



Colorado General Assembly
Joint Budget Committee

JOINT BUDGET COMMITTEE STAFF FY 2017-18 BUDGET BRIEFING SUMMARY

*Department of Health Care Policy and Financing
Medicaid Behavioral Health Community Programs*

The Department of Health Care Policy and Financing helps pay health and long-term care expenses for low-income and vulnerable populations. This Joint Budget Committee staff budget briefing document concerns the behavioral health community programs administered by the Department. Behavioral health services include both mental health and substance use disorder services. Of the total General Fund appropriation to the Department for FY 2016-17, 6.9 percent supports behavioral health community programs.

FY 2016-17 APPROPRIATION AND FY 2017-18 REQUEST

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION:					
HB 16-1405 (Long Bill)	\$662,617,330	\$183,627,684	\$16,633,015	\$462,356,631	0.0
TOTAL	\$662,617,330	\$183,627,684	\$16,633,015	\$462,356,631	0.0
FY 2017-18 REQUESTED APPROPRIATION:					
FY 2016-17 Appropriation	\$662,617,330	\$183,627,684	\$16,633,015	\$462,356,631	0.0
R2 Behavioral health forecast	20,962,544	(406,491)	11,420,458	9,948,577	0.0
R6 Delivery system and payment reform	(26,717,069)	(7,215,319)	(1,090,836)	(18,410,914)	0.0
Annualize prior year budget actions	8,645	(28,516)	32,856	4,305	0.0
TOTAL	\$656,871,450	\$175,977,358	\$26,995,493	\$453,898,599	0.0
INCREASE/(DECREASE)	(\$5,745,880)	(\$7,650,326)	\$10,362,478	(\$8,458,032)	0.0
Percentage Change	(0.9%)	(4.2%)	62.3%	(1.8%)	0.0%

R2 BEHAVIORAL HEALTH FORECAST: The request includes an increase of \$21.0 million total funds, including a decrease of \$0.4 million General Fund, for projected caseload and expenditure changes in both the capitation and fee-for-service Medicaid behavioral health programs. *[For more information, see the first issue brief.]*

R6 DELIVERY SYSTEM AND PAYMENT REFORM: Overall, the Department requests a net increase of \$3.2 million total funds (including a decrease of \$200,342 General Fund), for a number of changes that the Department characterizes as delivery system and payment reforms. The Department proposes taking a portion of the money currently paid to certain providers and transforming it into incentive payments based on health outcomes and performance. With respect to behavioral health, incentive payments would be financed using the savings from further projected decreases in behavioral health capitation rates. The behavioral health performance payments related to FY 2017-18 would not be paid out until FY 2018-19, resulting in a one-time savings in FY 2017-18. These savings offset funding requests for administrative expenses and continuation of the “primary care rate bump”.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes \$8,645 total funds to reflect the second-year impact of two FY 2016-17 budget actions.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
Annualize HB 16-1321 Medicaid buy-in eligibility	\$8,645	(\$28,516)	\$32,837	\$4,324	0.0
Annualize FY 16-17 Cervical cancer eligibility	0	0	19	(19)	0.0
TOTAL	\$8,645	(28,516)	\$32,856	\$4,305	0.0

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

OVERVIEW OF DEPARTMENT’S FY 2017-18 REQUEST FOR BEHAVIORAL HEALTH COMMUNITY PROGRAMS:

The Department's most recent projections for behavioral health community programs indicate that the General Assembly will likely be able to reduce General Fund appropriations by \$6.4 million in the current fiscal year, followed by another \$1.3 million reduction in FY 2017-18.

CAPITATION RATE TRENDS: The average amount that the Department pays to behavioral health organizations for the provision of behavioral health services for Medicaid-eligible clients initially increased when Medicaid eligibility was expanded in January 2014. Based on actual utilization and costs, as well as new federal managed care regulations, rates have since declined and are projected to continue to decline in FY 2017-18.

ACCOUNTABLE CARE COLLABORATIVES PHASE II: On November 4, 2016, the Department of Health Care Policy and Financing (HCPF) released a draft request for proposals for phase II of the Accountable Care Collaborative. As part of an effort to integrate physical and behavioral health care, the Department proposes to combine the administrative functions of behavioral health organizations with those of regional care collaborative organizations starting July 1, 2018.

FOR MORE INFORMATION

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TO READ THE ENTIRE BRIEFING: http://leg.colorado.gov/sites/default/files/fy2017-18_hcpbrf2.pdf