

Colorado Legislative Council Staff Fiscal Note

**STATE
FISCAL IMPACT**

Drafting Number: LLS 15-0391
Prime Sponsor(s): Rep. Vigil

Date: February 9, 2015
Bill Status: House Public Health Care and Human Services
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BILL TOPIC: ALCOHOL AND SUBSTANCE ABUSE MEDICAL DETOX CENTERS

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017	FY 2017-2018
State Revenue			
State Expenditures	\$944,475	\$5,574,844	\$4,649,570
General Fund	up to \$941,226	up to \$5,570,790	up to \$4,645,516
Centrally Appropriated Costs**	\$3,249	\$4,054	\$4,054
FTE Position Change	0.3 FTE	0.3 FTE	0.3 FTE
Appropriation Required: \$941,226 - Department of Human Services (FY 2015-16)			

* This summary shows changes from current law under the bill for each fiscal year.

** These costs are not included in the bill's appropriation. See the State Expenditures section for more information.

Summary of Legislation

The bill creates the Alcohol and Substance Abuse Medical Detox Centers Pilot Program in the Department of Human Services (DHS). The purpose of the pilot program is to provide limited medical services currently unavailable through standard social detox programs to individuals addicted to alcohol or substances. The DHS will select one rural treatment center (serving a county or group of counties with a total population below 30,000 people) and one urban treatment center (serving a county or group of counties with a total population above 30,000 people). The pilot program will begin by July 1, 2016, and the two treatment centers selected to participate will operate the program for two years. At the end of the two years, each treatment center will submit a report to the DHS concerning activities and outcomes. The DHS will submit a final report to the General Assembly by January 30, 2019.

Under the bill, alcohol and substance abuse treatment centers in Colorado may apply to participate in the pilot program. The State Board of Human Services (board) will adopt rules to create the application process, addressing requirements for participation, important deadlines, and application selection criteria. The DHS will make recommendations to the board regarding applications. By February 1, 2016, the board will select pilot program participants. The bill also creates the Alcohol and Substance Abuse Medical Detox Centers Pilot Program Fund. The program is repealed on July 1, 2019.

State Expenditures

The bill will increase expenditures in the DHS by up to \$944,475 and 0.3 FTE in FY 2015-16 and up to \$5,574,844 and 0.3 FTE in FY 2016-17. These costs, outlined in Table 1, are discussed below.

Table 1. Expenditures Under HB 15-1087			
Cost Components	FY 2015-16	FY 2016-17	FY 2017-18
Personal Services	\$15,950	\$19,140	\$19,140
FTE	0.3 FTE	0.3 FTE	0.3 FTE
Treatment Centers Operating Costs	up to \$925,276	up to \$5,551,650	up to \$4,626,376
Centrally Appropriated Costs*	\$3,249	\$4,054	\$4,054
TOTAL	\$944,475	\$5,574,844	\$4,649,570

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

Assumptions. The fiscal note makes the following assumptions:

- each treatment center selected for the pilot program will serve 15 patients at a time, keeping each center below the Institutions of Mental Disease (IMD) limit for facilities;
- the average cost per day per patient at a facility is \$507, based on information submitted from two licensed medical detox facilities, the Valley Hope Association and Aspen Pointe;
- the \$507 per day per patient cost includes the annual cost of a full-time physician (\$175,000), based on recent contracting work with physicians; and
- the treatment centers will begin the pilot program on May 1, 2016, given that the State Board of Human Services will select the two facilities by February 1, 2016.

Staffing. The bill requires \$15,950 and 0.3 FTE in the DHS in FY 2015-16. This staff will be responsible for rule development, soliciting and evaluating applications, developing the scope of the contracts with each treatment center, and preparing final recommendations to the State Board of Human Services. In FY 2016-17 and FY 2017-18 the bill requires \$19,140 and 0.3 FTE in the DHS. This staff will be responsible for monitoring progress at the treatment centers, managing the scope of the contracts with each facility, staff training, consultation, and preparing the final report to be submitted to the General Assembly.

Treatment centers operating costs. In FY 2015-16, the bill requires \$925,276 to operate the two treatment centers for two months and in FY 2016-17 the bill requires up to \$5,551,650 to operate the two treatment centers for a full year, at a cost of \$2,775,825 per facility. In FY 2017-18, the fiscal note assumes that the treatment centers will operate for 10 months, at a cost of \$2,313,188 per facility. These costs assume that both facilities serve the maximum number of patients (15 patients). However, actual costs may vary. Table 2, below, outlines the range of annual costs based on the number of patients served at each facility.

Number of Patients Per Facility	5 patients	10 patients	15 patients
Rural Treatment Center	\$925,275	\$1,850,550	\$2,775,825
Urban Treatment Center	\$925,275	\$1,850,550	\$2,775,825
TOTAL ANNUAL COST TO DHS	\$1,850,550	\$3,701,100	\$5,551,650

Funding. The bill creates the Alcohol and Substance Abuse Medical Detox Centers Pilot Program Fund, but no source of revenue is identified. Therefore, this fiscal note identifies the source of money as the General Fund.

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. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 3.

Cost Components	FY 2015-16	FY 2016-17	FY 2017-18
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$2,013	\$2,416	\$2,416
Supplemental Employee Retirement Payments	\$1,236	\$1,638	\$1,638
TOTAL	\$3,249	\$4,054	\$4,054

*More information is available at: <http://colorado.gov/fiscalnotes>

Effective Date

The bill takes effect August 5, 2015, if the General Assembly adjourns on May 6, 2015, as scheduled, and no referendum petition is filed.

State Appropriations

In FY 2015-16, the bill requires an appropriation of \$941,226 and 0.3 FTE from the General Fund to the Alcohol and Substance Abuse Medical Detox Centers Pilot Program Fund in the DHS.

State and Local Government Contacts

Human Services
Counties

Health Care Policy and Financing
Public Health and Environment