



**Colorado
Legislative
Council
Staff**

Bill 3

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-0161
Prime Sponsor(s):

Date: September 27, 2016
Bill Status: Interim Study Committee on
Communication between HCPF
and Medicaid Clients Bill Request
Fiscal Analyst: Ryan Long (303-866-2066)

BILL TOPIC: AUDITS OF MEDICAID CLIENT CORRESPONDENCE

| Fiscal Impact Summary | FY 2017-2018 | FY 2018-2019 | FY 2019-2020 |
|---|--------------|--------------|------------------|
| State Revenue | | | |
| State Expenditures | | | \$156,000 |
| Cash Funds and Federal Funds | | | 156,000 |
| Appropriation Required: None. | | | |
| Future Year Impacts: Ongoing expenditure and workload increases. | | | |

Summary of Legislation

This bill, *requested by the 2016 Interim Study Committee on Communication between The Department of Health Care Policy and Financing (HCPF) and Medicaid Clients*, requires the Office of the State Auditor (OSA) to conduct performance audits of client communications concerning eligibility for Medicaid programs. These audits will be conducted in 2020 and 2023, with any future audits occurring at the discretion of the state auditor. These audits will encompass communications generated both in and outside of the Colorado Benefits Management System (CBMS).

The performance audits will determine whether client communications comply with state and federal requirements, and they will review the understandability, readability, and accuracy of client communications. As a part of these audits, OSA will review available county data related to confusing communications received by Medicaid clients. The OSA will report audit findings and recommendations to various committees.

State Expenditures

This bill impacts workload and costs in the OSA and HCPF as discussed below.

Office of the State Auditor. This bill will increase workload in the OSA beginning in FY 2019-20, to conduct a performance audit of Medicaid client communications sent to clients or potential clients in the Medicaid programs. It is assumed that this audit will be conducted as part of the OSA's annual audit workload and will not require additional appropriations. Pursuant to current law, OSA will charge HCPF 50 percent of the cost of the audit.

Department of Health Care Policy and Financing. This bill will create a minimal increase in workload for HCPF to assist OSA with the audits, which can be accomplished within existing appropriations. In FY 2019-20, HCPF will be required to reimburse the OSA approximately \$156,000 for audit-related costs. It is assumed this cost will be paid from a mix of cash funds and federal funds, and will be addressed through the annual budget process.

Local Government Impact

This bill requires the OSA to review available county data regarding client confusion with client communications. Providing data to OSA may increase workload for counties.

Effective Date

The bill takes effect August 9, 2017, if the General Assembly adjourns on May 10, 2017, as scheduled, and no referendum petition is filed, except that section 2 of this bill only takes effect if LLS 17-0162 (Bill 4) becomes law.

State and Local Government Contacts

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|------------------------|----------------------------------|----------------|
| Counties | Health Care Policy And Financing | Human Services |
| Information Technology | State Auditor | |