be approximately $680 million annually beginning in FY 2024-25 and that it will require 23.0 FTE to implement the system of care. The BHA estimate is based on services being provided to 20 percent of children and youths in Colorado without Medicaid, with 173,000 youth requiring screening and 69,331 having a significant behavioral health concerned that will need assessment and additional treatment services.

The fiscal note assumes the state will be required to fund services for a smaller population of youth, considering the bill requires private insurance to cover behavioral health services if available. The costs of services are also assumed to begin in FY 2026-27, not FY 2024-25, once the implementation and systems for the system of care are developed. The fiscal note adopts a phased in approach for onboarding staff through FY 2026-27 during the planning and implementation phase, and reduces staffing by 2.0 FTE relative to the BHA estimate for subject matter experts to support the implementation plan contractor; it is assumed the contractor would have the required expertise.

HCPF estimates that approximately $351 million in total funds will be required for behavioral health assessments through the system of care for children and youths enrolled in Medicaid and CHP+. This is based on an assumption that 20 percent of enrolled children and youth will receive a twice-yearly assessment. The fiscal note assumes screenings will occur prior to assessments, and a smaller subset of youth will require further assessment.

State and Local Government Contacts

Behavioral Health Administration
Health Care Policy and Financing
Human Services
Information Technology
Law
Public Health and Environment
Regulatory Agencies