



**Colorado  
Legislative  
Council  
Staff**

**HB17-1139**

**FISCAL NOTE**

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

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**Drafting Number:** LLS 17-0719      **Date:** February 13, 2017  
**Prime Sponsor(s):** Rep. Landgraf;  
Michaelson Jenet  
Sen. Martinez Humenik;  
Kefalas      **Bill Status:** House Public Health Care and  
Human Services  
**Fiscal Analyst:** Ryan Long (303-866-2066)

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**BILL TOPIC:** MEDICAID PROVIDER COMPLIANCE BILLING SAFETY RULES

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
<b>State Revenue</b> Cash Funds		Potential increase.
<b>State Expenditures</b>		Minimal workload increase.
<b>TABOR Impact</b>		Potential increase.
<b>Appropriation Required:</b> None.		
<b>Future Year Impacts:</b> Ongoing minimal workload increase and potential revenue increase.		

### Summary of Legislation

This bill subjects a provider of medical services to a civil monetary penalty if the provider improperly bills or seeks collection from a Medicaid recipient or their estate. It also allows the Department of Health Care Policy and Financing (HCPF) to require a corrective action plan from any provider where substantial non-compliance or quality issues are identified. Additionally, under this bill HCPF can temporarily suspend a provider's enrollment in Colorado's Medicaid program for a defined period of time.

### Background

Under current law, Medicaid recipients and their estates are not liable for the cost of medical services covered under Medicaid. Medical providers are prohibited from billing Medicaid members for the cost of any services covered by Medicaid, regardless of whether there is a payment made by Medicaid.

### State Revenue

Revenue from potential civil penalties will go to the Health Care Policy and Financing cash fund. The fiscal note assumes that there will be a high level of compliance from health care providers, and the revenue from civil penalties is expected to be minimal.

## **TABOR Impact**

This bill increases state cash fund revenue from fines, which will increase the amount of money required to be refunded under TABOR for FY 2017-18 and FY 2018-19. TABOR refunds are paid out of the General Fund. Since the bill increases the TABOR refund obligation without a corresponding change in General Fund revenue, the amount of money available in the General Fund for the budget will decrease by an identical amount.

## **State Expenditures**

The bill is expected to create a minimal workload increase for HCPF and other state agencies. It is assumed the work can be accomplished with existing appropriations.

**Provider penalties.** This bill allows HCPF to assess a civil monetary penalty on providers for improper billing of Medicaid clients or violations of program rules. It is assumed that most providers will not go through the full penalty process, and it is anticipated that providers will abide by the law and that HCPF will seek other means of action before seeking civil action. Under this bill, HCPF may require a corrective action plan for a provider in non-compliance. It is assumed that corrective action plans would be prepared by the providers and approved by HCPF, and the workload can be accomplished within current appropriations. This bill allows HCPF to temporarily suspend a provider's enrollment in Colorado's Medicaid program for a defined period of time. It is assumed that additional workload created under this provision can be accommodated within current resources.

**Appeals.** The additional penalties and corrective actions against Medicaid providers may increase appeals to the Office of Administrative Courts (OAC) in the Department of Personnel and Administration and subsequently to the trial courts in the Judicial Department. Any increase in caseload due to this bill can be accomplished within the Judicial Department's and OAC's appropriations.

## **Effective Date**

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

## **State and Local Government Contacts**

Counties  
Human Services  
Judicial  
Personnel and Administration  
Regulatory Agencies

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