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Fiscal Note

Drafting Number: LLS 24-0528 Date: February 29, 2024
Prime Sponsors: Rep. Brown; Bird Bill Status: House Health & Human Services
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Bill Topic: MEDICAID COVERAGE HOUSING & NUTRITION SERVICES

Summary of Fiscal Impact:
State Revenue [] State Transfer [] Local Government [x]
State Expenditure [x] TABOR Refund [] Statutory Public Entity []

The bill requires the Department of Health Care Policy and Financing to study covering housing and nutrition services under Medicaid and to seek federal approval to provide these services if they have a neutral impact on the state General Fund. The bill increases state expenditures on an ongoing basis.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$445,839 to the Department of Health Care Policy and Financing.

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

Table 1
State Fiscal Impacts Under HB 24-1322

Table with 4 columns: Category, Budget Year FY 2024-25, and Out Year FY 2025-26. Rows include Revenue, Expenditures (General Fund, Federal Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (General Fund Reserve).

Summary of Legislation

The bill requires the Department of Health Care Policy and Financing (HCPF) to study the feasibility of covering specified housing and nutrition services and report to General Assembly by November 10, 2024. The study must address several issues, including costs and funding mechanisms, and how the services will integrate with existing state housing and nutrition services. HCPF may hire a consultant to assist with the study, and seek and expend gifts, grants, and donations. If HCPF determines that providing these services is budget neutral to the General Fund due to offsetting reductions in medical services and other expenditures, the department must seek federal authorization to cover the services by July 1, 2025.

Background and Assumptions

There are currently programs in various state departments that provide housing and nutrition services using state funds. The fiscal note assumes that the feasibility study will identify certain services that could be covered under Medicaid in a way that is General Fund neutral once federal matching funds becomes available through Medicaid to offset a portion of the state cost. Given this assumption, the fiscal note includes costs for HCPF to seek federal authorization for these services.

[House Bill 23-1300](#) requires HCPF to study, among other things, methods of meeting its members' health and social needs, including food and housing and report to the General Assembly by January 1, 2026. The fiscal note assumes that HCPF may leverage the staffing and appropriations for HB 23-1300 when meeting the requirements of this bill but that, due to the condensed timeline and the differences in the report requirements, additional resources will be required.

State Expenditures

The bill increases state expenditures in HCPF by \$470,750 in FY 2024-25 and \$464,080 in FY 2025-26, paid from the General Fund and federal funds, to conduct the feasibility study and seek federal authorization for identified housing and nutrition services. Depending on which services are ultimately identified and approved, costs in HCPF will increase and costs in other agencies may decrease to the extent that existing services provided through other agencies become paid for through Medicaid. Expenditures are shown in Table 2 and detailed below.

**Table 2
Expenditures Under HB 24-1322**

	FY 2024-25	FY 2025-26
Department of Health Care Policy and Financing		
Personal Services	\$134,139	\$134,139
Operating Expenses	\$1,280	\$1,280
Capital Outlay Costs	\$6,670	-
Consulting Contract	\$180,000	\$180,000
Actuarial Analysis Contract	\$123,750	\$123,750
Centrally Appropriated Costs ¹	\$24,911	\$24,911
Total Cost	\$470,750	\$464,080
Total FTE	1.0 FTE	1.0 FTE

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

Department of Health Care Policy and Financing. HCPF will have additional costs to produce the required report and seek federal authorization to cover new services. Upon receiving federal authorization, HCPF will implement the new coverage. These impacts are described below.

- **Staff.** HCPF requires 1.0 FTE to seek federal authorization and prepare the feasibility study on a condensed timeline. This staff's responsibility will initially focus on the study and federal approval and then shift towards implementing the new coverage requirements after federal authorization is granted.
- **Contractor costs.** HCPF requires a contracted consultant (1,000 hours) and an actuary (330 hours) to cover the required information in the report and provide necessary information to the federal government in the course of seeking federal authorization. It is assumed that these costs will recur annually until federal authorization is granted.
- **Implementation costs.** Upon receiving federal authorization, HCPF will have costs to implement the new services. These costs cannot be estimated at this time. It is assumed necessary funding will be requested through the annual budget process once the scope of covered services is known. Implementation costs may include additional staff and IT system changes.
- **Service costs.** At this time, the cost of additional housing and nutrition services cannot be estimated. However, due to the requirement in the bill that any new services be General Fund neutral, it is assumed that these costs will be offset by savings to other agencies or through the availability of federal matching funds.

Other agencies. Agencies that operate housing and nutrition programs, like the Department of Local Agencies (DOLA) and the Department of Human Services (DHS), will be impacted by the feasibility study in FY 2024-25 and by the new services provided by HCPF upon implementation.

- **Feasibility study.** Other agencies will assist HCPF and their contractors in understanding any connection between the potential Medicaid services and their programs. It is assumed that this work is absorbable for affected agencies.
- **Service cost shift.** As discussed above, other agencies may have reduced costs for housing and nutrition services to the extent that HCPF pay for these services for Medicaid clients who participate in these programs. These costs cannot be estimated at this time and it is assumed appropriations will be adjusted for through the budget process.

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 shown in Table 2.

Local Government

Similar to the state agency impact above, local governments will also have increased workload to assist HCPF in understanding any housing and nutrition services they provide. This work 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 2024-25, the bill requires an appropriation of \$445,839 to the Department of Health Care policy and Financing, split evenly between General Fund and federal funds, and 1.0 FTE.

State and Local Government Contacts

Counties	Health Care Policy and Financing	Human Services
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The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).