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Fiscal Note

Drafting Number: LLS 21-0522 **Date:** March 8, 2021
Prime Sponsors: Rep. McCluskie; Larson **Bill Status:** House HHS
 Sen. Bridges; Smallwood **Fiscal Analyst:** Aaron Carpenter | 303-866-4918
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Bill Topic: **SECURE TRANSPORTATION BEHAVIORAL HEALTH CRISIS**

Summary of Fiscal Impact:

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

This bill requires secure transportation services to be licensed by a county's board of commissioners. The bill also creates a new Medicaid benefit for secure transportation. The bill increases state expenditures and increases local revenue and expenditures on an ongoing basis.

Appropriation Summary: This bill requires appropriations totaling of \$221,091 to multiple state agencies. See State Appropriations section.

Fiscal Note Status: This fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 21-1085

		Budget Year FY 2021-22	Out Year FY 2022-23	Out Year FY 2022-23
Revenue		-	-	-
Expenditures	General Fund	\$86,483	\$144,710	\$233,579
	Cash Funds	\$6,807	\$12,240	\$19,755
	Federal Funds	\$127,801	\$156,951	\$253,335
	Centrally Appropriated	\$39,997	\$23,095	\$23,095
	Total Expenditures	\$261,088	\$336,996	\$529,764
	Total FTE	1.5 FTE	1.0 FTE	1.0 FTE
Transfers		-	-	-
TABOR Refund		-	-	-

Summary of Legislation

After January 1, 2023, this bill requires secure transportation services to be licensed by a county's board of commissioners in order to provide urgent transportation to an emergency medical services facility, a mental health treatment facility, an approved alcohol and substance abuse treatment center, or a walk-in crisis center for individuals experiencing a behavioral health crisis. The State Board of Health in the Colorado Department of Public Health and Environment (CDPHE) must promulgate rules establishing minimum requirements for the licensing of secure transportation services. If an entity meets these requirements, the entity may apply to the local board of county commissioners to get a license. Licenses, permits, and renewals all require a fee to cover the direct and indirect costs of issuing the licenses. If approved, the board of commissioners must issue a license to the applying entity, which is valid for three years, and a permit for each vehicle, which is valid for twelve months. Licenses or permits cannot be sold, reassigned, or transferred. Secure transportation services are not subject to the state's motor carrier regulations.

Medicaid benefit. After January 1, 2023, the Department of Health Care Policy and Financing (HCPF) must create a benefit for secure transportation services. The department is authorized seek and spend any gifts, grants, and donations to fund the benefit. HCPF must also create a cost-effective method to provide secure transportation services that includes:

- medical service provider or facility access to approved secure transportation needs;
- access to transportation providers that have the necessary background checks, training, and vehicle inspections; and
- an efficient method for obtaining and paying for secure transportation needs.

Behavioral health system. The bill allows secure transportation services, in lieu of a sheriff, to transport an individual who has been detained for a mental health evaluation and treatment, and for the safety of the individual or the public, requires secure transportation to another facility. In addition, the DHS must send a report to the General Assembly, before January 2023, concerning how secure transportation is being used and how the DHS has supported the use of secure transportation.

Background

In 2018, the General Assembly passed House Bill 18-1321 requiring HCPF to create and implement a cost-effective method to meet urgent transportation needs including discharge from inpatient, emergency services, and other urgent non-emergency services. On July 1, 2020, HCPF consolidated the entities providing the benefit to three state designated entities so all 64 counties will be served under a state-contracted broker for their region.

State Revenue

Starting in FY 2021-22, the CDPHE and HCPF may seek and accept gifts, grants, or donations to facilitate rulemaking and to create a new Medicaid benefit, respectively. The fiscal note has not identified any source of gifts, grants, or donation at this time. Revenue from gifts, grants, and donations are not subject to the TABOR limit.

State Expenditures

In FY 2021-22, expenditures will increase by \$261,088 and 1.5 FTE in HCPF and the CDPHE. For FY 2022-23, expenditures are expected to increase by \$336,996 and 1.0 FTE and \$529,764 and 1.0 FTE for FY 2023-24 and future years in HCPF. These costs are shown in Table 2 and described below.

**Table 2
Expenditures Under HB 21-1085**

Cost Components	FY 2021-22	FY 2022-23	FY 2023-24
Dept. of Health Care Policy and Financing			
Personal Services	\$65,801	\$71,783	\$71,783
Operating Expenses	\$7,550	\$1,350	\$1,350
System Modifications	\$101,250	-	-
Contractor Costs	-	\$120,000	\$192,000
Medical Service Premiums	-	\$120,768	\$241,536
Centrally Appropriated Costs ¹	\$20,894	\$23,095	\$23,095
FTE – Personal Services	0.9 FTE	1.0 FTE	1.0 FTE
HCPF Subtotal	<u>\$195,495</u>	<u>\$336,996</u>	<u>\$529,764</u>
<i>General Fund</i>	\$39,993	\$144,710	\$233,579
<i>Cash Funds</i>	\$6,807	\$12,240	\$19,755
<i>Federal Funds</i>	\$127,801	\$156,951	\$253,335
<i>Centrally Appropriated</i>	\$20,894	\$23,095	\$23,095
Cost Components	FY 2021-22	FY 2022-23	FY 2023-24
Dept. of Public Health and Environment			
Personal Services	\$39,480	-	-
Operating Expenses	\$810	-	-
Capital Outlay Costs	\$6,200	-	-
Centrally Appropriated Costs ¹	\$19,103	-	-
FTE – Personal Services	0.6 FTE	-	-
CDPHE Subtotal	\$65,593	-	-
Total	\$261,088	\$336,996	\$529,764
Total FTE	1.5 FTE	1.0 FTE	1.0 FTE

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

Health Care Policy and Financing. State expenditures in HCPF will increase by \$195,495 and 0.9 FTE in FY 2021-22, \$336,996 and 1.0 FTE in FY 2022-23, and by \$529,764 and 1.0 FTE in FY 2023-24 and ongoing. These costs are described in more detail below. Table 2 outlines the funding sources for these costs.

Staffing costs. Starting in FY 2021-22, HCPF will require 1.0 FTE to oversee the creation and implementation of the secure transport services benefit for Medicaid members. This includes overseeing any policy and regulatory revisions and ensure coordination and collaboration between transportation and medical providers. The position would also oversee and ensure compliance of any secure transportation contracts. This amount is based on the staffing provided for the urgent transportation benefit established in HB 18-1321. Costs for this staff are outlined in Table 2 and include personnel costs, operating expenses, and capital outlay costs. Staffing costs are prorated for the General Fund paydate shift in the first fiscal year. These costs are assumed to have a 50 percent federal funding match.

System modifications. In FY 2021-22 only, HCPF will have costs to add a new provider type in the Medicaid billing system. These changes are expected to require 750 hours of contractor time. This cost is assumed to have a 90 percent federal funding match.

Contract costs. HCPF will have a cost of \$120,000 in FY 2022-23 and \$192,000 in FY 2023-24 to retain a contractor that will provide administrative services for the transportation services and to provide outreach to transportation and medical providers. This cost is assumed to have a 50 percent federal funding match.

Medical services premiums. Starting in FY 2022-23, expenditures in HCPF will increase by \$241,536 per year due to increased utilization of the non-emergency transportation benefit. The amount in FY 2022-23 is prorated the January 1, 2021, implementation date. The fiscal note assumes that 6 percent of Medicaid clients utilizing an emergency medical services facility, a mental health treatment facility, an approved alcohol and substance abuse treatment center, or a walk-in crisis center will use secure transportation services through the non-emergency transportation benefit. In addition, due to the severity of conditions that can qualify for secure transportation, the fiscal note assumes that secure transportation services will charge HCPF a rate close to the emergency transportation rate of \$222 per trip. This cost is assumed to have a 50 percent federal funding match.

Ambulance usage. Starting in FY 2021-22, to the extent Medicaid clients use secure transportation instead of ambulances, expenditures in HCPF may decrease. However because the fiscal note assumes a similar rate to the emergency rate, any decrease in costs are assumed to be minimal and changes in appropriations will be addressed through the annual budget process.

Department of Public Health and Environment. The CDPHE will require 0.6 FTE in FY 2021-22 only to hold stakeholder meetings, provide research to the Board of Health, and work on rule drafts. Costs for this FTE are shown in Table 2 and include personnel costs, operating expenses, and capital outlay costs. Costs for FY 2021-22, are prorated for the General Fund paydate shift.

Department of Human Services. In FY 2022-23 only, workload in the DHS will increase to create a report on how secure transportation is being used and how the DHS has supported the use secure transportation. This fiscal note assumes that this additional workload can be accomplished within existing appropriations.

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 \$39,997 in FY 2021-22 and \$23,095 in FY 2022-23 and future years.

Local Government

Starting in FY 2021-22, revenue and expenditures to counties will increase. Local revenue will increase to issue and renew any licenses or permits within the county. Local expenditures will increase to create application and renewal procedures for licenses and permits, process paperwork, investigate any complaints, and to monitor and ensure compliance. The fiscal note assumes that counties will set their fees to cover any direct and indirect costs of administering the licenses. The amount of the fee will vary by county depending on the number of secure transportation services in a county.

To the extent that sheriffs are no longer required to provide secure transportation, costs to county sheriffs will decrease. The amount of the decrease will vary by county based on the number of individuals who require secure transportation in the county, and the number of miles driven to get an individual to treatment.

Effective Date

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

State Appropriations

The bill requires the following appropriations for FY 2021-22:

- \$174,601 to the Department of Health Care Policy of Financing of which, \$39,993 is from the General Fund, \$6,807 is from the Healthcare Affordability and Sustainability Fee Cash Fund, and \$127,801 is from federal funds.
- An appropriation of \$46,490 and 0.6 FTE from the General Fund to the Department of Public Health and Environment.

State and Local Government Contacts

Counties	District Attorneys
Health Care Policy and Financing	Human Services
Information Technology	Judicial
Law	Public Health and Environment
Regulatory Agencies	Sheriffs