

**FINAL  
FISCAL NOTE**

**Drafting Number:** LLS 13-0544

**Date:** May 22, 2013

**Prime Sponsor(s):** Sen. Hill

**Bill Status:** Postponed Indefinitely

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**TITLE:** CONCERNING COMPLIANCE WITH SECTION 50 OF ARTICLE V OF THE COLORADO STATE CONSTITUTION BY PROHIBITING ANY ENTITY THAT IS INVOLVED WITH ABORTION SERVICES FROM RECEIVING PUBLIC FUNDS.

<b>Fiscal Impact Summary</b>	<b>FY 2013-2014</b>	<b>FY 2014-2015</b>
<b>State Revenue</b>		
<b>State Expenditures</b>	<u>\$56,171</u>	<u>\$64,335</u>
General Fund	28,086	32,168
Federal Funds	28,085	32,167
Multiple Fund Sources	Other potential costs and savings*	Other potential costs and savings*
<b>FTE Position Change</b>	0.8 FTE	1.0 FTE
<b>Effective Date:</b> The bill was postponed indefinitely by the Senate Judiciary Committee on February 4, 2013.		
<b>Appropriation Summary for FY 2013-2014:</b> See State Appropriations section.		
<b>Local Government Impact:</b> See Local Government Impact section.		

\* Potential savings from various cash funds and the General Fund could be realized if compliance with the bill requires existing programs and contracts to be discontinued, while at the same time, other costs could also be incurred under the bill from these various sources. See the State Expenditures section for more information.

**Summary of Legislation**

The bill prohibits public moneys from going to any individual, entity, or organization that does the following:

- directly or indirectly performs an induced abortion;
- advocates for induced abortions; or
- provides referrals for induced abortions.

Under current law, the Colorado Constitution prohibits public funds from being used to directly pay for an induced abortion or to reimburse anyone for an induced abortion.

**State Expenditures**

The bill increases costs in the Department of Health Care Policy and Financing (DHCPF) by **\$56,171 and 0.8 FTE in FY 2013-14 and by \$64,335 and 1.0 FTE in FY 2014-15**. These costs are split evenly between General Fund and federal funds. In addition, multiple agencies may have reductions in spending under the bill, depending on the ability and willingness of contractors and services providers to abide by the requirements of the bill in order to receive public funds and the ability of state agencies to find alternate contractors and providers to replace those that do not meet the requirements under the bill. Contract monitoring and auditing costs are also expected to increase across multiple agencies. These costs and potential spending reductions are discussed below and summarized in Table 1.

<b>Cost Components</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>
Personal Services	\$50,708	\$63,385
FTE	0.8	1.0
Operating Expenses and Capital Outlay	5,463	950
<b>TOTAL</b>	<b>\$56,171</b>	<b>\$64,335</b>

*Department of Health Care Policy and Financing.* Current federal law requires state Medicaid programs to cover abortion in cases of rape, incest, or to save the life of the mother, as well as to allow patients to receive care at any qualified medical provider that is willing to serve them. A waiver of these requirements will be required for the bill to be implemented without jeopardizing federal matching funds to the Colorado Medicaid program. The DHCPF will have costs of **\$56,171 in FY 2013-14 and \$64,335 in FY 2014-15** to apply for a Medicaid waiver demonstration project. These costs are for an additional staff person and the associated operating costs to develop the waiver application, receive public input, and respond to questions and concerns from the federal Centers for Medicare and Medicaid Services. FTE is prorated to 0.8 FTE in the first year to reflect a September start date and the General Fund pay date shift and is 1.0 FTE in the second year. The DHCPF may also have increased costs to monitor providers to ensure that they are not making prohibited referrals or performing abortions. It is assumed this monitoring will be incorporated into the existing quality control and audit divisions within the DHCPF.

To the extent that providers who currently receive Medicaid payments choose to continue to perform abortions or give referrals for abortions after implementation of this bill, including to non-Medicaid patients, the number of providers serving Medicaid clients may decrease. This could result in fewer services provided under Medicaid, which will decrease spending. Any such decrease will be addressed through the annual budget process.

**Department of Public Health and Environment.** The bill will require the Department of Public Health and Environment (DPHE) to modify existing agreements with hospitals, clinics, community health centers, local public health agencies, schools, and other health care providers receiving state funding for public health to ensure that they meet the requirements of the bill. To the extent that such public health providers cannot or will not ensure that their organizations do not perform or make referrals for abortions, the number of entities receiving public health funding may decrease, resulting in lower spending by the DPHE if alternate providers cannot be found.

**Department of Personnel and Administration.** The bill may impact the ability of the state to offer employees group benefit health insurance. The Department of Personnel and Administration (DPA) currently contracts with two health insurance companies to offer state employees the choice of four health plans. These plans will require modification and providers paid by the health insurers may need to agree not to perform abortions or make referrals.

If acceptable modifications cannot be made by the existing insurers and providers, or if alternates are not found, the state may be required to discontinue offering health insurance to employees. This will reduce expenditures on employee health insurance by about \$180 million. However, these savings will be partially offset by fines of up to \$72 million per year because under federal health care reform, large employers can be fined \$2,000 per year per full-time employee if employer-sponsored insurance is not offered (the state has approximately 36,000 employees).

**Department of Corrections.** The Department of Corrections (DOC) may be required to modify agreements with hospitals and other outside health care providers that provide services to offenders. In order for payments for these health care services to continue, the DOC will need to monitor these organizations to ensure that they do not perform abortions or make referrals for abortions. Otherwise, alternative hospitals and providers will be required. To the extent that any modifications to existing health care arrangements affect costs, funding will be adjusted through the annual budget process.

### **Expenditures Not Included**

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 if the commission is not designated by the Legislative Council as a prioritized interim committee are summarized in Table 2.

<b>Table 2. Expenditures Not Included Under SB13-066*</b>		
<b>Cost Components</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$5,385	\$6,732
Supplemental Employee Retirement Payments	3,112	4,402
<b>TOTAL</b>	<b>\$8,497</b>	<b>\$11,134</b>

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

**Local Government Impact**

The bill may impact the ability of local governments to continue payments for public health programs and local government employee health insurance. If acceptable modifications to contracts and other agreements with health care providers, health insurers, and other entities that accept funds from local governments, there may be a reduction in spending for these purposes if alternatives cannot be developed.

**State Appropriations**

In FY 2013-14, the DHCPF requires an appropriation of \$56,171, split evenly between General Fund and federal fund, and 0.8 FTE.

**Departments Contacted**

Health Care Policy and Financing  
Public Health and Environment  
Corrections  
Education  
Local Affairs  
Regulatory Agencies  
Counties

Human Services  
Personnel and Administration  
Higher Education  
Law  
Public Safety  
Revenue  
Municipalities