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0445 Joint Review Committee for the Medically Indigent



Joint Review

Committee For The

Medically Indigent

Report to the

COLORADO

GENERAL ASSEMBLY

**Colorado Legislative Council
Research Publication No. 445
November 1998**

RECOMMENDATIONS FOR 1999

**JOINT REVIEW COMMITTEE FOR
THE MEDICALLY INDIGENT**

**Report to the
Colorado General Assembly**

**Research Publication No. 445
November 1998**

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November 1998

To Members of the Sixty-second General Assembly:

Submitted herewith is the final report of the Joint Review Committee for the Medically Indigent. This Committee was created pursuant to Section 26-15-107, C.R.S.

At its meeting on October 15, 1998, the Legislative Council reviewed the report of this Committee. A motion to forward this report and the bills therein for consideration in the 1999 session was approved.

Respectfully submitted,

/s/ Representative Chuck Berry
Chairman
Legislative Council

CB/WG/eg

TABLE OF CONTENTS

	PAGE
LETTER OF TRANSMITTAL	iii
TABLE OF CONTENTS	v
RECOMMENDED BILLS	vii
MEMBERS OF THE COMMITTEE	ix
EXECUTIVE SUMMARY	xi
Committee Charge	xi
Committee Activities	xi
Committee Recommendations	xi
STATUTORY AUTHORITY AND RESPONSIBILITIES	1
Committee Charge	1
COMMITTEE ACTIVITIES	3
Medicaid Eligibility Standards for Kids	3
Increased Funds for the Children's Basic Health Plan	3
Extended Medicaid Eligibility	4
Prenatal Care for Undocumented Immigrant Women	5
Reimbursements to Colorado Indigent Care Program Providers	5
SUMMARY OF RECOMMENDATIONS	7
Bill A — Medicaid Asset Test for Kids	7
Bill B — Increased Funds for Children's Basic Health Plan	7
Bill C — Guaranteed Medicaid Eligibility	7
Bill D — Undocumented Aliens Prenatal Care	8
Joint Resolution A — Increased CICP Reimbursement Rates	8
MATERIALS AVAILABLE	9
Meeting Summaries	9
Other Materials	9

RECOMMENDED BILLS AND FISCAL NOTES

	PAGE
Bill A — Concerning the Asset Test for Determining Eligibility for Children Under the Medical Assistance Program, and Making an Appropriation Therefor	11
— Fiscal Note	13
Bill B — Concerning Additional Funds for the Children's Basic Health Plan, and Making an Appropriation Therefor	17
— Fiscal Note	19
Bill C — Concerning a Guaranteed Period of Eligibility for Medical Assistance	25
— Fiscal Note	27
Bill D — Concerning Prenatal Care for Undocumented Aliens, and Making an Appropriation Therefor	31
— Fiscal Note	33
Joint Resolution A — Concerning Increased Colorado Indigent Care Program Reimbursement Rates to Safety Net Clinics and Out-State Providers	37

JOINT REVIEW COMMITTEE FOR THE MEDICALLY INDIGENT

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Senator Mike Coffman
Senator Doug Linkhart
Senator Bill Schroeder

Representative Ben Clarke
Representative Vi June
Representative Maryanne Keller
Representative Joyce Lawrence
Representative Phil Pankey

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Deborah Haskins
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EXECUTIVE SUMMARY

Committee Charge

Pursuant to Section 26-15-107, C.R.S., the Joint Review Committee for the Medically Indigent is responsible for providing guidance to the Colorado Department of Health Care Policy and Financing (HCPF) in the development of the Program for the Medically Indigent (MI).

Committee Activities

The Committee met twice during the legislative interim. The first meeting was dedicated to receiving testimony from administrators of the Colorado Program for the Medically Indigent, as well as other agencies and health care providers involved with serving the medically indigent population. Specifically, the Committee: 1) heard testimony from a coalition working to meet the needs of the medically underserved; 2) received a status report on the state's efforts to serve the medically indigent population; 3) was informed of the services offered by the Child Health Plan Plus; and 4) was briefed on factors affecting the ability of health care providers, such as hospitals and community health centers, to meet the MI population's needs. The second meeting was devoted to consideration of legislation proposed by the Committee and representatives from the groups mentioned above.

Committee Recommendations

As a result of the Committee's activities, the Committee adopted four bills and one joint resolution.

Bill A — Medicaid Asset Test for Kids. Bill A increases the resource eligibility standard for kids qualifying for Medicaid to equal the standard used for the Colorado Works Program.

Bill B — Increased Funds for Children's Basic Health Plan. Bill B declares the intent of the General Assembly to maximize the state's opportunities to receive increased federal matching funds to help support the Children's Basic Health Plan.

Bill C — Guaranteed Medicaid Eligibility. Bill C creates a 12-month guarantee of eligibility for Medicaid once eligibility has been established.

Bill D — Undocumented Aliens Prenatal Care. Bill D requires the state to provide prenatal care to undocumented immigrant women who are eligible for emergency medical assistance.

Joint Resolution A — Increased Colorado Indigent Care Program Reimbursement Rates. Joint Resolution A recommends that a higher rate be paid to participating indigent care providers and that the entire appropriation for services be paid to the providers.

STATUTORY AUTHORITY AND RESPONSIBILITIES

Committee Charge

Pursuant to Section 26-15-107, C.R.S., the Joint Review Committee for the Medically Indigent is responsible for providing guidance to the Colorado Department of Health Care Policy and Financing in the development of the Program for the Medically Indigent. The MI program is also known as the Colorado Indigent Care Program (CICP). The Department is responsible for promulgating regulations for the Program and contracting with health care providers for delivering services to the medically indigent. The MI program was created to provide emergency and primary care to low income individuals who have limited or no health insurance coverage and are not eligible for Medicaid. The Committee meets with providers and the Department when necessary to review progress in the Program's development. The Committee may consult with other experts and request that a performance audit of the Program's administration be conducted by the State Auditor.

COMMITTEE ACTIVITIES

Medicaid Eligibility Standards for Kids

Scope of issue. A significant number of kids are not able to qualify for Medicaid because their families' assets exceed the eligibility standard. Specifically, many families own a motor vehicle which exceeds the maximum \$1,500 value or they have other assets greater than \$1,000 in value. The asset standard for the Colorado Works Program is less stringent. A family may qualify for the Works Program while owning one vehicle of any value and having other assets worth up to \$2,000.

Discussion. A proposal was considered to make the Medicaid asset standard for kids equivalent to the Colorado Works standard. This change would increase the number of kids who qualify for medical assistance and create parity between the two programs' eligibility standards. The number of additional kids who will qualify under the expanded standard is expected to be approximately 143 in the first year and 385 in the second year of implementation.

Recommendation. The Committee recommends Bill A which makes the resource standard for determining Medicaid eligibility for kids the same as the standard used for determining eligibility under the Colorado Works Program. A review of Bill A's provisions is provided on page 7.

Increased Funds for the Children's Basic Health Plan

Scope of issue. Colorado has not taken full advantage of the Children's Basic Health Plan's (CBHP) federal match despite the state's need for greater insurance coverage for children. Although the children's health insurance plan began enrolling children in 1992, an average of 14.6 percent (158,389) of all Colorado children up to age 17 years remained uninsured between 1995 and 1997. Current funding for the Plan is comprised of 33 percent state dollars and 66 percent federal match dollars. Colorado has the option of contributing up to \$21 million and receiving a maximum \$42 million federal match, but instead is contributing \$8.5 million with a \$16.8 federal match in FY 1998-99.

The Children's Basic Health Plan (recently renamed as the Child Health Plan Plus) is a health insurance plan for children and youth less than 19 years of age. The Plan provides doctors' services; hospital services; preventive care and screening; reproductive health care; prescriptions; mental health services; and other medical benefits. Eligibility criteria include a family income below 185 percent of the federal poverty level (\$20,072 for a family of two in 1998); ineligibility for Medicaid; and lack of health insurance for at least 3 months. As of July 1998, total enrollment for the Plan was 15,643 children. Enrollment is expected to increase to 23,000 children in FY 1998-99.

Discussion. Colorado has not contributed the maximum allowable amount for primarily financial reasons. State budget constraints have made additional funding difficult and there is concern that the federal funds may be withdrawn in the future. If federal money becomes unavailable, the state would have to fund the program. The Committee recognized the economic and social value of insuring children.

Recommendation. The Committee recommends Bill B which declares the intent of the General Assembly to maximize the state's opportunities to receive increased federal matching funds for the Child Health Plan Plus by increasing the state contribution to the Plan. A review of Bill B's provisions is provided on page 7.

Extended Medicaid Eligibility

Scope of issue. Problems arise from the medically indigent population's fluctuations between Medicaid eligibility and non-eligibility. Individuals within this population typically qualify for a short time, become ineligible because of increased income, and requalify when their income source has diminished. While they are ineligible for Medicaid, they typically have no insurance coverage because their employer does not offer health insurance or they can not afford it. As a result, their medical conditions are treated on an inconsistent basis and often escalate to more serious health problems requiring more costly care.

Providers for the MI population testified that in addition to the effects on these individuals' health conditions, the fluctuation of eligibility status places a demand on uncompensated care that is increasingly difficult to finance. Public health providers are required to give uncompensated care, but managed care and reduced Medicare and minimal Medicaid reimbursement rates have diminished the funding available to shift towards charity care. The financial strain has led to fewer providers offering charity services and a reduced availability of such care for the indigent population.

Discussion. Colorado requires most Medicaid-eligible individuals to requalify for medical assistance every month. Under this rule, an individual's status can fluctuate frequently between insured and uninsured. Extending the Medicaid eligibility period to 12 months promotes more consistent, less costly health care. Such a policy change would also relieve some of the financial strain on public health providers by reducing the demand for uncompensated care.

Recommendation. The Committee recommends Bill C which establishes a 12-month guarantee of eligibility for Medicaid once an individual qualifies for services. A review of Bill C's provisions is provided on page 7.

Prenatal Care for Undocumented Immigrant Women

Scope of issue. Prenatal care is a cost-effective way to reduce medical costs. By providing patient education and early diagnosis and treatment of pregnancy-related problems, prenatal care prevents more serious and costly medical conditions. Undocumented women are unlikely to seek prenatal care because they do not qualify for Medicaid and typically do not have the resources to pay for the services. As a result, their children are at an increased risk for future health care needs.

Discussion. Colorado offers only emergency medical assistance to its undocumented immigrant population. For pregnant undocumented immigrant women, this means that Medicaid will cover labor and delivery, but not prenatal care. The federal government allows states to offer preventative services, but a state must assume the full cost of such services.

Recommendation. The Committee recommends Bill D which requires the state to provide prenatal care for undocumented immigrant women who are eligible for emergency medical assistance. A review of Bill D's provisions is provided on page 8.

Reimbursements to Colorado Indigent Care Program Providers

Scope of issue. Colorado Indigent Care Program (CICP) providers experience increasing difficulty giving care to the indigent population. Whereas these agencies were once able to shift funds to pay for such services, managed care, decreased Medicare and minimal Medicaid reimbursements have reduced the money available for covering indigent care. The resulting financial strain has reduced the number of CICP providers and the availability of indigent care.

Discussion. In Colorado, the FY 1996-97 CICP reimbursement rate was 30 percent of the providers' write-off charges (net costs). Inpatient hospital net reimbursement per day was \$287.07 during the same year. Outpatient reimbursement was \$65.19 for hospitals and \$18.91 for clinics.

In addition, CICP providers can not utilize unused appropriated funds at the end of the fiscal year. The total appropriation is estimated before the fiscal year is complete and excess money must be returned to the General Fund. In FY 1996-97, providers were unable to use approximately \$0.01 per individual claim.

Recommendation. The Committee recommends Joint Resolution A which encourages the medically indigent program to pay a higher reimbursement rate to participating providers and recommends that the providers be allowed to utilize any future excess appropriations.

SUMMARY OF RECOMMENDATIONS

As a result of the Committee's activities, four bills and one joint resolution are recommended to the Colorado General Assembly.

Bill A — Medicaid Asset Test for Kids

Bill A increases the resource eligibility standards for kids qualifying for Medicaid. The resource standard for determining eligibility for kids is changed to be equivalent to the standard used under the Colorado Works Program. The Medicaid resource standard for kids currently allows a family to own a vehicle up to \$1,500 in value and other assets up to \$1,000 in value. The Works Program allows an applicant to own a motor vehicle of any value. In addition, a family is allowed up to a \$2,000 resource level or up to the food stamp program resource level, whichever is greater. This change to the resource eligibility standard is expected to increase the number of Medicaid eligible kids by 143 in the first year and 385 in the second year of implementation. The fiscal note indicates that \$91,686 GF, \$2,030 cash fund exempt, and \$94,032 FF are needed to implement the bill in FY 1999-00. See page 13 for the fiscal note.

Bill B — Increased Funds for Children's Basic Health Plan

Bill B declares the intent of the General Assembly to maximize the state's opportunities to receive increased federal matching funds to help support the Children's Basic Health Plan. The bill recognizes that under federal law the state is eligible to receive enhanced federal funding to provide health insurance coverage to uninsured children. The current match rate for services is 33 percent state funds and 66 percent federal funds. Colorado may contribute up to \$21 million to receive the federal match. In FY 1998-99, Colorado is contributing \$8.5 million of state funds and receiving \$16.8 million in federal funds for the children's program. Budget spending limitations and concerns about future program funding have led to Colorado's relatively low contribution. Other funding sources are changed in the bill to include savings from decreases in the caseloads of other health care programs. The fiscal note indicates that \$28.2 million GF, \$479,954 cash fund exempt, \$32.2 million FF, and 5.0 state FTE are needed to implement the bill in FY 1999-00. See page 19 for the fiscal note.

Bill C — Guaranteed Medicaid Eligibility

Bill C establishes a 12-month guarantee of eligibility for Medicaid once eligibility has been established. Specifically, an individual will remain eligible for Medicaid for 12 months from the last day of the month in which the person was enrolled. At the end of the 12 months, the individual's eligibility will be redetermined. Currently, the majority of

Medicaid enrollees' eligibility is redetermined every month. Because of changing financial status, many individuals fluctuate between eligibility and ineligibility throughout the year. More continuous care is expected to improve the health status of low-income individuals and lower their future health care costs. The fiscal note indicates that \$92.9 million GF, \$146,271 cash fund exempt, and \$37 million FF are needed to implement the bill in FY 1999-00. See page 27 for the fiscal note.

Bill D — Undocumented Aliens Prenatal Care

Bill D requires the state to provide prenatal care to undocumented immigrant women who are eligible for emergency medical assistance. Federal law requires states to provide emergency care to this population, but permits states to offer additional services. Colorado statute allows medical assistance for undocumented immigrants only at the time of labor and delivery. Extending prenatal care to additional women is expected to produce healthier infants and reduce their future health care costs. The bill does not specify which state program will be responsible for the costs of prenatal care, but General Fund money may be used to reimburse care if federal financial participation is not available. The Medical Services Board will adopt rules defining prenatal care. The fiscal note indicates that \$3.2 million GF and \$34,200 FF are needed to implement the bill in FY 1999-00. See page 35 for the fiscal note

Joint Resolution A — Increased CICP Reimbursement Rates

Joint Resolution A recognizes that the reimbursement rates paid to clinics and hospitals providing care through the Colorado Indigent Care Program are inadequate to provide quality, continuous health care services to patients. The resolution recommends that:

- a higher rate be paid to participating providers in the specialty and out-state programs; and
- the entire appropriation for services be paid to the participating clinics and out-state providers.

These recommendations are made to help providers cover their costs of patient care and allow providers to take advantage of surplus appropriations. In FY 1996-97, a surplus appropriation could not be utilized by the providers because it would have increased the reimbursements beyond the 30 percent rate cap. The Joint Budget Committee and the Department of Health Care Policy and Financing are encouraged to establish a process so that surplus funds are available to the providers in the future.

MATERIALS AVAILABLE

The following meeting summaries and agency documents are available from Legislative Council staff.

Meeting Summaries	Topics Discussed
September 8, 1998	Colorado Indigent Care Program Medically Underserved Population Child Health Plan Plus Colorado Indigent Care Program Providers
September 30, 1998	Bills A, B, C, D and Joint Resolution A

Other Materials

Agency documents submitted to the Joint Review Committee for the Medically Indigent:

Annual Report 1997; The Colorado Department of Health Care Policy and Financing.

The Colorado Indigent Care Program; The Colorado Department of Health Care Policy and Financing, September 1998.

Meeting the Needs of the Medically Underserved: A Plan for Colorado; The Coalition for the Medically Underserved, September 1998 Draft.

Assuring Access, A General Brochure; Colorado Access.

America's Newcomers, Access to Prenatal Care for Unauthorized Immigrants; National Conference of State Legislatures, May 1997.

BILL A

By Representative Lawrence

A BILL FOR AN ACT

CONCERNING THE ASSET TEST FOR DETERMINING ELIGIBILITY FOR CHILDREN UNDER THE MEDICAL ASSISTANCE PROGRAM, AND MAKING AN APPROPRIATION THEREFOR.

Bill Summary

"Medicaid Asset Test For Kids"

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Joint Review Committee for the Medically Indigent. Makes the resource standard for determining medicaid eligibility for children the same as the standard used for determining eligibility under the Colorado works program.

Makes an appropriation.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 26-4-508 (3) (a) (II) (A), Colorado Revised Statutes, is amended to read:

26-4-508. Baby and kid care program - creation - eligibility.

(3) (a) On and after April 1, 1990, children under the age of six years and pregnant women shall be eligible for benefits under the baby and kid care program; except that, for the purpose of eligibility under this subsection (3) only:

(II) (A) Except as otherwise provided in sub-subparagraph (B) of this subparagraph (II), children under six years of age shall meet the income ~~and~~ resource standard used to determine eligibility for aid to families with dependent children assistance THAT WAS IN EFFECT ON JULY 16, 1996, AND THE RESOURCE ELIGIBILITY STANDARDS APPLICABLE TO THE COLORADO WORKS PROGRAM UNDER SECTION 26-2-706, except as provided in this subsection (3).

SECTION 2. 26-4-201 (1)(f), Colorado Revised Statutes, is amended to read:

26-4-201. Mandatory provisions - eligible groups. (1) In order to participate in the medicaid program, the federal government requires the state to provide medical assistance to certain eligible groups. Pursuant to federal law and except as provided in subsection (2) of this section, any person who is eligible for medical assistance under the mandated groups specified in this section shall receive both the mandatory services that are specified in sections 26-4-202 and 26-4-203 and the optional services that are specified in sections 26-4-302 and 26-4-303. Subject to the availability of federal financial aid funds, the following are the individuals or groups that are mandated under federal law to receive benefits under this article:

(f) Qualified pregnant women, and children under the age of seven, who meet the income resource requirements of the state's aid to families with dependent children program pursuant to rules that were in effect on July 16, 1996, AND THE RESOURCE STANDARDS USED TO DETERMINE ELIGIBILITY FOR THE COLORADO WORKS PROGRAM AS SPECIFIED IN SECTION 26-2-706 (2);

SECTION 3. Appropriation. (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the general fund not otherwise appropriated, to the department of health care policy and

financing, medical services, for the fiscal year beginning July 1, 1999, the sum of ___ dollars (\$), or so much thereof as may be necessary, for the implementation of this act.

(2) The general assembly anticipates that, for the fiscal year beginning July 1, 1999, the department of health care policy and financing will receive the sum of _____ dollars (\$) for the implementation of this act. Although these funds are not appropriated in this act, they are noted for the purpose of indicating the assumptions used relative to these funds.

SECTION 4. Effective date. This act shall take effect July 1, 1999.

SECTION 5. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Colorado Legislative Council Staff
**STATE AND LOCAL
 FISCAL IMPACT**

General Fund, Local Funds, and Federal Funds Expenditure Impact

Drafting Number: LLS 99-0111
Prime Sponsor(s): Rep. Lawrence

Date: November 3, 1998
Bill Status: Joint Review Committee for
 the Medically Indigent
Fiscal Analyst: Janis Baron (303-866-3523)

TITLE: CONCERNING THE ASSET TEST FOR DETERMINING ELIGIBILITY FOR CHILDREN UNDER THE MEDICAL ASSISTANCE PROGRAM, AND MAKING AN APPROPRIATION THEREFOR.

Fiscal Impact Summary	FY 1999/2000	FY 2000/2001
State Revenues		
State Expenditures		
General Fund	\$ 91,686	\$ 224,235
Cash Fund Exempt	2,030	4,994
Federal Fund	94,032	230,080
FTE Position Change	0.3 FTE	0.8 FTE
Other State Impact: None.		
Effective Date: July 1, 1999.		
Appropriation Summary for FY 1999-2000:		
Department of Health Care Policy and Financing		
\$ <u>187,748</u> Total		
91,686 General Fund		
94,032 Federal Funds		
Department of Public Health and Environment		
\$ 3,170 Cash Funds Exempt Transfer from DHCPF		
Department of Human Services		
\$ <u>26,421</u> Total		
24,391 Cash Funds Exempt Transfer from DHCPF		
2,030 Cash Funds Exempt Local Funds		
Local Government Impact: The 20 percent county share for determining Medicaid eligibility is \$2,030 in FY 1999-00 and \$4,994 in FY 2000-01. The FTE required in the bill are county staff and are shown for informational purposes only.		

Summary of Legislation

The bill makes the resource standard for determining Medicaid eligibility for children the same as that for determining eligibility under the Colorado Works Program. The bill includes a blank appropriation clause to the Department of Health Care Policy and Financing (DHCPF).

State Expenditures

Additional moneys will be required in the Departments of Health Care Policy and Financing, Public Health and Environment (DPHE), and Human Services (DHS) to implement the bill's requirements.

DHCPF — will require a total of \$185,717 in FY 1999-00. Approximately 22.25 children per month will be Medicaid eligible at an annual cost of \$1,105.99 per child, or \$158,156 for Medicaid premiums. An added \$27,561 will be incurred in DPHE and DHS for their costs associated with the bill, but moneys are appropriated to DHCPF then transferred to the respective department. The following table illustrates the method used to determine the increased Medicaid child caseload.

$6,210 / 151,793 = 4\%$	Total number of Baby Care Program Care children divided by the number of individuals on Medicaid Aid Category 04 equals 4 percent of the total children eligible to be Baby Care Program eligible.
$343 \times 90\% = 309$	Average monthly cases denied for excess resources times 90 percent — which is assumed to be the caseload percentage eligible for Medicaid under the bill.
$309 \times 4\% = 12.36$	Average monthly cases eligible under the bill (309) times 4 percent (percentage of cases that are Baby Care Program children).
$12.36 \times 1.8 = 22.25$	Average number of cases times the standard used to determine the number of children per case equals 22.25 children per month Medicaid eligible.
FY 1999-00 143 Annual Caseload \$158,156 Annual Cost	22.25 new cases added monthly will result in an average annual caseload increase of 143 at an annual cost of \$1,105.99 equals \$158,156.
FY 2000-01 385 Annual Caseload \$425,806 Annual Cost	22.25 new cases added monthly plus 22.25 dropped monthly will result in an average annual caseload of 385 (assumes the Baby Care Program children remain eligible for 12 months).

DPHE — will require a total of \$3,170 in FY 1999-00. DHCPF will require \$22.17 per child for case management administration in the Early and Periodic Screening, Diagnosis, and Treatment Program (EPSDT). Moneys for EPSDT are appropriated to DHCPF then transferred to DPHE because it operates this outreach program for children. The total program cost due to the increased caseload is \$3,170 in FY 1999-00.

DHS — will require a total of \$26,421 in FY 1999-00. Additional county staff (0.3 FTE) are needed to conduct eligibility determinations on a projected caseload increase of 22.25 additional

children per month. Personal services and operating expenses associated with the new county staff are estimated at \$10,149. DHS will also require a one-time appropriation of \$16,272 for 226 hours of computer programming changes to its Client-Oriented Information Network (COIN) system (226 x \$72/hour = \$16,272). Moneys for DHS costs are appropriated in DHCPF, then transferred to DHS to fund its Medicaid eligibility determination functions.

FY 2000-01 Costs —\$459,309 in total funding. Moneys will be needed in all three departments to reflect an annual increased caseload of 385 children. Funding will be needed for Medicaid premiums in DHCPF (\$425,806); EPSDT (\$8,535); and DHS administration (\$24,968).

Local Government Impact

The counties are responsible for 20 percent of the administrative costs to determine Medicaid eligibility. The county share for FY 1999-00 is \$2,030 and \$4,994 in FY 2000-01.

State Appropriations

The fiscal note indicates that for FY 1999-00, the Department of Health Care Policy and Financing should receive an appropriation of \$185,718. Of this amount, \$91,686 is General Fund and \$94,032 is federal funds.

The Department of Public Health and Environment should receive an appropriation of \$3,170. This amount is a cash funds exempt transfer from the Department of Health Care Policy and Financing.

The Department of Human Services should receive an appropriation of \$26,421. Of this amount, \$24,391 is a cash funds exempt transfer from the Department of Health Care Policy and Financing, and \$2,030 is a cash funds exempt — local funds appropriation.

Departments Contacted

Health Care Policy and Financing
Human Services

Bill B

By Representative Lawrence

A BILL FOR AN ACT

CONCERNING ADDITIONAL FUNDS FOR THE CHILDREN'S BASIC HEALTH PLAN,
AND MAKING AN APPROPRIATION THEREFOR.

Bill Summary

"Funds For Children's Basic Health Plan"

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

— Joint Review Committee for the Medically Indigent. Declares the intent of the general assembly to maximize the state's opportunities to receive increased federal matching funds to help fund the children's basic health plan.

Makes an appropriation.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 26-19-102 (3), Colorado Revised Statutes, is amended to read:

26-19-102. Legislative declaration. (3) (a) It is the intent of the general assembly to make health insurance coverage affordable and to support employers in their efforts to provide their employees and their dependents with health insurance coverage.

(b) It is the intent of the general assembly that the children's basic health plan created by this article be primarily funded through savings and efficiencies realized through actual reductions in administrative and

programmatic costs associated with the implementation of this article achieved in other health care programs. ~~and not decreases in the number of caseloads of such programs.~~

(c) THE GENERAL ASSEMBLY ALSO RECOGNIZES THAT THE CHILDREN'S BASIC HEALTH PLAN CREATED IN THIS ARTICLE MEETS THE FEDERAL REQUIREMENTS FOR A STATE CHILDREN'S HEALTH INSURANCE PROGRAM AS DESCRIBED IN SUBTITLE J, CHAPTER 2 OF PUBLIC LAW 105-33. THE GENERAL ASSEMBLY ALSO RECOGNIZES THAT UNDER SUCH FEDERAL LEGISLATION, THE STATE OF COLORADO IS ELIGIBLE TO RECEIVE AN ENHANCED FEDERAL MATCHING RATE TO PROVIDE ADDITIONAL HEALTH INSURANCE COVERAGE TO UNINSURED CHILDREN. THE GENERAL ASSEMBLY HEREBY DECLARES THAT IN ADDITION TO FUNDING THE CHILDREN'S BASIC HEALTH PLAN THROUGH SAVINGS AND EFFICIENCIES AS DESCRIBED IN PARAGRAPH (b) OF THIS SUBSECTION (3), IT IS ALSO THE INTENT OF THE GENERAL ASSEMBLY TO MAXIMIZE THE STATE'S OPPORTUNITIES TO RECEIVE THE ENHANCED FEDERAL MATCHING FUNDS IN ORDER TO PROVIDE FUNDS TO SERVE CHILDREN UNDER THE CHILDREN'S BASIC HEALTH PLAN.

SECTION 2. Appropriation. (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the general fund not otherwise appropriated, to the department of health care policy and financing, medical programs, other medical services, for allocation to the children's basic health plan, for the fiscal year beginning July 1, 1999, the sum of ___ dollars (\$). or so much thereof as may be necessary, for the implementation of this act.

(2) The general assembly anticipates that, for the fiscal year beginning July 1, 1999, the department of health care policy and financing will receive the

sum of _____ dollars (\$) for the implementation of this act. Although these funds are not appropriated in this act, they are noted for the purpose of indicating the assumptions used relative to these funds.

SECTION 3. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Colorado Legislative Council Staff
**STATE AND LOCAL
 FISCAL IMPACT**

General Fund, Local Funds, and Federal Funds Expenditure Impact

Drafting Number: LLS 99-112	Date: November 3, 1998
Prime Sponsor(s): Rep. Lawrence	Bill Status: Joint Review Committee for the Medically Indigent
	Fiscal Analyst: Janis Baron (303-866-3523)

TITLE: CONCERNING ADDITIONAL FUNDS FOR THE CHILDREN'S BASIC HEALTH PLAN, AND MAKING AN APPROPRIATION THEREFOR.

Fiscal Impact Summary	FY 1999/2000	FY 2000/2001
State Revenues		
State Expenditures		
General Fund	\$ 28,288,228	\$ 28,533,502
Cash Fund Exempt	479,954	1,314,285
Federal Fund	32,197,956	34,235,842
FTE Position Change	5.0 FTE	5.0 FTE

Other State Impact: None.

Effective Date: Upon signature of the Governor.

Appropriation Summary for FY 1999-2000:

Department of Health Care Policy and Financing (DHCPF)

<u>\$ 60,486,184</u>	TOTAL
28,288,228	General Fund
32,197,956	Federal Funds

Department of Human Services (DHS)

<u>\$ 2,399,771</u>	TOTAL
1,919,817	Cash Funds Exempt — Transfer from DHCPF
479,954	Cash Funds Exempt — Local Funds

Department of Public Health and Environment (DPHE)

<u>\$ 506,451</u>	TOTAL: Cash Funds Exempt — Transfer from DHCPF
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Local Government Impact: The counties' 20 percent share for conducting Medicaid eligibility determinations is estimated at \$479,954 in FY 1999-00; and \$1,314,285 in FY 2000-01. The counties will require 69.8 FTE in FY 1999-00 and 199.7 FTE in FY 2000-01. FTE authorization is not required for county staff, FTE are identified for information only.

Summary of Legislation

The bill declares the intent of the General Assembly to maximize the state's opportunities to receive enhanced federal matching funds in order to provide funds to serve children under the Children's Basic Health Plan (CBHP). The bill includes a blank appropriation clause to DHCPF.

State Expenditures

Background. Federal legislation created Title XXI of the Social Security Act and authorized the State Children's Health Insurance Program (S-CHIP), effective October 1, 1997. Over a five-year period, \$24.5 billion will be available to the states, giving them the option of participating and at what level. The federal legislation represents the largest child health program since Medicaid. It will cover low-income uninsured children below 200 percent of the federal poverty level, up to 19 years of age. Services provided must mirror a standard health care insurance package, such as that provided by a state's largest health plan. Colorado's federal allocation for federal fiscal year (FFY) 1998 was \$41.99 million, available for expenditure for a three-year concurrent period (the FFY 1999 allocation will be \$52 million). Federal statute sets a limit on the amount of administrative costs that are matchable — 10 percent of total program expenditures. State legislation regarding S-CHIP includes:

- **HB 97-1304, Concerning the Creation of the Children's Basic Health Plan** — authorized an insurance program for low-income uninsured children, up to 18 years of age and below 185 percent of the federal poverty level.
- **HB 98-1325, Concerning the Implementation of the Non-Medicaid State Subsidized Insurance Program Known as the "Children's Basic Health Plan"** — authorized DHCPF to implement CBHP under Title XXI of the Social Security Act. FY 1998-99 total funding for CBHP was \$30,361,681, appropriated accordingly: HB 98-1401, Long Appropriations Act — \$25,305,167; and SB 98-194, Concerning Cash Funds of the State — \$5,056,514.

DHCPF — will require \$58,059,915 total funding in FY 1999-00 to serve more children in both CBHP and Medicaid as a result of this bill. An added \$2,426,268 will be incurred in DHS and DPHE for their costs associated with the bill, but moneys are appropriated to DHCPF then transferred to the respective department.

- **CBHP** — Additional state funding is needed to maximize federal funding for CBHP. It is assumed benefits will be expanded to include dental, additional therapies, expanded mental health and other benefits based upon a comprehensive commercial insurance model. The current CBHP premium rate is \$720 per year per child. The estimated premium rate under the bill is \$1,243 per year per child. Based upon a number of analyses, DHCPF estimates there are 103,000 uninsured children in Colorado below 200 percent of poverty. These children are either CBHP eligible or

Medicaid eligible. Of the 103,000, it is estimated that 42,723 are CBHP eligible (an increase of 17,426 over the FY 1998-99 appropriated caseload of 25,297).

- *Medicaid Categories* — Additional funding will be needed to serve an increased number of children in the Baby Care Program children category; and Aid to Families with Dependent Children (AFDC) - Children category. Of the 103,000 uninsured children in Colorado, it is assumed that 22,844 additional Medicaid eligible children will be served. This assumption is predicated on an increase in total applications for CBHP once people learn about the program's existence. It is estimated that there will be 5,711 additional children served in the Baby Care Program and 17,133 additional children served in AFDC-Children. The average annual cost per child is estimated at \$1,105.99 and \$1,148.45 respectively.

DHCPF will also require \$296,407 and 5.0 FTE staff to support CBHP. The department has requested these 5.0 FTE as Decision Item Priority 18 in its FY 1999-00 budget request. This cost, although included in the fiscal note, is conditional. The FTE and associated costs will be required under the bill only if the FTE are not authorized through the budget process. (Description and justification for the 5.0 FTE are available in the fiscal note office.)

Table 1 shows DHCPF's costs under the bill for FY 1999-00 and FY 2000-01.

TABLE 1: DHCPF Costs	FY 1999-00	FY 2000-01
Children's Basic Health Plan		
# of Children Served	42,723	42,723
Cost per Client per Year	\$1,243	\$1,243
Subtotal	53,104,689	53,104,689
Administration (17% in FY 99-00 and 15% in FY 00-01)	9,027,797	7,965,703
Subtotal	62,132,486	61,070,392
FY 1998-99 Base Appropriation	30,361,681	30,361,681
Incremental Fiscal Impact	\$ 31,770,805	\$ 30,708,711
Medicaid Categories		
<i>Baby Care — Children</i>		
# of Children Served	5,711	5,711
Cost per Client per Year	\$1,106	\$1,106
Subtotal	6,316,309	6,316,309
<i>AFDC — Children</i>		
# of Children Served	17,133	17,133
Cost per Client per Year	\$1,148	\$1,148
Subtotal	19,676,394	19,676,394
Total — Medicaid Categories	\$ 25,992,703	\$ 25,992,703
State Staff — 5.0 FTE	\$ 296,407	\$ 304,337
TOTAL COSTS INCURRED IN DHCPF	\$ 58,059,915	\$ 57,005,751

DHS — will require \$2,399,771 total funding in FY 1999-00. As noted above, there are approximately 103,000 Colorado children below 200 percent of poverty. These children are either

CBHP eligible or Medicaid eligible. With the expansion of CBHP, it is assumed that both CBHP and Medicaid will experience increased applications. Of the increased applications, it is estimated that 22,844 Medicaid eligible children will apply equally each month over the next three years and remain eligible for at least two years. County departments of social services will be responsible for administration of these Medicaid cases. After weighing the time for various tasks related to these cases, the composite workload standard is 284 cases per eligibility technician per month. There will be a need for 69.8 FTE additional county staff in FY 1999-00 (43.0 FTE eligibility technicians, and 26.8 FTE associated supervisory/support staff). FTE authorization is not required for county staff, the FTE identified in the fiscal note are noted for information only. General Fund and federal funds for DHS county staff Medicaid-related activities are appropriated to DHCPF then transferred to DHS.

DPHE — will require a total of \$506,451 in FY 1999-00. DHCPF will require \$22.17 per child (22,844 new children) for case management administration in the Early and Periodic Screening, Diagnosis, and Treatment Program (EPSDT). Moneys for EPSDT are appropriated to DHCPF then transferred to DPHE because it operates this outreach program for children.

FY 2000-01 Costs — are estimated at \$64,083,629. Using FY 1999-00 assumptions, both DHCPF, DHS, and DPHE will incur costs for Medicaid premiums and eligibility determinations. Caseload for both CBHP and Medicaid, average cost per premium, and eligibility determinations are the factors used for estimating the bill's out-year costs.

Local Government Impact

County staff conduct Medicaid eligibility determinations and provide administration of Medicaid cases. The counties' 20 percent share to perform Medicaid eligibility determinations under the bill is estimated at \$479,954 in FY 1999-00; and \$1,314,285 in FY 2000-01. As noted above, it is estimated that there will be a need for 69.8 FTE additional county staff in FY 1999-00 (43.0 FTE eligibility technicians, and 26.8 FTE associated supervisory/support staff). FTE authorization is not required for county staff, FTE are identified for information only.

State Appropriations

The fiscal note indicates that for FY 1999-00, the Department of Health Care Policy and Financing should receive an appropriation of \$60,486,184. Of the total amount, \$28,288,228 is General Fund and \$32,197,956 is federal funds.

The Department of Human Services should receive an appropriation of \$2,399,771. Of the total amount, \$1,919,817 is a cash funds exempt transfer from the Department of Health Care Policy and Financing and \$479,954 is cash funds exempt local funds.

November 4, 1998

Page 23

Bill B

The Department of Public Health and Environment should receive an appropriation of \$506,451, which is a cash funds exempt transfer from the Department of Health Care Policy and Financing.

Departments Contacted

Health Care Policy and Financing
Human Services

BILL C

By Representative Keller

A BILL FOR AN ACT

CONCERNING A GUARANTEED PERIOD OF ELIGIBILITY FOR MEDICAL ASSISTANCE.

Bill Summary

"Guaranteed Medicaid Eligibility"

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Joint Review Committee for the Medically Indigent. Establishes a 12-month guarantee of eligibility for medicaid once eligibility has been established.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 26-4-106 (1), Colorado Revised Statutes, is amended to read:

26-4-106. Application - verification of eligibility.

(1) Determination of eligibility for medical benefits shall be made by the county department in which the applicant resides. Local social security offices also determine eligibility for medicaid benefits at the same time they determine eligibility for supplemental security income. Any person who is determined to be eligible pursuant to the requirements of this article shall ~~be~~ REMAIN eligible for benefits ~~until such person is determined to be ineligible;~~ FOR TWELVE

MONTHS SUBSEQUENT TO THE LAST DAY OF THE MONTH IN WHICH THE PERSON WAS ENROLLED. AT SUCH DATE, THE PERSON'S ELIGIBILITY SHALL BE REDETERMINED. Upon determination that any person is ineligible for medical benefits, the county department shall notify the applicant in writing of its decision and the reason therefor. Separate determination of eligibility and formal application for benefits under this article for persons eligible as provided in sections 26-4-201 and 26-4-301 shall be made in accordance with the rules and regulations of the state department.

SECTION 2. Effective date - applicability. This act shall take effect July 1, 1999, and shall apply to persons applying for medical assistance on or after said date.

SECTION 3. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Colorado Legislative Council Staff
**STATE AND LOCAL
 FISCAL IMPACT**

General Fund, Local Funds, and Federal Funds Expenditure Impact

Drafting Number: LLS 99-113
Prime Sponsor(s): Rep. Keller

Date: November 3, 1998
Bill Status: Joint Review Committee for
 the Medically Indigent
Fiscal Analyst: Janis Baron (303-866-3523)

TITLE: CONCERNING A GUARANTEED PERIOD OF ELIGIBILITY FOR MEDICAL ASSISTANCE.

Fiscal Impact Summary	FY 1999/2000	FY 2000/2001
State Revenues		
State Expenditures		
General Fund	\$ 92,871,741	\$ 94,105,014
Cash Fund Exempt	146,271	114,652
Federal Fund	37,054,734	38,016,684
FTE Position Change	0.0 FTE	0.0 FTE
Other State Impact: None.		
Effective Date: July 1, 1999, and shall apply to persons applying for medical assistance on or after that date.		
Appropriation Summary for FY 1999-2000:		
Department of Health Care Policy and Financing (DHCPF)		
\$ <u>129,926,475</u>	Total	
92,871,741	General Fund	
37,054,734	Federal Funds	
Department of Human Services (DHS)		
\$ <u>780,747</u>	Total	
634,476	Cash Funds Exempt Transfer from DHCPF	
146,271	Cash Funds Exempt — Local Funds	
Local Government Impact: The counties' 20 percent share for Medicaid eligibility redeterminations is estimated at \$146,271 in FY 1999-00; and \$114,652 in FY 2000-01. It is estimated that 1,043 overdue redeterminations must be done monthly in FY 1999-00, necessitating 21.3 FTE additional county staff (12.8 FTE eligibility technicians plus 8.5 FTE supervisory/support staff). There will be a need for 19.1 FTE county staff in FY 2000-01. County staff are shown for informational purposes only and are not appropriated.		

Summary of Legislation

The bill establishes a 12-month guarantee of Medicaid eligibility once eligibility has been established.

State Expenditures

Costs will be incurred in both DHCPF and DHS to comply with the bill' requirements. FY 1999-00 costs are estimated at \$130,072,746; FY 2000-01 costs are estimated at \$132,236,350.

DHCPF — will require \$129,926,475 in total funding in FY1999-00. Of the total amount, \$129,280,599 is required for Medicaid premiums, \$1,400 is required for computer programming changes, and \$634,476 is required for DHS functions related to Medicaid eligibility determinations.

Medicaid Premiums. The bill will increase expenditures in the following Medicaid eligibility categories: AFDC/TANF [Aid to Families with Dependent Children/Temporary Aid to Needy Families] Adults; AFDC/TANF Children; Nonpregnant Baby Care Program adults; and Nonpregnant Undocumented Aliens. The bill will not create a fiscal impact for individuals served under the Baby Care Program children, Ribicoff children, Old Age Pension (OAP), or Aid to the Needy Disabled Supplemental Security Income (AND/SSI) Medicaid categories.

Based on a DHCPF statistical sampling of recent eligibility files, Medicaid will be extended to individuals in four Medicaid categories under this bill:

- Baby Care Program Adults — currently Medicaid eligible 8 months (on average). The bill extends eligibility by 4 months.
- AFDC/TANF Adults — currently Medicaid eligible 4 months (on average). The bill extends eligibility by 8 months.
- AFDC/TANF Children — currently Medicaid eligible 5 months (on average). The bill extends eligibility by 7 months.
- Nonpregnant Undocumented Aliens (adults and children) — currently Medicaid eligible 4.5 months (on average). The bill extends eligibility by 7.5 months.

The table below identifies the FY 1999-00 costs, caseload and additional months eligible, for the four Medicaid categories affected by the bill.

Medicaid Premiums	AFDC/TANF Adults	AFDC/TANF Children	Nonpregnant Baby Care Program Adults	Nonpregnant Undocumented Aliens	FY 1999-00 TOTAL
Avg. Annual Cost/Eligible	\$2,882.23	\$1,148.45	\$2,075.28	\$2,200.43	
Avg. Monthly Cost/Eligible	\$240.19	\$95.70	\$172.94	\$183.37	
Additional Months Eligible	8	7	4	8	
Additional Cost/Eligible	\$1,921.52	\$669.90	\$691.76	\$1,375.28	
Avg. Monthly Caseload	23,738	105,297	4,345	7,361	

Additional Annual Cost	\$ 45,613,042	\$ 70,538,460	\$ 3,005,697	\$ 10,123,399	\$ 129,280,599
General Fund	45,613,042	35,198,692	3,005,697	8,807,357	92,624,788
Federal Funds	0	35,339,768	0	1,316,042	36,655,811

Federal Financial Participation. Because the bill conflicts with current federal regulations (see the **Omissions and Technical or Mechanical Defects** section of this fiscal note), federal financial participation will not be available for any adult categories. Extension of Medicaid to the adult population is funded solely through General Fund. The federal Balanced Budget Reconciliation Act of 1997 allows for 12 months of Medicaid eligibility of children. Hence, children in both the AFDC/TANF Children and Nonpregnant Undocumented Aliens categories are eligible for federal funds under the bill. The fiscal note assumes that children represent 25 percent of the Nonpregnant Undocumented Aliens category.

Medicaid Management Information System (MMIS). DHCPF will require 100 hours of program edits to its MMIS at a rate of \$114 per hour. Program edits to the MMIS are a one-time cost of \$11,400 in FY 1999-00. Of the total amount, 25 percent is General Fund and 75 percent is federal funds.

DHS — will require a total of \$780,748 in FY 1999-00. The bill requires Medicaid benefits to continue no longer than 12 months from the end of the month the client is approved until there has been a Medicaid redetermination of eligibility, effective July 1, 1999. It is assumed that: (1) there will no longer be redeterminations past due or the client will be denied Medicaid; and (2) there will no longer be 24-month certifications of households considered to be stable due to source of income and circumstances. Current Medicaid regulations allow Medicaid clients with stable income and household circumstances to be certified for Medicaid for 24 months. The bill requires all stable households to be redetermined every 12 months. The Medicaid categories that will be affected by eligibility redeterminations are OAP-A, OAP-B, and AND/SSI. County staff will be needed due to the bill's 12 month certification requirement for: (1) Medicaid certifications that are overdue; and (2) due to the elimination of 24 month certifications. It is estimated that 1,043 overdue redeterminations must be done monthly in FY 1999-00, necessitating 21.3 FTE additional county staff (12.8 FTE eligibility technicians plus 8.5 FTE supervisory/support staff).

Client-Oriented Information Network (COIN). DHS will also require a one-time appropriation of \$49,392 for 686 hours of computer programming changes to its COIN system (686 x \$72/hour = \$49,392). Moneys for DHS costs are appropriated in DHCPF, then transferred to DHS to fund its Medicaid eligibility determination functions.

Medicaid Mental Health Capitation Program. This DHS program was implemented statewide in FY 1997-98. Because it is a relatively new program, a methodology for determining client projections and costs is currently being developed. Assuming that the rate of turnover (clients exiting and entering) in the capitation program remains constant, the fiscal impact to DHS and the counties will be negligible. If, however, member months were to increase dramatically above the baseline, there could be a workload impact in both providing services and determining eligibility. The fiscal impact to this program cannot be quantified at this time.

FY 2000-01 — \$132,236,350 Total Cost. Using FY 1999-00 assumptions, both DHCPF and DHS will incur costs for Medicaid premiums and redeterminations. Caseload per Medicaid eligible categories, average cost per premium, and redetermination caseload are the factors used for estimating the bill's out-year costs.

Local Government Impact

County staff conduct Medicaid eligibility determinations. The counties' 20 percent share to perform Medicaid eligibility redeterminations under the bill is estimated at \$146,271 in FY 1999-00; and \$114,652 in FY 2000-01. As noted above, it is estimated that 1,043 overdue redeterminations must be done monthly in FY 1999-00, necessitating 21.3 FTE additional county staff (12.8 FTE eligibility technicians plus 8.5 FTE supervisory/support staff).

State Appropriations

The fiscal note indicates that for FY 1999-00, the Department of Health Care Policy and Financing should receive an appropriation of \$129,926,475. Of the total amount, \$92,871,741 is General Fund and \$37,054,734 is federal funds.

The Department of Human Services should receive an appropriation of \$787,747. Of the total amount, \$634,476 is a cash funds exempt transfer from the Department of Health Care Policy and Financing and \$146,271 is cash funds exempt local funds.

Departments Contacted

Health Care Policy and Financing
Human Services

Omissions and Technical or Mechanical Defects

The bill is in conflict with current federal regulations, accordingly:

- 42 CFR Ch. IV 435.916 (c) — Mandates that states promptly redetermine eligibility at the time they receive information about changes in a recipient's circumstances that may affect his/her eligibility.
- 42 CFR Ch. IV 435.916 (2) — Mandates that if states have information about anticipated changes in a recipient's circumstances, they must redetermine eligibility at the appropriate time based on those changes.

BILL D

By Representative Clarke

A BILL FOR AN ACT

CONCERNING PRENATAL CARE FOR UNDOCUMENTED ALIENS, AND MAKING AN
APPROPRIATION THEREFOR.

Bill Summary

"Undocumented Aliens Prenatal Care"

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Joint Review Committee for the Medically Indigent. Directs that the state provide prenatal care for undocumented aliens who are eligible for emergency medicaid.

Makes an appropriation.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Legislative declaration. The general assembly hereby finds that access to prenatal care by undocumented aliens in Colorado is inadequate; that lack of prenatal care results in a high rate of low-weight births; that low birth weight contributes substantially to infant mortality and childhood disabilities; and that children born with low birth weights are more likely to be born premature and more likely to develop health problems during their lifetimes. The general assembly recognizes that there are many conditions that can be prevented or lessened through prenatal care, such as mental retardation,

cerebral palsy, and blindness. The general assembly recognizes that studies have shown that every dollar spent on prenatal care yields between \$1.70 and \$3.38 in savings by reducing neonatal complications. The general assembly also recognizes that prenatal care benefits the public health because it provides an opportunity to identify and treat communicable diseases. The general assembly hereby declares that the purpose of enacting this act is to authorize the provision of prenatal care to pregnant women who are undocumented aliens.

SECTION 2. 26-4-203 (3), Colorado Revised Statutes, is amended to read:

26-4-203. Mandated programs with special state provisions.

(3) (a) Emergency medical assistance shall be provided to any person who is not a citizen of the United States, including undocumented aliens, aliens who are not qualified aliens, and qualified aliens who entered the United States on or after August 22, 1996, who has an emergency medical condition and meets one of the categorical requirements set forth in section 26-4-201; except that such persons shall not be required to meet any residency requirement other than that required by federal law.

(a.5) PRENATAL CARE SHALL BE PROVIDED TO ANY PREGNANT WOMAN WHO IS ELIGIBLE FOR EMERGENCY MEDICAL ASSISTANCE. STATE GENERAL FUNDS MAY BE USED TO REIMBURSE SUCH CARE IN THE EVENT THAT FEDERAL FINANCIAL PARTICIPATION IS NOT AVAILABLE.

(b) The medical services board shall adopt rules necessary for the implementation of this subsection (3), including a rule defining emergency services and an emergency medical condition AND INCLUDING RULES DEFINING PRENATAL CARE.

SECTION 3. Appropriation. In addition to any other appropriation, there is hereby appropriated, out of any moneys in the general fund not otherwise appropriated, to the department of health care policy and financing, medical services, for the fiscal year beginning July 1, 1999, the sum of ___ dollars (\$), or so much thereof as may be necessary, for the implementation of this act.

SECTION 4. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Colorado Legislative Council Staff
STATE FISCAL IMPACT

General Fund and Federal Funds Expenditure Impact

Drafting Number: LLS 99-0114	Date: November 3, 1998
Prime Sponsor(s): Rep. Clarke	Bill Status: Joint Review Committee for the Medically Indigent
	Fiscal Analyst: Janis Baron (303-866-33523)

TITLE: CONCERNING PRENATAL CARE FOR UNDOCUMENTED ALIENS, AND MAKING AN APPROPRIATION THEREFOR.

Fiscal Impact Summary	FY 1999/2000	FY 2000/2001
State Revenues General Fund		
State Expenditures General Fund	\$ 3,192,235	\$ 3,505,632
Federal Fund	34,200	0
FTE Position Change	0.0 FTE	0.0 FTE
Other State Impact: None.		
Effective Date: Upon signature of the Governor.		
Appropriation Summary for FY 1999-2000:		
Department of Health Care Policy and Financing		
TOTAL	\$ 3,226,435	
General Fund	3,192,235	
Federal Funds	34,200	
Local Government Impact: None.		

Summary of Legislation

The bill requires the state to provide prenatal care to any pregnant woman who is an undocumented alien. State General Fund moneys are to be used for prenatal care if federal financial participation moneys are not available. Additionally, the bill requires the Medical Services Board in the Department of Health Care Policy and Financing (DHCPF) to adopt rules necessary to implement prenatal care for undocumented aliens.

State Expenditures

DHCPF Costs — \$3,226,435 in FY 1999-00. DHCPF will require \$3,180,828 for the prenatal care program authorized in the bill, in addition to \$45,600 for contract computer programming changes. Based on FY 1996-97 data, Medicaid paid for 2,748 undocumented alien deliveries, or 52 percent of the total undocumented alien caseload that year. Using that same ratio applied to the projected undocumented alien caseload for FY 1999-00 (7,361), Medicaid will pay for 3,828 deliveries. For FY 1999-00, the total per capita cost for delivery care (both hospital and physician charges) is estimated at \$4,597; and the total per capita cost of prenatal and delivery care in the Baby Care Program adults is estimated at \$5,428. There is a difference of \$831 between delivery costs only and the Baby Care Program adults which provides both prenatal and delivery care. This difference times the number of anticipated deliveries, represents an incremental cost of \$3,180,828 to provide prenatal care to undocumented aliens ($\$831 \times 3,828 = \$3,180,835$ in FY 1999-00). DHCPF will require 400 hours of program edits to its Medicaid Management Information System (MMIS) at \$114 per hour to implement this new program. Program edits to the MMIS are a one-time cost of \$45,600 in FY 1999-00. Of the total amount, 25 percent is General Fund and 75 percent is federal funds.

DHCPF Costs — \$3,505,632 in FY 2000-01. The cost of providing prenatal care to undocumented aliens in FY 2000-01 is estimated at \$3,505,632, and reflects a caseload of 4,134 at an incremental cost of \$848.

Current Law — Availability of Federal Financial Participation. Both state and federal law require that emergency medical assistance shall be provided to any person who is not a citizen of the United States, including undocumented aliens, aliens who are not qualified aliens, and qualified aliens who entered the United States on or after August 22, 1996, who has an emergency medical condition. Federal law (U.S.C.A., Section 1395 dd, (e)), defines an "emergency medical condition" as follows:

- a medical condition manifesting itself by acute symptoms of sufficient severity (including severe pain) such that the absence of immediate medical attention could reasonably be expected to result in — placing the health of the individual (or, with respect to a pregnant woman, the health of the woman or her unborn child) in serious jeopardy, serious impairment to bodily functions, or serious dysfunction of any bodily organ or part; or
- with respect to a pregnant woman who is having contractions — that there is inadequate time to effect a safe transfer to another hospital before delivery, or that transfer may pose a threat to the health or safety of the woman or the unborn child.

Prenatal care does not fall under the definition of "emergency medical condition". Thus, federal funds would not be available to fund any portion of the prenatal care program authorized in the bill; General Fund moneys would be required.

Savings. The legislative declaration of the bill states that for every \$1.00 spent on prenatal care, between \$1.70 and \$3.38 in savings is realized by reducing neonatal complications. The chart below provides only an illustration of potential savings.

	FY 1999-00	FY 2000-01
Estimated Cost of Providing Prenatal Care to Undocumented Aliens	\$ 3,180,835	\$ 3,505,632
Estimated Savings of \$1.70 for Every \$1.00 Spent on Prenatal Care	(5,407,419)	(5,959,573)
Estimated Savings of \$3.38 for Every \$1.00 Spent on Prenatal Care	(10,751,222)	(11,849,035)

DHCPF cannot accurately verify that savings to this degree (\$1.70 to \$3.38) reflect the Colorado Medicaid program. Additionally, DHCPF assumes that a number of babies born to this population may not necessarily remain in Colorado for their first year of life. Thus, the Colorado Medicaid program would bear the cost of a prenatal program but may not reap the full neonatal savings benefit of prenatal care. Therefore, this fiscal note reflects **only** the cost to provide prenatal care services to this population and no savings.

Department of Human Services (DHS). The Alcohol and Drug Abuse Division in DHS operates a High Risk Pregnant Women Program which provides outpatient services for Medicaid-eligible pregnant women who are at-risk of delivering a baby affected by severe use of alcohol or drugs. The program is financed by Medicaid funds from DHCPF. Maximum per hour costs for services are estimated at \$135.60. DHS estimates, that of the total Medicaid eligible caseload of pregnant women, approximately 325 will receive services through this program in FY 1999-00. It cannot be estimated how many, if any, undocumented aliens will require services through this program. Therefore, this fiscal note does not reflect any costs in DHS.

State Appropriations

The fiscal notes indicates that the Department of Health Care Policy and Financing should receive an appropriation for \$3,266,435 in FY 1999-00. Of that amount, \$3,192,235 is General Fund and \$34,200 is federal funds.

Departments Contacted

Health Care Policy and Financing
Human Services

Joint Resolution A

By Representative Clarke

WHEREAS, Safety net clinics and hospitals that participate in the program for the medically indigent receive reimbursement rates (\$65.19 per hospital visit and \$18.91 per clinic visit) that are below cost for providing quality health care to medically indigent recipients; and

WHEREAS, The reimbursement amount established annually in the Long Appropriation Act is inadequate to provide quality, continuous health care services to patients; now, therefore,

Be It Resolved by the _____ of the Sixty-second General Assembly of the State of Colorado, the _____ concurring herein:

That the program for the medically indigent pay a higher reimbursement rate to participating providers in the specialty and out-state programs.

Be it Further Resolved, That the entire appropriation for services provided by safety net clinics and out-state providers participating in the program for the medically indigent should be paid to the participating clinics and out-state providers and that the joint budget committee and the department of health care policy and financing should determine a process to be followed in the event that there are unexpended funds so that funds are not returned or do not revert to the general fund at the end of a fiscal year.