SB 21-025

Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

Final Fiscal Note

Drafting Number:	LLS 21-0760	**Date:**	October 5, 2021
Prime Sponsors:	Sen. Pettersen; Coram Rep. Tipper; Will	**Bill Status:**	Signed into Law
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Bill Topic: **FAMILY PLANNING SERVICES FOR ELIGIBLE INDIVIDUALS**

Summary of Fiscal Impact:

☐ State Revenue
☒ State Expenditure
☐ State Transfer
☐ TABOR Refund
☐ Local Government
☐ Statutory Public Entity

The bill directs the state's Medicaid administrator to seek federal approval to expand coverage for family planning services to individuals earning up to 260 percent of the federal poverty level. It increases state expenditures on an ongoing basis.

Appropriation Summary: For FY 2021-22, the bill requires and includes appropriations of $1,921,292 to the Department of Health Care Policy and Financing.

Fiscal Note Status: The fiscal note reflects the enacted bill.

Table 1
State Fiscal Impacts Under SB 21-025 [1]

		Budget Year FY 2021-22	Out Year FY 2022-23	Out Year FY 2023-24	Out Year FY 2024-25
Revenue		-	-	-	-
Expenditures	General Fund	$253,117	$893,389	$959,104	$624,056
	Cash Funds	$19,839	$77,775	$95,237	$24,457
	Federal Funds	$1,648,336	$3,445,411	$4,436,907	$3,577,320
	Centrally Appropriated	$40,627	$23,095	$23,095	$23,095
	Total Expenditures	**$1,961,919**	**$4,439,670**	**$5,514,343**	**$4,248,928**
	Total FTE	**1.8 FTE**	**1.0 FTE**	**1.0 FTE**	**1.0 FTE**
Transfers		-	-	-	-
TABOR Refund		-	-	-	-

[1] *Cash funds represent local matching funds.*

Summary of Legislation

The bill directs the Department of Health Care Policy and Financing (HCPF), which administers the state's Medicaid program, to seek federal approval to expand family planning services to individuals earning up to the state's current limit for the Children's Basic Health Plan, which is 260 percent of the federal poverty level (FPL). The department must submit the request to the federal government by January 31, 2022. The expanded program must not impose age, sex, or gender identity limitations on eligibility, and must include a presumptive eligibility process.

The family planning and family planning-related services that must be covered include the following:

- medically necessary evaluations or preventive services, such as tobacco utilization screening, counseling, testing, and cessation services;
- contraception, including a one-year supply unless requested otherwise;
- health care or counseling services focused on preventing, delaying, or planning for a pregnancy;
- sterilization services;
- cervical cancer screening and prevention;
- basic fertility services; and
- sexually transmitted infection (STI) diagnosis and treatment.

The department must promulgate rules needed to implement the bill, including rules specifying covered services. In addition, the department must collaborate with the state insurance marketplace and interested stakeholders to encourage enrollment in all health insurance options for eligible individuals.

Background and Assumptions

Medicaid offers family planning services to eligible individuals, which currently includes adults without dependent children earning up to 133 percent FPL and pregnant women over the age of 19 with household incomes up to 260 percent FPL. The state spent about $50 million on family planning services last year for the roughly 300,000 female Medicaid members ages 15-49 that use the majority of these services.

The fiscal note makes the following assumptions:

- new enrollment in the expanded program will begin July 1, 2022;
- the eligible expansion population is estimated to be 30,650;
- the eligible population will be 65 percent enrolled in the program's first year (FY 2022-23), and 100 percent enrolled the following year; and
- 30 percent of unintended pregnancies in the expanded coverage population will be avoided.

The fiscal note accounts for savings from costs avoided due to a decrease in unintended pregnancies, and assumes that savings attributable to the program begin nine months from the program's implementation date. Assuming full enrollment in FY 2023-24, the first year to fully reflect these savings is FY 2024-25, at which point an estimated 199 unintended pregnancies per year will be avoided. The fiscal note estimates that medical service costs are approximately $190 per participant based on utilization of these services by current enrollees. Savings are estimated to be $71 per

participant, based on an average cost savings to HCPF of $10,993 per pregnancy. These figures are inclusive of both state and federal funds, and exclude program overhead and information technology (IT) systems. Costs and savings are described further in the State Expenditures section below.

State Expenditures

The bill increases expenditures by $2.0 million in FY 2021-22, $4.4 million in FY 2022-23, $5.5 million in FY 2023-24, and $4.3 million in FY 2024-25, with 1.8 FTE in FY 2021-22 and 1.0 FTE thereafter, as shown in Table 2. Staffing and administrative costs increase in FY 2021-22, with expanded medical service costs beginning the following year in FY 2022-23. Costs are paid with a mix of state and federal funds; medical services impacts to the General Fund are broken out on Table 3.

Table 2
Expenditures Under SB 21-025

Cost Components in HCPF	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Medical Services *(percent federal funds)*				
Family Planning Services *(90%)*	-	$2,667,092	$4,103,116	$4,267,240
Tobacco Screening / Counseling *(50%)*	-	$138,465	$213,018	$221,539
Cervical Cancer Screening *(50%)*	-	$77,500	$119,229	$123,998
STI Diagnosis / Treatment *(50%)*	-	$762,254	$1,172,669	$1,219,576
Infertility Assessments *(65%)*	-	$267,990	$412,292	$428,784
Unwanted Pregnancies Averted *(65%)*	-	($264,266)	($1,412,562)	($2,189,471)
Medical Services Subtotal	**-**	**$3,649,035**	**$4,607,762**	**$4,071,666**
Staffing and Administration				
Personal Services	$118,768	$71,783	$71,783	$71,783
Operating Expenses	$2,700	$1,350	$1,350	$1,350
Capital Outlay Costs	$6,200	-	-	-
IT System Modifications	$1,595,237	-	-	-
Enrollment	$198,387	$694,407	$810,353	$81,035
Centrally Appropriated Costs[1]	$40,627	$23,095	$23,095	$23,095
Staffing and Administration Subtotal	**$1,961,919**	**$790,635**	**$906,581**	**$177,263**
Total	**$1,961,919**	**$4,439,670**	**$5,514,343**	**$4,248,929**
Total FTE	**1.8 FTE**	**1.0 FTE**	**1.0 FTE**	**1.0 FTE**

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

Ongoing General Fund impact. FY 2024-25 is the first year that is representative of ongoing impacts of the program, with full enrollment of the eligible population in the preceding year generating savings by reducing unintended pregnancies. Table 3 breaks out the anticipated General Fund impact

of each medical service category for FY 2024-25, after which annual costs are generally stabilized and primarily influenced by inflation.

Table 3
Annual General Fund Impact of Medical Services Under SB 21-025

Cost Component	Annual Impact: General Fund
Family Planning Services	$427,000
Tobacco Screening / Counseling	$111,000
Cervical Cancer Screening	$62,000
STI Diagnosis / Treatment	$610,000
Infertility Assessments	$132,000
Unwanted Pregnancies Averted	($766,000)
General Fund Cost	**$576,000**

Medical services. Utilization and costs for expanded medical services are assumed to be equivalent to that of the current female Medicaid member population ages 15-49. The costs shown are calculated using those rates applied to the expanded population of 30,650, except for infertility assessments, which are not currently covered and will also be added for about 300,000 existing Medicaid members. Family planning services are eligible for a 90 percent federal cost share, and other services are assumed to qualify as family planning-related services, which are eligible for a 50 percent federal share, and infertility assessments for a 65 percent federal share.

Program savings. In the absence of this program, the eligible population would otherwise be eligible for Medicaid or the Children's Health Insurance Program (CHP+) for costs associated with pregnancy, deliveries, and early childhood care. Based on assumptions listed previously, costs savings from the program are estimated to begin in FY 2022-23 and fully reflect the impact of the program beginning in FY 2024-25, and are expected to be 35 percent General Fund and 65 percent federal funds.

Staffing and administration. HCPF requires one additional staff member to administer the program on an ongoing basis. In addition, a systems analyst will be needed in FY 2021-22 only to support the IT systems development work. These costs are split evenly between the General Fund and federal funds, and are prorated to account for the General Fund pay date shift.

IT system modifications. HCPF will be required to make adjustments to its information technology systems to expand eligibility for the new program and make payments to providers. First, the Colorado Benefits Management System (CBMS) must be configured to identify and determine eligibility for the new population and share information with other Medicaid systems. CBMS costs are estimated to be $565,614 in FY 2021-22 only, and require a reappropriation to the Office of Information Technology. Second, the Medicaid Management Information System (MMIS), the Medicaid claims and payment processing system, must be configured to accept new information from CBMS and make payments to providers under the program. MMIS costs are estimated at $1,029,623 in FY 2021-22 only. IT system modification are 90 percent federally funded and 10 percent General Fund.

Enrollment. The fiscal note estimates that 60 percent of applications would be processed through the existing automated process and 40 percent of program applicants will be processed by county health department employees. The state reimburses counties for this work with 75 percent federal funds and 25 percent state funds, which consist of General Fund and cash funds. The costs are calculated assuming a worker can process 110 applications in a month, and are reduced by 90 percent beginning FY 2024-25 once the initially eligible population is enrolled. Costs also include $0.55 per enrollee for ID cards.

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 $40,627 in FY 2021-22 and $23,095 in FY 2022-23 and subsequent years.

Technical Note

While the bill requires coverage for conditions of the urogenital systems, federal regulations limit covered services for this population to family planning and family planning-related benefits; therefore, it is assumed federal approval would not be approved for this coverage outside the context of family planning visits.

Effective Date

The bill was signed into law by the Governor on July 6, 2021, and it took effect on September 7, 2021.

State Appropriations

For FY 2021-22, the bill requires the following appropriations to the Department Health Care Policy and Financing, totaling $1,921,292:

- $253,117 from the General Fund;
- $19,839 local funds; and
- $1,648,336 federal funds.

Of this total, $565,614 is reappropriated to the Office of Information Technology.

State and Local Government Contacts

Health Care Policy and Financing	Information Technology
Public Health and Environment	Law