

**Legislative Council Staff**
*Nonpartisan Services for Colorado's Legislature***Final Fiscal Note**

Drafting Number:	LLS 22-0779	Date:	September 12, 2022
Prime Sponsors:	Sen. Kolker; Sonnenberg Rep. Michaelson Jenet; Rich	Bill Status:	Signed into Law
		Fiscal Analyst:	Erin Reynolds 303-866-4146 June 14, 2022 Erin.Reynolds@state.co.us

Bill Topic: CONFLICT OF INTEREST IN PUBLIC BEHAVIORAL HEALTH

Summary of Fiscal Impact:	<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill requires the Departments of Health Care Policy and Financing and Human Services to mandate that their contract healthcare administrators comply with specified conflict of interest policies. It will increase state expenditures in FY 2022-23 and FY 2023-24.

Appropriation Summary:	For FY 2022-23, the bill includes an appropriation of \$85,315 to the Department of Health Care Policy and Financing.
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Fiscal Note Status:	The fiscal note reflects the enacted bill.
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Table 1
State Fiscal Impacts Under SB 22-106

	Budget Year FY 2022-23	Out Year FY 2023-24
Revenue	-	-
Expenditures		
General Fund	\$42,658	\$43,092
Federal Funds	\$42,657	\$43,092
Centrally Appropriated	\$15,995	\$17,631
Total Expenditures	\$101,310	\$103,815
Total FTE	0.9 FTE	1.0 FTE
Transfers		
Other Budget Impacts	General Fund Reserve	\$6,399
		\$6,464

Summary of Legislation

This bill requires the Department of Health Care Policy and Financing (HCPF) and the Department of Human Services (DHS) to require managed care entities, administrative service organizations, and managed service organizations that have 25 percent or more ownership by providers of behavioral health services to comply with specified conflict of interest policies by January 1, 2023, to promote transparency and accountability.

State Expenditures

The bill will increase state expenditures in HCPF by about \$100,000 per year in FY 2022-23 and FY 2023-24 only, paid from the General Fund and federal funds. The bill also increases DHS workload. Costs are shown in Table 2 and discussed below.

Table 2
Expenditures Under SB 22-106

	FY 2022-23	FY 2023-24
Department of Health Care Policy and Financing		
Personal Services	\$77,765	\$84,834
Operating Expenses	\$1,350	\$1,350
Capital Outlay Costs	\$6,200	-
Centrally Appropriated Costs ¹	\$15,995	\$17,631
Total Cost	\$101,310	\$103,815
General Fund	\$42,658	\$43,092
Federal Funds	\$42,657	\$43,092
Centrally Appropriated	\$15,995	\$17,631
Total FTE	0.9 FTE	1.0 FTE

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

Health Care Policy and Financing. While HCPF's contracts have certain transparency and vendor management requirements, they do not encompass the level of oversight required by the bill. HCPF requires 1.0 FTE to develop a review process and work with five of its managed care entities on approximately 30,000 unique contracts to collect and analyze data to make compliance determinations. Standard operating and capital outlay costs are included for this FTE and first year costs are prorated for the General Fund paydate shift. The fiscal note assumes this FTE will be required for two years, after which HCPF will have the data it requires to monitor these contracts within existing resources.

Department of Human Services. The Office of Behavioral Health in DHS contracts with administrative service organizations and managed service organizations with no allowance for over-expenditure; therefore, any costs to change to private, regional organizational board structures are internal to those contracted entities. DHS will have a minimal workload increase to inform contractors of the bill's requirements. To the extent contracted organizations increase rates to cover their costs in future contracts, the DHS will seek additional resources through the annual budget process.

Effective Date

The bill was signed into law by the Governor and took effect on May 20, 2022.

State Appropriations

For FY 2022-23, the bill requires and includes an appropriation of \$42,658 General Fund and \$42,657 federal funds to the Department of Health Care Policy and Financing, and 0.9 FTE.

State and Local Government Contacts

Health Care Policy and Financing

Human Services

Law