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Revised Fiscal Note

(replaces fiscal note dated April 17, 2023)

Drafting Number: LLS 23-0926 Date: April 28, 2023
Prime Sponsors: Rep. Michaelson Jenet; Sen. Bridges; Gardner Bill Status: Senate Health & Human Services
Fiscal Analyst: Shukria Maktabi | 303-866-4720 shukria.maktabi@coleg.gov

Bill Topic: EXTENDED STAY & BOARDING PATIENTS

- Summary of Fiscal Impact: State Revenue, State Expenditure, State Transfer, TABOR Refund, Local Government, Statutory Public Entity

The bill enacts measures to better understand the behavioral health needs of children and youth, and creates a cash fund to provide additional resources to providers serving children and youth with more intensive needs.

Appropriation Summary: For FY 2023-24, the bill requires an appropriation of up to \$5,900,000 to the Department of Human Services from the High-Acuity Treatment and Services Cash Fund.

Fiscal Note Status: This revised fiscal note reflects the reengrossed bill.

Table 1 State Fiscal Impacts Under HB 23-1269

Table with 4 columns: Category, Current Year FY 2022-23, Budget Year FY 2023-24, Out Year FY 2024-25. Rows include Revenue, Expenditures, Transfers, and Other Budget Impacts.

1 This transfer represents unspent General Fund appropriations that are transferred to the High-Acuity Cash Fund, rather than revert back to the General Fund. Transferred funding may be spent through FY 2024-25.

Summary of Legislation

The bill enacts measures to better understand the behavioral health needs of children and youth, including:

- requiring the Department of Health Care Policy and Financing (HCPF) to analyze the use of directed payment authority and fee schedules to ensure adequate services are available for children and youth with behavioral health needs, and to report findings by October 1, 2023;
- requiring the Department of Human Services (CDHS) to convene a working group to develop an incentive funding pool pilot program to encourage residential providers to treat children and youth with behavioral health needs, and to report findings by October 1, 2023;
- requiring the Behavioral Health Administration (BHA) to develop a framework that measures the effectiveness of the behavioral health system for children and youth, and to report findings by April 1, 2024;
- requiring hospitals and county departments to report certain data on children and youth quarterly to the BHA beginning in September 1, 2023, including the number of children and youth who were boarding or had extended stays in the previous quarter. The BHA is to aggregate and report submitted data to advisory boards and councils until October 1, 2024; and
- requiring CDHS to develop a plan for when residential treatment facilities for children and youth close or change their operations, and to report on the plan during their SMART Act hearing.

The bill also creates the High-Acuity Treatment and Services Cash Fund, which will receive a transfer of any unspent General Fund appropriations that remain after distributions are made for certain county child welfare services and staffing in FY 2022-23 and FY 2023-24. The money transferred to the cash fund can be used to provide additional resources to licensed providers serving children and youth with behavioral and mental health needs until June 30, 2025. Any remaining cash funds at the end of FY 2024-25 will return to the General Fund.

State Transfers

On June 30, 2023 and June 30, 2024, the bill requires a transfer of the portion of CDHS General Fund appropriation that remains unspent after counties distributions for child welfare services are made to the High-Acuity Treatment and Services Cash Fund. Preliminarily, this transfer is estimated to be approximately \$5.9 million for FY 2023-24, based on appropriations and county spending trends thus far in the current FY 2022-23. It is assumed a similar amount will be transferred in FY 2024-25; however, any potential transfer in the second year will depend on a number of factors and cannot be estimated precisely.

State Expenditures

The bill increases expenditures by up to \$5.9 million per year in FY 2023-24 and FY 2024-25, paid from the High-Acuity Treatment and Services Cash Fund. It also minimally increases workload in BHA, CDHS, and HCPF. These impacts are described below.

Provider payments. In FY 2023-24 and FY 2024-25 only, expenditures in the CDHS will increase by up to \$5.9 million per year to increase payments to providers, paid from the High-Acuity Treatment and Services Cash Fund. The exact amount available to spend will depend on transfers of unspent appropriations at the end of FY 2022-23 and FY 2023-24, as described in the State Transfer section above.

Behavioral Health Administration. Workload will increase to develop the behavioral health system assessment framework. This workload can be absorbed within existing resources.

Department of Human Services. Workload will increase to develop the incentive funding pool program and the plan for residential treatment facilities. This workload can be absorbed within existing resources.

Department of Health Care Policy and Financing. Workload will increase to analyze directed payment authority and fee schedule rates for certain clinical stabilization services. This workload can be absorbed within existing resources.

Local Government

Beginning in FY 2023-24, workload for county departments of human services will increase to submit quarterly data on children and youth to the BHA. Workload may also increase for some county departments to collaborate with the BHA as stakeholders for their framework development. This workload is expected to be minimal.

Effective Date

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

State Appropriations

For FY 2023-24, the bill requires an appropriation of \$5,900,000 to the Department of Human Services from the High-Acuity Treatment and Services Cash Fund.

State and Local Government Contacts

Behavioral Health Administration
Health Care Policy and Financing
Human Services
Public Health and Environment

Counties
Higher Education
Information Technology
Treasury