

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



FY 2011-12 STAFF FIGURE SETTING

**DEPARTMENT OF HEALTH CARE POLICY
AND FINANCING**

**(Includes information related to the Executive Director's Office, Medical Services
Premiums, Indigent Care Programs, and Other Medical Programs)**

**JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision**

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**FY 2011-12 Joint Budget Committee Staff Figure Setting
Department of Health Care Policy and Financing**

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**Department of Health Care Policy and Financing
Executive Director: Sue Birch**

(Primary Functions: Administration of Medicaid, the Colorado Indigent Care Program, S.B. 00-71 Comprehensive Primary and Preventative Care Grant Program, Old Age Pension Health and Medical Fund Services, and the Children's Basic Health Plan).

(1) Executive Director's Office/1

(Primary Functions: Provides all of the administrative, audit and oversight functions for the Department. This Division contains 7 Subdivisions.)

(A) General

(Primary Functions: Contains all of the personal services costs, operating costs, and centrally appropriated costs for the Department)

Personal Services/1	<u>20,499,157</u>	<u>19,936,001</u>	S	<u>21,532,935</u>	<u>21,269,200</u>	DI #8	<u>(23,494)</u>
FTE	276.5	287.8		312.3	312.2	NP #1, #12,	(0.2)
General Fund	7,927,142	7,314,902		7,471,826	7,651,902	#14	0
Cash Funds	1,172,469	1,652,353		2,189,061	1,998,029		(23,494)
Reappropriated Funds	1,187,672	520,127		447,541	449,985		0
Federal Funds	10,211,874	10,448,619		11,424,507	11,169,284		0
Health, Life, and Dental	<u>1,479,962</u>	<u>1,706,057</u>		<u>2,019,758</u>	<u>2,024,577</u>	NP #13	
General Fund	640,247	611,752		617,223	627,749		
Cash Funds	63,735	205,744		263,281	255,164		
Reappropriated Funds	38,965	15,219		0	0		
Federal Funds	737,015	873,342		1,139,254	1,141,664		
Short-term Disability	<u>24,456</u>	<u>26,138</u>		<u>35,899</u>	<u>31,573</u>	NP #2	<u>(17)</u>
General Fund	9,267	9,539		11,715	12,095		0
Cash Funds	1,540	2,174		3,973	2,470		(17)
Reappropriated Funds	1,885	737		0	0		0
Federal Funds	11,764	13,688		20,211	17,008		0
S.B. 04-257 Amortization Equalization							
Disbursement/2	<u>330,311</u>	<u>402,667</u>		<u>567,904</u>	<u>523,372</u>		<u>(532)</u>
General Fund	123,846	145,650		185,323	186,960		0
Cash Fund	20,931	33,664		62,851	52,886		(532)
Reappropriated Funds	25,615	11,411		0	0		0
Federal Funds	159,919	211,942		319,730	283,526		0

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S.B. 06-235 Supplemental							
AED	<u>205,654</u>	<u>292,544</u>		<u>456,352</u>	<u>419,596</u>		<u>(302)</u>
General Fund	76,042	105,135		148,921	148,785		0
Cash Fund	13,368	24,547		50,505	42,151		(302)
Reappropriated Funds	16,009	8,321		0	0		0
Federal Funds	100,235	154,541		256,926	228,660		0
Salary Survey and Senior Executive Service	<u>0</u>	<u>0</u>		<u>0</u>	<u>0</u>		
Performance-based Pay Awards	<u>0</u>	<u>0</u>		<u>0</u>	<u>0</u>		
Worker's Compensation	<u>34,252</u>	<u>34,748</u>		<u>35,997</u>	<u>Pending</u>		
General Fund	17,126	17,374		17,999	pending		
Federal Funds	17,126	17,374		17,998	pending		
Operating Expenses	<u>1,567,155</u>	<u>1,587,445</u>		<u>1,534,417</u>	<u>1,580,579</u>		
General Fund	642,384	660,958		673,273	677,168	DI #8	
Cash Funds	126,000	120,297		82,063	101,248	NP #3 BA #5	
Reappropriated Funds	10,599	13,461		13,461	13,461		
Federal Funds	788,172	792,729		765,620	788,702		
Legal and Third Party Recovery							
Legal Services	<u>754,502</u>	<u>872,590</u>		<u>927,244</u>	<u>Pending</u>		
General Fund	314,430	337,174		337,174	pending		
Cash Funds	62,393	99,121		126,448	pending		
Federal Funds	377,679	436,295		463,622	pending		
Administrative Law Judge Services	<u>456,922</u>	<u>442,378</u>		<u>512,543</u>	<u>Pending</u>		
General Fund	228,461	206,884		228,907	pending		
Cash Funds	0	14,305		27,365	pending		
Federal Funds	228,461	221,189		256,271	pending		
Computer Systems Costs	<u>129,163</u>	<u>298,386</u>		<u>577,783</u>	<u>Pending</u>		
General Fund	61,245	145,856		285,555	pending	NP #2	
Reappropriated Funds	3,337	3,337		3,337	pending		
Federal Funds	64,581	149,193		288,891	pending		
Multiuse Network Payments	<u>0</u>	<u>199,438</u>		<u>227,138</u>	<u>Pending</u>		
General Fund	0	99,719		113,569	pending		
Federal Funds	0	99,719		113,569	pending		

**FY 2011-12 Joint Budget Committee Staff Figure Setting
Department of Health Care Policy and Financing**

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Management & Administration							
of OIT	<u>414,321</u>	<u>624,180</u>		<u>637,261</u>	<u>Pending</u>	NP #2	
General Fund	207,161	312,090		318,631	pending		
Federal Funds	207,160	312,090		318,630	pending		
Payment to Risk Management and							
Property Funds	<u>78,487</u>	<u>24,418</u>		<u>96,112</u>	<u>Pending</u>		
General Fund	39,244	12,209		48,056	pending		
Federal Funds	39,243	12,209		48,056	pending		
Leased Space							
General Fund	<u>385,125</u>	<u>696,564</u>		<u>696,564</u>	<u>696,564</u>		
Cash Funds	171,512	191,619		191,619	197,119		
Federal Funds	21,050	156,664		156,664	151,164		
Federal Funds	192,563	348,281		348,281	348,281		
Capitol Complex Leased Space							
General Fund	<u>395,460</u>	<u>388,228</u>		<u>415,505</u>	<u>Pending</u>		
General Fund	197,730	194,114		207,753	pending		
Federal Funds	197,730	194,114		207,752	pending		
General Professional Services							
and Special Projects	<u>2,935,923</u>	<u>4,519,565</u>		<u>6,422,552</u>	<u>6,422,552</u>	BRI #2, BA #8 NP-BA #7	
General Fund	1,189,435	1,480,361		1,400,918	1,400,918		
Cash Funds	500,430	673,785		665,000	665,000		
Federal Funds	1,246,058	2,365,419		4,356,634	4,356,634		
Bills Appropriated At							
Subdivision Level	<u>0</u>	<u>1,328,361</u>		<u>0</u>	<u>0</u>		
FTE	0	7.0		0.0	0.0		
General Fund	0	503,705		0	0		
Federal Funds	0	824,656		0	0		
SUBTOTAL -- Executive Director's Office, General Administration							
Total Funds	<u>29,690,850</u>	<u>33,379,708</u>	S	<u>36,695,964</u>	<u>32,968,013</u>		<u>(24,345)</u>
FTE	276.5	294.8		312.3	312.2		(0.2)
General Fund	11,845,272	12,349,041		12,258,462	10,902,696		0
Cash Funds	1,981,916	2,982,654		3,627,211	3,268,112		(24,345)
Reappropriated Funds	1,284,082	572,613		464,339	463,446		0
Federal Funds	14,579,580	17,475,400		20,345,952	18,333,759		0

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(B) Transfers to Other Departments							
(Primary Functions: Contains administrative costs that are transferred to other Departments that administer programs eligible for Medicaid funding).							
Transfer to the Department of Public Health and Environment for Facility Survey and Certification							
	<u>4,523,805</u>	<u>4,880,998</u> S		<u>4,919,450</u>	<u>4,944,797</u>	NP #6, #11, #12	
General Fund	1,372,036	1,462,495		1,528,809	1,539,465		
Federal Funds	3,151,769	3,418,503		3,390,641	3,405,332		
Transfer to the Department of Public Health and Environment for Nurse Home Visitor Program							
	<u>426,956</u>	<u>3,010,000</u>	<u>0</u>	<u>3,010,000</u>	<u>3,010,000</u>	BRI #2	
General Fund	(84,231)	0	0	0	0		
Reappropriated Funds	383,128	1,156,141	56,588	1,505,000	1,505,000		
Federal Funds	128,059	1,853,859	(56,588)	1,505,000	1,505,000		
Transfer to the Department of Public Health and Environment for Prenatal Statistical Information							
	<u>0</u>	<u>0</u>		<u>6,000</u>	<u>6,000</u>	DI #8	
General Fund	0	0		3,000	3,000		
Federal Funds	0	0		3,000	3,000		
Transfer to the Department of Public Health and Environment for Enhanced Prenatal Care Training							
	<u>108,665</u>	<u>118,227</u> S		<u>0</u>	<u>0</u>	DI #8	
General Fund	54,333	58,362		0	0		
Federal Funds	54,332	59,865		0	0		
Transfer to the Department of Regulatory Agencies for Nurse Aide Certification							
	<u>325,343</u>	<u>325,343</u>		<u>323,173</u>	<u>324,041</u>	NP #7 NP BA #11	
General Fund	148,020	148,020		146,935	147,369		
Reappropriated Funds	14,652	14,652		14,652	14,652		
Federal Funds	162,671	162,671		161,586	162,020		

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Transfer to the Department of Regulatory Agencies for Reviews							
	<u>9,576</u>	<u>14,000</u>		<u>14,000</u>	<u>14,000</u>		
General Fund	4,788	6,500		6,500	6,500		
Cash Funds	0	500		500	500		
Federal Funds	4,788	7,000		7,000	7,000		
Transfer to the Department of Education for Public School Health Services Administration							
	<u>129,115</u>	<u>150,388</u>		<u>138,314</u>	<u>138,314</u>	NP #18	
Federal Funds	129,115	150,388		138,314	138,314	BA #5	
SUBTOTAL -- Executive Director's Office, Transfers to Other Departments							
Total Funds	<u>5,523,460</u>	<u>8,498,956</u> S	<u>0</u>	<u>8,410,937</u>	<u>8,113,111</u>		
General Fund	1,494,946	1,675,377	0	1,685,244	1,548,965		
Cash Funds	0	500	0	500	500		
Reappropriated Funds	397,780	1,170,793	56,588	1,519,652	1,505,000		
Federal Funds	3,630,734	5,652,286	(56,588)	5,205,541	5,058,646		

(C) Information Technology Contracts and Projects

(Primary Functions: Contains funding the Medicaid Management Information System, Web Portal, and special IT projects).

Information Technology							
Contracts	<u>22,767,387</u>	<u>33,700,550</u> S		<u>32,538,990</u>	<u>32,412,990</u>	BRI # 1, 5, 6	
General Fund	5,348,546	5,877,061		6,326,301	6,581,901	BA #3	
Cash Funds	642,364	2,433,429		1,766,770	1,479,670		
Reappropriated Funds	100,328	100,328		100,328	100,328		
Federal Funds	16,676,149	25,289,732		24,345,591	24,251,091		
Fraud Detection Software							
Contract	<u>101,250</u>	<u>250,000</u>		<u>250,000</u>	<u>250,000</u>		
General Fund	28,622	62,500		62,500	62,500		
Federal Funds	72,628	187,500		187,500	187,500		

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Centralized Eligibility Vendor							
Contract Project	<u>0</u>	<u>760,000</u>		<u>2,221,482</u>	<u>977,144</u>		
Cash Funds	0	366,320		964,169	342,000		
Federal Funds	0	393,680		1,257,313	635,144		
SUBTOTAL -- Executive Director's Office, Information Technology Contracts and Projects							
Total Funds	<u>22,868,637</u>	<u>34,710,550</u> S		<u>35,010,472</u>	<u>33,640,134</u>		
General Fund	5,377,168	5,939,561		6,388,801	6,644,401		
Cash Funds	642,364	2,799,749		2,730,939	1,821,670		
Reappropriated Funds	100,328	100,328		100,328	100,328		
Federal Funds	16,748,777	25,870,912		25,790,404	25,073,735		

(D) Eligibility Determinations and Client Services

(Primary Functions: Contains funding to determine client eligibility and to provide information services to clients about their health benefits).

Medical

Identification Cards	<u>116,959</u>	<u>120,000</u>		<u>120,000</u>	<u>120,000</u>		
General Fund	48,001	48,444		48,444	59,203		
Cash Funds	9,681	10,759		10,759	0		
Reappropriated Funds	1,594	1,593		1,593	1,593		
Federal Funds	57,683	59,204		59,204	59,204		

Contracts for Special Eligibility

Determinations	<u>2,332,040</u>	<u>5,233,102</u>		<u>7,454,318</u>	<u>7,761,238</u>		
General Fund	888,543	828,091		828,091	828,091		
Cash Funds	24,717	1,542,200		2,652,808	2,806,268		
Federal Funds	1,418,780	2,862,811		3,973,419	4,126,879		

County Administration

County Administration	<u>31,153,170</u>	<u>32,858,207</u>		<u>33,547,878</u>	<u>33,672,216</u>		
General Fund	9,627,844	9,794,550		9,894,550	10,300,790		
Cash Funds	5,948,741	6,674,686		6,919,522	6,575,451		
Federal Funds	15,576,585	16,388,971		16,733,806	16,795,975		

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Administrative Case Management	<u>898,270</u>	<u>869,744</u>		<u>869,744</u>	<u>869,744</u>		
General Fund	449,135	434,872		434,872	434,872		
Federal Funds	449,135	434,872		434,872	434,872		
Customer Outreach	<u>3,450,508</u>	<u>3,947,598</u>		<u>5,213,157</u>	<u>5,213,157</u>	BA #9	
General Fund	1,684,929	1,900,033		2,516,956	2,550,470		
Cash Funds	39,365	73,766		89,623	56,109		
Federal Funds	1,726,214	1,973,799		2,606,578	2,606,578		
SUBTOTAL -- Executive Director's Office, Eligibility Determinations and Client Services							
Total Funds	<u>37,950,947</u>	<u>43,028,651</u>		<u>47,205,097</u>	<u>47,636,355</u>		
General Fund	12,698,452	13,005,990		13,722,913	14,173,426		
General Fund Exempt	0	0		0	0		
Cash Funds	6,022,504	8,301,411		9,672,712	9,437,828		
Reappropriated Funds	1,594	1,593		1,593	1,593		
Federal Funds	19,228,397	21,719,657		23,807,879	24,023,508		

(E) Utilization and Quality Review Contracts

(Primary Functions: Contains contract funding to review the utilization and quality of services provided in the acute, mental health, and long-term care programs.)

Professional Service Contracts	<u>4,524,545</u>	<u>6,462,871</u>		<u>7,670,839</u>	<u>7,670,839</u>	BRI #5	
General Fund	1,125,802	1,766,994		2,045,421	2,100,370		
Cash Funds	60,449	86,596		115,486	60,537		
Federal Funds	3,338,294	4,609,281		5,509,932	5,509,932		
SUBTOTAL -- Executive Director's Office, Utilization and Quality Review Contracts							
Total Funds	<u>4,524,545</u>	<u>6,462,871</u>		<u>7,670,839</u>	<u>7,670,839</u>		
General Fund	1,125,802	1,766,994		2,045,421	2,100,370		
Cash Funds	60,449	86,596		115,486	60,537		
Federal Funds	3,338,294	4,609,281		5,509,932	5,509,932		

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(F) Provider Audits and Services

(Primary Functions: Contains contract funding to audit nursing homes, federally-qualified health centers, hospitals, and other providers).

Professional Audit Contracts	<u>1,790,216</u>	<u>3,306,813</u>		<u>2,463,406</u>	<u>2,463,406</u>	BA #4	
General Fund	895,108	1,256,281		969,283	969,283		
Cash Funds	0	352,988		262,420	262,420		
Federal Funds	895,108	1,697,544		1,231,703	1,231,703		

SUBTOTAL -- Executive Director's Office, Provider Audits and Services							
Total Funds	<u>1,790,216</u>	<u>3,306,813</u>		<u>2,463,406</u>	<u>2,463,406</u>		
General Fund	895,108	1,256,281		969,283	969,283		
Cash Funds	0	352,988		262,420	262,420		
Federal Funds	895,108	1,697,544		1,231,703	1,231,703		

(G) Recoveries and Recoupment Contract Costs

(Primary Functions: Contains contract costs associated with recovery eligible Medicaid expenses.)

Estate Recovery	<u>428,619</u>	<u>700,000</u>		<u>700,000</u>	<u>700,000</u>		
Cash Funds	214,310	350,000		350,000	350,000		
Federal Funds	214,309	350,000		350,000	350,000		

SUBTOTAL -- Executive Director's Office, Recoveries and Recoupment Contract Costs							
Total Funds	<u>428,619</u>	<u>700,000</u>		<u>700,000</u>	<u>700,000</u>		
Cash Funds	214,310	350,000		350,000	350,000		
Federal Funds	214,309	350,000		350,000	350,000		

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SUBTOTAL -- Executive Director's Office						Percent Increase from Revised App.	
Total Funds	<u>102,777,274</u>	<u>130,087,549</u> S	<u>0</u>	<u>138,156,715</u>	<u>133,191,858</u>	2.39%	(24,345)
FTE	276.5	294.8	0.0	312.3	312.2	5.90%	(0.2)
General Fund	33,436,748	35,993,244	0	37,070,124	36,339,141	0.96%	0
Cash Funds	8,921,543	14,873,898	0	16,759,268	15,201,067	2.20%	(24,345)
Reappropriated Funds	1,783,784	1,845,327	56,588	2,085,912	2,070,367	9.13%	0
Federal Funds	58,635,199	77,375,080	(56,588)	82,241,411	79,581,283	2.92%	0

(2) Medical Service Premiums

(Provides acute care medical and long-term care services to individuals eligible for Medicaid).

						BRI #1, 2, 3, 5, 6 DI #1, NP #8	
SUBTOTAL -- Medical Services						Percent Increase from Revised App.	
Premiums	<u>2,877,822,564</u>	<u>3,106,858,127</u> S	<u>234,275,907</u>	<u>3,466,729,759</u>	<u>3,491,348,270</u>	4.83%	(8,279,184)
General Fund	762,936,068	649,606,422	67,567,801	999,356,619	1,127,040,084	63.09%	(104,670,262)
General Fund Exempt	0	161,444,485	0	161,444,485	161,444,485	0.00%	0
Cash Funds	343,695,933	390,633,220	84,966,366	594,546,018	480,030,334	1.13%	97,244,319
CFE/Reappropriated Funds	3,917,255	7,595,243	(180,916)	6,679,332	3,101,708	-56.78%	3,286,351
Federal Funds	1,767,273,308	1,897,578,757	81,922,656	1,704,703,305	1,719,731,659	-13.69%	(4,139,592)

(4) Indigent Care Program

(Primary functions: Provides assistance to hospitals and clinics serving a disproportionate share of uninsured or underinsured populations, provides health insurance to qualifying children and pregnant women who are ineligible for Medicaid, and provides grants to providers to improve access to primary and preventive care for the indigent population.

Safety Net Provider Payments	<u>271,210,519</u>	<u>277,769,968</u>	<u>0</u>	<u>308,122,197</u>	<u>308,122,197</u>	DI #7	
General Fund	(707,378)	0	0	0	0		
Cash Funds	124,368,097	124,368,097	2,354,767	139,544,212	154,061,099		
Federal Funds	147,549,800	153,401,871	(2,354,767)	168,577,985	154,061,098		

**FY 2011-12 Joint Budget Committee Staff Figure Setting
Department of Health Care Policy and Financing**

	FY 2009-10 Actual	FY 2010-11 Current Appropriation*	FY 2010-11 JBC Staff LB Supplemental	FY 2011-12 Dept. Request	FY 2011-12 JBC Staff Long Bill Rec.	Change Req. #	FY 2011-12 JBC Staff Legislation Rec.
Colorado Health Care Services Fund	<u>10,390,000</u>	<u>0</u>		<u>0</u>	<u>0</u>		
General Fund	10,390,000	0		0	0		
The Children's Hospital, Clinic Based							
Indigent Care	<u>27,759,956</u>	<u>6,119,760</u>	<u>0</u>	<u>6,119,760</u>	<u>0</u>		
General Fund	2,350,600	2,350,600	115,051	3,059,880	0		
Reappropriated Funds	8,312,000	0	0	0	0		
Federal Funds	17,097,356	3,769,160	(115,051)	3,059,880	0		
Health Care Services Fund Programs	<u>5,410,049</u>	<u>31,085,655</u>	<u>(1,450,510)</u>	<u>25,020,636</u>	<u>0</u>		<u>18,000,000</u>
Cash Funds	0	11,940,000	0	12,510,318	0		9,000,000
Reappropriated Funds	2,078,000	0	0	0	0		0
Federal Funds	3,332,049	19,145,655	(1,450,510)	12,510,318	0		9,000,000
Primary Care Fund	<u>0</u>	<u>0</u>		<u>0</u>	<u>28,253,000</u>	BRI #3	<u>(28,253,000)</u>
Cash Funds	0	0		0	28,253,000		(28,253,000)
Primary Care Grant							
Program Special Distribution	<u>2,005,000</u>	<u>3,560,000</u>		<u>2,720,000</u>	<u>0</u>	BRI #3	<u>1,722,330</u>
Cash Funds	2,005,000	3,560,000		2,720,000	0		1,722,330
Comprehensive Primary and Preventive							
Care Grants	<u>0</u>	<u>0</u>		<u>0</u>	<u>2,706,995</u>	BA #10	<u>(2,706,995)</u>
Cash Funds	0	0		0	2,706,995		(2,706,995)
Pediatric Specialty Hospital	<u>14,909,166</u>	<u>14,821,994</u>	<u>0</u>	<u>11,950,860</u>	<u>3,697,938</u>	BRI #3	<u>(1,485,944)</u>
General Fund	4,994,587	4,939,128	278,653	5,156,997	1,105,997		0
General Fund Exempt	104,310	0	0	0	0		0
Cash Funds	283,000	307,000	0	355,359	296,872		(296,872)
Reappropriated Funds	345,690	447,000	0	422,148	446,100		(446,100)
Federal Funds	9,181,579	9,128,866	(278,653)	6,016,356	1,848,969		(742,972)
General Fund							
Appropriation to Pediatric							
Specialty Hospital	<u>345,690</u>	<u>447,000</u>		<u>422,148</u>	<u>446,100</u>		<u>(446,100)</u>
General Fund Exempt	345,690	447,000		422,148	446,100		(446,100)
Appropriation from							
Tobacco Tax Fund to	<u>0</u>	<u>447,000</u>		<u>422,148</u>	<u>446,100</u>		
Cash Funds	0	447,000		422,148	446,100		

**FY 2011-12 Joint Budget Committee Staff Figure Setting
Department of Health Care Policy and Financing**

	FY 2009-10 Actual	FY 2010-11 Current Appropriation*	FY 2010-11 JBC Staff LB Supplemental	FY 2011-12 Dept. Request	FY 2011-12 JBC Staff Long Bill Rec.	Change Req. #	FY 2011-12 JBC Staff Legislation Rec.
Children's Basic Health Plan							
Administration	<u>5,145,918</u>	<u>4,889,503</u>		<u>4,894,410</u>	<u>4,894,410</u>		
General Fund	0	0		0	272,494		
Cash Funds	2,277,278	2,219,230		2,220,948	1,948,454		
Federal Funds	2,868,640	2,670,273		2,673,462	2,673,462		
Children's Basic Health Plan							
Medical and Dental Costs	<u>167,729,257</u>	<u>189,263,210</u> S	<u>(1,182,054)</u>	<u>261,837,571</u>	<u>213,086,149</u>	BRI #4. #6 DI #3	<u>(4,192,939)</u>
General Fund	0	0	0	0	37,606,486		(4,639,039)
Cash Funds	58,910,116	59,385,244	(413,718)	91,963,132	36,973,667		0
Federal Funds	108,819,141	123,021,086	(768,336)	169,874,439	138,505,996		0
Children's Basic Health Plan Dental							
Costs	<u>10,765,764</u>	<u>0</u> S		<u>0</u>	<u>0</u>		
Cash Funds	3,765,543	0		0	0		
Federal Funds	7,000,221	0		0	0		
Children's Basic Health Plan Trust							
Trust	<u>3,296,467</u>	<u>10,911,482</u> S		<u>13,987,765</u>	<u>0</u>	DI #6	
General Fund	2,710,779	9,411,482		13,987,765	0		
Cash Funds	585,688	1,500,000		0	0		
HB 09-1293 Childless Adult							
Benefit	<u>0</u>	<u>0</u>	<u>0</u>	<u>62,045,300</u>	<u>0</u>	See MSP	
Cash Funds	0	0	0	31,022,650	0	Line Item	
Federal Funds	0	0	0	31,022,650	0		
SUBTOTAL -- Indigent Care Program							
General Fund	<u>19,738,588</u>	<u>16,701,210</u>	<u>393,704</u>	<u>22,204,642</u>	<u>38,984,977</u>	Percent Increase from Revised App.	<u>(17,362,648)</u>
General Fund Exempt	450,000	447,000	0	422,148	446,100	131.07%	(4,639,039)
Cash Funds	192,194,722	203,726,571	1,941,049	280,758,767	224,686,187	-0.20%	(20,534,537)
Reappropriated Funds	10,735,690	7,303,880	0	422,148	446,100	9.34%	(446,100)
Federal Funds	295,848,786	311,136,911	(4,967,317)	393,735,090	297,089,525	-93.89%	8,257,028
						-2.92%	

**FY 2011-12 Joint Budget Committee Staff Figure Setting
Department of Health Care Policy and Financing**

	FY 2009-10 Actual	FY 2010-11 Current Appropriation*	FY 2010-11 JBC Staff LB Supplemental	FY 2011-12 Dept. Request	FY 2011-12 JBC Staff Long Bill Rec.	Change Req. #	FY 2011-12 JBC Staff Legislation Rec.
(5) Other Medical Services							
(This division provides funding for state-only medical programs including the Old-Age Pension Medical Program, MMA State Contribution, Colorado Cares Contract Costs. The division also funds 6 special purposes Medicaid programs.)							
Old Age Pension State Medical	<u>10,185,516</u>	<u>15,083,483</u>	<u>(4,083,483)</u>	<u>15,285,523</u>	<u>11,000,000</u>		Revenue Impact in Rec. Legislation
Cash Funds	10,185,516	12,848,483	(1,848,483)	12,765,523	11,000,000		
Reappropriated Funds	0	2,235,000	(2,235,000)	2,520,000	0		
Tobacco Tax Transfer from General Fund to the Old Age Pension State Medical	<u>0</u>	<u>2,235,000</u>		<u>2,520,000</u>	<u>2,230,500</u>		<u>(2,230,500)</u>
Cash Funds	0	2,235,000		2,520,000	2,230,500		(2,230,500)
Commission on Family Medicine							
Residency Training Programs	<u>1,738,844</u>	<u>1,738,846</u>	<u>0</u>	<u>1,738,846</u>	<u>1,391,077</u>		
General Fund	667,890	667,891	32,690	869,423	695,538		
Federal Funds	1,070,954	1,070,955	(32,690)	869,423	695,538		
Public School Health Services	<u>25,597,360</u>	<u>29,537,394</u>		<u>30,284,655</u>	<u>30,448,418</u>	BR I #2, BA #6	
Cash Funds	11,443,512	15,391,007		15,942,835	16,010,155	BA #5	
Federal Funds	14,153,848	14,146,387		14,341,820	14,438,263		
Public School Health Services Contract Administration	<u>433,700</u>	<u>799,700</u>		<u>1,138,549</u>	<u>1,138,549</u>	BA #5	
Federal Funds	433,700	799,700		1,138,549	1,138,549		
Medicare Modernization Act							
State Contribution Payment	<u>57,624,126</u>	<u>70,700,172</u> S	<u>1,286,372</u>	<u>91,338,170</u>	<u>91,156,720</u>	DI #4	
General Fund	57,624,126	57,029,129	1,286,372	63,208,676	66,146,615	BA #11	
Cash Funds	0	0	0	28,129,494	0		
Federal Funds	0	13,671,043	0	0	25,010,105		
State University Teaching Hospitals							
Denver Health and Hospital Authority	<u>1,831,714</u>	<u>1,831,714</u>	<u>0</u>	<u>1,831,714</u>	<u>1,831,714</u>		
General Fund	703,561	703,561	34,437	915,857	915,857		
Federal Funds	1,128,153	1,128,153	(34,437)	915,857	915,857		

**FY 2011-12 Joint Budget Committee Staff Figure Setting
Department of Health Care Policy and Financing**

	FY 2009-10 Actual	FY 2010-11 Current Appropriation*	FY 2010-11 JBC Staff LB Supplemental	FY 2011-12 Dept. Request	FY 2011-12 JBC Staff Long Bill Rec.	Change Req. #	FY 2011-12 JBC Staff Legislation Rec.
State University Teaching Hospitals							
University of Colorado Hospital							
Authority	<u>676,782</u>	<u>676,785</u>	<u>0</u>	<u>676,785</u>	<u>633,313</u>		
General Fund	259,952	259,953	12,724	338,393	316,657		
Federal Funds	416,830	416,832	(12,724)	338,392	316,656		
SUBTOTAL -- Other Medical Programs							
	<u>98,088,042</u>	<u>122,603,094</u>	<u>(2,797,111)</u>	<u>144,814,242</u>	<u>139,830,291</u>	16.33%	<u>(2,230,500)</u>
General Fund	59,255,529	58,660,534	1,366,223	65,332,349	68,074,667	13.72%	0
Cash Funds	21,629,028	30,474,490	(1,848,483)	59,357,852	29,240,655	2.02%	(2,230,500)
Reappropriated Funds	0	2,235,000	(2,235,000)	2,520,000	0	0.00%	0
Federal Funds	17,203,485	31,233,070	(79,851)	17,604,041	42,514,968	36.38%	0
TOTAL -- Department of Health Care Policy and Financing (w/o MH & DHS Divisions)							
	<u>3,597,655,666</u>	<u>3,898,864,342</u>	<u>228,846,232</u>	<u>4,447,243,511</u>	<u>4,326,023,308</u>	5.09%	<u>(27,896,677)</u>
FTE	<u>276.50</u>	<u>294.80</u>	<u>0.0</u>	<u>312.30</u>	<u>312.20</u>	5.90%	<u>(0.2)</u>
General Fund	875,366,933	760,961,410	69,327,728	1,123,963,734	1,270,438,869	57.84%	(109,309,301)
General Fund Exempt	450,000	161,891,485	0	161,866,633	161,890,585	0.00%	0
Cash Funds	566,441,226	639,708,179	85,058,932	951,421,905	749,158,243	3.81%	74,454,937
Cash Funds Exempt	16,436,729	18,979,450	(2,359,328)	11,707,392	5,618,175	-57.97%	2,840,251
Federal Funds	2,138,960,778	2,317,323,818	76,818,900	2,198,283,847	2,138,917,435	-11.01%	4,117,436

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2010-11 FIGURE SETTING**

JBC WORKING DOCUMENT -- DECISIONS SUBJECT TO CHANGE
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE ACTION

Figure Setting Summary

Summary Table 1 for Department of Health Care Policy and Financing (EXCLUDES Mental Health and DHS-Medicaid FUNDED DIVISION)						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2010-11 Appropriation (with approved supplemental bills)*	\$3,898,864,342	\$922,852,895	\$639,708,179	\$18,979,450	\$2,317,323,818	294.8
2nd Round Supplementals	<u>228,846,232</u>	<u>69,327,728</u>	<u>85,058,932</u>	<u>(2,359,328)</u>	<u>76,818,900</u>	<u>0.0</u>
FY 2010-11 Adjusted Appropriation	\$4,127,710,574	\$992,180,623	\$724,767,111	\$16,620,122	\$2,394,142,718	294.8
Recommended Changes from FY 2010-11 by Long Bill Division						
Executive Director's Office	3,104,309	345,897	327,169	168,452	2,262,791	17.4
Medical Services Premiums	150,214,236	409,865,861	4,430,748	(4,312,619)	(259,769,754)	0.0
Indigent Care Program	24,969,881	21,889,163	19,018,567	(6,857,780)	(9,080,069)	0.0
Other Medical Services	20,024,307	8,047,910	614,648	0	11,361,749	0.0
Total FY 2011-12 Long Bill Recommendation	\$4,326,023,307	\$1,432,329,454	\$749,158,243	\$5,618,175	\$2,138,917,435	312.2
JBC Legislation Recommendation #1: Transfer \$2.0 million from Supplemental OAP Medical Fund to the General Fund (shown as a Revenue impact)	(2,230,500)	0	(2,230,500)	0	0	0.0
JBC Legislation Recommendation #2: Reduce General Fund Appropriations for CBHP Program	(8,856,323)	(4,639,039)	(3,028,212)	(446,100)	(742,972)	(0.2)
JBC Legislation Recommendation #3: Transfer Amendment 35 moneys to offset General Fund expenditures	0	(33,000,000)	29,713,649	3,286,351	0	0.0
JBC Legislation Recommendation #4: Indigent Care Reductions	(8,530,670)	(17,530,670)	0	0	9,000,000	0.0
JBC Legislation Recommendation #5: Hospital Provider Fee	0	(50,000,000)	50,000,000	0	0	0.0
JBC Legislation Recommendation #6: Nursing Facility Rate Reduction	(8,279,184)	(4,139,592)	0	0	(4,139,592)	0.0
Total FY 2011-12 Staff Recommendation	\$4,298,126,630	\$1,323,020,153	\$823,613,180	\$8,458,426	\$2,143,034,871	312.0
\$ Change from prior year	\$170,416,056	\$330,839,530	\$98,846,069	(\$8,161,696)	(\$251,107,847)	17.2
% Change from prior year	4.1%	33.3%	13.6%	(49.1)%	(10.5)%	5.8%

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
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Table 2 below compares the Department's Request and Staff Recommendation.

Table 2: Summary Table for Department of Health Care Policy and Financing MAJOR ISSUES -- DEPARTMENT & STAFF COMPARISON					
Compared to Staff Rec. FY 2010-11 Appropriation	Department Request		Staff Recommendation		GF Difference
	General Fund	Total Funds	General Fund	Total Funds	
FY 2010-11 Final Recommended App.	\$992,180,623	\$4,127,710,574	\$992,180,623	\$4,127,710,574	
Executive Director's Office	1,076,880	8,044,821	345,897	3,104,309	(730,983)
Medical Service Premiums	393,199,990	146,317,005	409,865,861	150,214,236	16,665,871
Indigent Care Programs	5,109,728	148,349,469	21,889,163	24,969,881	16,779,435
Other Medical Services	5,305,592	25,008,259	8,047,910	20,024,307	2,742,318
Total FY 2011-12 Long Bill Recommendation*	\$1,396,872,813	\$4,455,430,128	\$1,432,329,454	\$4,326,023,307	\$35,456,641
Recommended Legislation*	(111,042,446)	(8,186,617)	(109,309,301)	(27,896,677)	1,733,145
Total FY 2011-12 Total Recommendation	\$1,285,830,367	\$4,447,243,511	\$1,323,020,153	\$4,298,126,630	\$37,189,786
\$ Change from prior year	\$293,649,744	\$319,532,937	\$330,839,530	\$170,416,056	\$37,189,786
% Change from prior year	21.3%	9.3%	24.0%	4.9%	n/a

A few observations about the chart above.

- (1) The Executive Director's Office change comparison is not complete because staff has several common policy issues that are pending. Because staff has basically recommended the Department's request for administrative funding, staff assumes the General Fund increased needed for the EDO will be closer to the Department's request. Once these changes are made, staff's recommendation would be approximately \$38.0 million General Fund higher than the Department's request.
- (2) The Executive request has approximately \$10.0 million that is not accounted for in their schedules (related to transferring funding to shore up the Health Care Expansion Fund deficit). The Executive originally requested a \$15.0 million General Fund transfer into the HCEF -- as a revenue transfer it was not accounted for in their budget schedules. This request need was later reduced by a change in the Children's Health Plan Reauthorization Act (CHPRA) bonus payment estimate and reduced costs estimates for the HCE Fund. Staff estimates that the Executive request would still need \$10.0 million more in General Fund

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than is represented in Table 2 above. Staff has fully accounted for the HCEF and Children's Basic Health Plan deficits in her budget recommendations (which is the part of the reason why staff's General Fund is higher in the MSP and ICP divisions than the Department's request). Once all of this is taken into account, staff estimates that her recommendation is only \$28.0 million General Fund above the Department's request.

- (3) Staff recommends a \$2.0 million transfer from the OAP Fund into the General Fund. This can either be done as a revenue transfer or as an offset to expenditures. Currently staff has booked the law change as a revenue transfer -- therefore this amount does not show in Table 2 above. If this is taken into account, then staff's recommendation is only \$26.0 million higher than the Department's request.
- (4) Staff's recommendation is approximately 2.0 percent higher than the Department's request. Staff's recommendation does not include any payment delay impacts.

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Summary of All Legislative Changes Recommended in Figure Setting

Legislation Issue	GF	CF	RF	FF	Total	FTE
FY 2011-12	0	0	0	0	0	0.0
1 Emergency Resolution for FY 2011-12						
<p>The Joint Budget Committee is currently sponsoring SJR 11-009 to declare a state fiscal emergency for FY 2010-11. This will allow a portion of the Amendment 35 tobacco-tax revenues to be used in FY 2011-12 to offset General Fund. These revenues must be used for a health-related purpose. The General Assembly and the Governor signed similar resolutions for FY 2009-10 (SJR 09-035) and FY 2010-11 (SJR. 10-010).</p>						
FY 2011-12	(4,639,039)	(3,028,212)	(446,100)	(742,972)	(8,856,323)	(0.2)
2 Reduce General Fund Appropriations for CBHP Program						
<p>Staff recommends the following:</p> <ol style="list-style-type: none"> (1) Permanently eliminate the Comprehensive Primary and Preventative Care Grant programs distribution from the Master Tobacco Settlement moneys by increasing the percent of MTS moneys that are distributed to the Children's Basic Health Plan Trust Fund. (2) Permanently eliminate the Pediatric Hospital Specialty Fund distribution from the Master Tobacco Settlement moneys by increase the percent of MTS moneys that are distributed to the CBHP Trust Fund. (3) Permanently eliminate the distribution from the Amendment 35 Tobacco Tax moneys distributed to the Pediatric Hospital Specialty Fund and deposit these moneys into the CBHP Trust Fund instead. 						
FY 2011-12	(33,000,000)	29,713,649	3,286,351	0	0	0.0
3 Transfer Amendment 35 moneys to offset General Fund expenditures						
<p>Staff recommends the Executive's request to transfer the following funds to offset General Fund expenditures in the Medical Services Premiums (Medicaid) line item:</p> <ol style="list-style-type: none"> (1) A transfer of \$17.8 million from the Tobacco Cessation and Prevention Grant Program. (2) A transfer of \$12.0 million from the Cancer, Cardiovascular and Pulmonary Disease Grants, Breast and Cervical Cancer Screening Program. (3) A transfer of \$3.3 million from the Health Disparities Grant Program Fund. <p>Passage of SJR 11-009 is necessary for this recommendation.</p>						
FY 2011-12	(17,530,670)	0	0	9,000,000	(8,530,670)	0.0
4 Indigent Care Reductions						

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
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Legislation Issue	GF	CF	RF	FF	Total	FTE
<p>This legislation is similar to HB 10-1378 (a JBC Budget Balancing Bill). This legislation would eliminate the FY 2011-12 Primary Care Fund Program (an Amendment 35 Tobacco Tax program). A portion of Primary Care Fund Program is then used to offset General Fund in the Medical Services Premiums. The other portion is used as a supplemental payment or grant to Indigent Care Providers through the Health Care Services Program. The Primary Care Fund Program does not qualify for federal match but the Health Care Services program does. This allows the state to maximize federal matching funds while still saving General Fund.</p> <p>Option: The Committee could reduce General Fund appropriations by \$28.3 million instead of the \$17.5 million staff recommended. Before deciding on a payment delay, the Committee should consider this option if an additional \$11.0 million after the March revenue forecast is taken into account.</p>						
FY 2011-12	(50,000,000)	50,000,000	0	0	0	0.0
5 Use of Hospital Provider Fee to Offset General Fund						
<p>This legislation would allow up to \$50.0 million from the Hospital Provider Fee to offset General Fund Expenditures in the Medical Services Premiums line item. Staff recommends this as a permanent transfer that can increase medical inflation.</p>						
FY 2011-12	(4,139,592)	0	0	(4,139,592)	(8,279,184)	0.0
6 Transfer CHPRA bonus payments into the Health Care Expansion Fund						
<p>This legislation allows per diem rates for the class 1 nursing facilities to be reduced by 1.5 percent in FY 2011-12. Nursing home rates are based on costs at the facilities and are adjusted each year. Therefore, the rate reductions for nursing facilities in previous JBC budget balancing bills were not carried forward into FY 2011-12 like the rate reductions for most other Medicaid providers. Therefore, staff recommends that the rate reductions from HB 10-1324 be carried forward into FY 2011-12.</p>						

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Summary of Other Legislative Not Recommended in Figure Setting

Legislation Issue	GF	CF	RF	FF	Total	FTE
FY 2011-12	(95,447,780)	(10,883,465)	(92,719)	(106,423,965)	(212,847,929)	0.0
<p>1 Medicaid Payment Timing (Estimate is based on previous requests and staff would need to refine it before a bill could be introduced)</p> <p>This legislation would authorize the Department to pay only 49 weeks of payments in FY 2011-12 (instead of the 52 normally paid) and would also authorize the Department to pay only 11 months of capitation payments instead of 12 months in FY 2011-12. The Executive Branch requests this as a permanent payment delay.</p> <p>Staff recommends against this request if at all possible for the reasons already discussed. Staff recommends that the Committee not make a decision on this issue until after the March revenue forecast is made available (i.e. table the issue for now). A few things to consider:</p> <p>(1) This is a one-time savings (it has some annualization each year but the majority of the savings disappear after the first year of implementation). However, even though it is a one-time savings, it creates a structural budget deficit for the state (i.e. revenues and expenditures do not match up). In staff's opinion, it would be better to temporarily lower the statutory reserve from 4.0 percent to 3.0 then to create a permanent payment delay.</p> <p>(2) Staff has shown the Executive's proposal. However, the Committee could do something other than the Executive's proposal (i.e a one week fee-for-service delay and a capitation delay, a two week fee-for-service delay and a capitation delay, or just a capitation, or just a fee-for-service delay). If it becomes necessary the Committee to use this option -- give staff a "target" and I'll come back with a proposal.</p> <p>(3) A payment delay bill would not need to be effective until March 2012. The Committee could place a trigger on the bill that if revenues exceed original forecast, then the bill is automatically repealed.</p>						
FY 2011-12	TBD	TBD	TBD	TBD	0	0.0
<p>2 Charge pregnant women on the CBHP program between 205% and 250% a monthly premium</p> <p>The Committee could decide to charge women on the CBHP program between 205% and 250% a monthly premium. Staff does not believe that savings would be achievable in FY 2011-12 because of the necessary system changes that would need to be made. Therefore, any savings would probably be pushed into FY 2012-13. A monthly premium charge of \$20.00 would result in approximately \$206,000 in revenue that could be used to offset General Fund expenditures for the CBHP program.</p>						

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Legislation Issue	GF	CF	RF	FF	Total	FTE
FY 2011-12	TBD	TBD	TBD	TBD	TBD	0.0
3 Charge children on the CBHP program between 205% and 250% a higher premium						
<p>The Department priced out a scenario where each child on the CBHP program between 205% and 250% be charge a \$20.00 monthly premium. For this income group the net increase in enrollment fees would be \$3.0 million. However, staff believes that a family cap of \$50.00 would be necessary (this very similar to the monthly premiums that the state of Oregon charges for CBHP kids between 205% and 300% FPL -- there plan is \$20/month with a family cap of \$60/month). Staff's estimates that if the family cap was in place, the Department's savings would be reduced by 25 percent to approximately \$2.3 million. In addition, there would be system and administrative costs associated with collecting the Premium. Staff estimates that final savings would be in the \$1.5 to \$1.8 million range.</p>						
FY 2011-12	TBD	TBD	TBD	TBD	0	0.0
4 Eliminate Pregnant Women from the CBHP Program						
<p>Pregnant Women on the CBHP program cost \$35.2 million total funds (\$12.3 million state funds). In order to reduce children's caseloads in the CBHP program, the State can not cover adults on the program. Therefore, if the General Assembly wanted to reduce CBHP enrollment back to 205% FPL (the enrollment prior to HB 09-1293), the General Assembly would first need to eliminate the Adult Pregnant Women program. Capping the program won't generate very much in savings in FY 2011-12 because of the run out period. Therefore, if savings in the current are necessary, staff would recommend a complete elimination. This would stop coverage for pregnant women current enrolled in the program. In order for savings to occur in the General Fund, the bill need to direct the a higher transfer for Hospital Provider Fee moneys into the General Fund. There would be General Fund savings for the Health Care Expansion Fund and CBHP funded populations because these funds can not support the caseload assigned to them and must already receive General Fund subsidies.</p>						
FY 2011-12	TBD	TBD	TBD	TBD	0	0.0
5 Eliminate all HB 09-1293 expansion populations						
<p>The ACA MOE requirement does not apply to the HB 09-1293 expansion populations. In order to achieve any General Fund savings, the legislation that eliminated these populations would also have to provide that the Hospital Provider Fee would remain at the same level that was needed to support these populations and that it could be used to offset General Fund expenditures in the Medicaid and CBHP programs.</p> <p>Hospital Provider Fee in CBHP Program -- \$12.8 million Hospital Provider Fee in Medicaid Eligibility -- \$88.5 million</p> <p>If the Committee opted for this legislation, staff would reverse some of her recommendations for the Indigent Care Provider program reductions.</p>						
See attached memo in the appendix for additional discussion about optional programs and services.						

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(2) Medical Services Premiums Division

Division Overview: This division provides funding for the health care services of individuals qualifying for the Medicaid program. Health care services include both medical care services (such as physician visits, prescription drugs, and hospital visits) and long-term care services (provided within nursing facilities and community settings). The Department contracts with health care providers through fee-for-service and managed care organizations (MCOs) arrangements in order to provide these services to eligible clients. Total costs for the programs are driven by the number of clients, the costs of providing health care services, and utilization of health care services. This division only has one line item -- Medical Services Premiums.

Historical Summary:

By Line Item TOTAL FUNDS	FY 2009-10 Actual	FY 2010-11 App.*	FY 2011-12 Dept. Req. Long Bill & Legislation	FY 2011-12 Staff Rec. Long Bill & Legislation
Medical Services Premiums Line Item	2,877,822,564	3,106,858,127	3,466,729,759	3,483,069,086
Total	\$2,877,822,564	\$3,106,858,127	\$3,466,729,759	\$3,483,069,086
General Fund	762,936,068	649,606,422	999,356,619	1,022,369,822
General Fund Exempt	0	161,444,485	161,444,485	161,444,485
Cash Funds	343,695,933	390,633,220	594,546,018	577,274,653
CFE/Reappropriated Funds	3,917,255	7,595,243	6,679,332	6,388,059
Federal Funds	1,767,273,308	1,897,578,757	1,704,703,305	1,715,592,067

*Includes supplemental bill SB 11-139. Does not include supplemental recommendations that are part of this figure setting packet.

FY 2010-11 -- Long Bill Supplemental Add-Ons

The following table summarizes the supplemental appropriations contained in this division that staff recommends be included as Long Bill Supplemental Add-Ons.

Table 2: FY 2010-11 Late Supplementals Recommended for this Division			
FY 2010-11 Supplementals*	FY 2010-11 Appropriation*	FY 2010-11 Staff Recommendation	Difference
Medical Services Premiums Final FY 2010-11 Adjustments	\$3,106,858,127	\$3,341,134,034	\$234,275,907

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Table 2: FY 2010-11 Late Supplementals Recommended for this Division			
FY 2010-11 Supplementals*	FY 2010-11 Appropriation*	FY 2010-11 Staff Recommendation	Difference
Total Funds	\$3,106,858,127	\$3,341,134,034	\$234,275,907
General Fund	811,050,906	878,618,708	67,567,802
Cash Funds	390,633,220	475,599,586	84,966,366
Reappropriated Funds	7,595,243	7,414,327	(180,916)
Federal Funds	1,897,578,758	1,979,501,413	81,922,655

*The current FY 2010-11 Appropriation includes the appropriation impacts from SB 11-139 (HCPF 1st Round Supplemental Bill). Staff's FY 2010-11 Recommendation contains all of staff's updates to the "Placeholder" supplemental that staff recommended in January.

Summary of Special Legislation Recommended for this Division

Table 3 below shows the impact of legislation recommended by JBC staff impacting the line item in this division. These budget changes can not be made without change to current law. See line item detail for explanations for why these supplemental impact this line division and see the Legislation Summary at the front of this document for complete details on the legislation proposed.

Table 3: Legislation Recommended that Impacts Line Items in this Division					
FY 2011-12 Legislation Recommended*	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	Total Funds
JBC Legislation Recommendation #1: Transfer additional funding from Supplemental OAP Medical Fund to the General Fund	This bill can be written as either to enhance General Fund revenues by \$2.5 million or to offset General Fund expenditures by \$2.5 million. See the Legislation Summary for details on options.				
JBC Legislation Recommendation #3: Amendment 35 Transfers	(\$33,000,000)	\$29,713,649	\$3,286,351	\$0	\$0
JBC Legislation Recommendation #4: Indigent Care Reductions	(17,530,670)	17,530,670	0	0	0
JBC Legislation Recommendation #5: Hospital Provider Fee Offsets	(50,000,000)	50,000,000	0	0	0
JBC Legislation Recommendation #6: Continuation of Nursing Facility Rate Reduction	(4,139,592)	0	0	(4,139,592)	(8,279,184)
TOTAL	(\$104,670,262)	\$97,244,319	\$3,286,351	(\$4,139,592)	(\$8,279,184)

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FY 2010-11 Supplemental Discussion for Medical Services Premiums Division

Description: This section explains staff's *final* FY 2010-11 appropriation recommendation for the Medical Services Premiums line item. It has been the historical practice of the JBC staff to update the Committee on any changes to the current year forecast during the March figure setting for the next budget year. Typically, OSPB submits an updated caseload and cost estimate by February 15th each year for the current and request year. Therefore, the Committee adopted a "placeholder" recommendation for the MSP line item but did not include forecast adjustments in S.B. 11-139 (HCPF Supplemental Bill). Following is a discussion of the final requested and recommended Medicaid forecast for FY 2010-11. This section of the write-up is organized as follows:

- (1) Table 1: Supplemental Budget Build Table
- (2) Table 2: Staff's January Placeholder Compared to Final March Forecast
- (3) Table 3: Fund Source Table
- (4) Discussion -- Proposed Changes (Explains Tables 1 and 3)

**TABLE 1: Supplemental Summary for Medical Services Premiums
(Balances to Overall *Executive* Request --Not Necessarily Department's Budget Schedules)**

Incremental Budget Change Issue	Department Request		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2010-11 Appropriation (w/ SB 11-139)	\$811,050,906	\$3,106,858,127	\$811,050,906	\$3,106,858,127	\$0
ES-1: Correct FMAP Percentage	53,195,115	0	53,119,493	0	(75,622)
S-1/S-1a: Final Medicaid Base Forecast	(25,899,411)	179,606,234	(14,731,284)	164,043,421	11,168,127
S-1: FY 2009-10 Claims Paid in FY 2010-11	25,179,593	70,232,486	25,179,593	70,232,486	0
FY 2010-11 Revised BASE	\$863,526,203	\$3,356,696,847	\$874,618,708	\$3,341,134,034	\$11,092,505
Reverse HCEF Refinance in SB 11-139	51,000,000	0	0	0	(51,000,000)
ES-2/S-8/S-8a: Fee-for-Service Delay	(49,339,400)	(122,263,747)	0	0	49,339,400
ES-3/S-9/S-9a: Managed Care Payment Delay	(4,665,960)	(12,069,921)	0	0	4,665,960
Health Care Expansion Fund True-Up	0	0	4,000,000	0	4,000,000
FY 2010-11 Request / Recommendation	\$860,520,843	\$3,222,363,179	\$878,618,708	\$3,341,134,034	\$18,097,865
Total Increase/(Decrease)	\$49,469,937	\$115,505,052	\$67,567,802	\$234,275,907	\$18,097,865
% Increase/(Decrease)	6.1%	3.7%	8.3%	7.5%	

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Table 2: FY 2010-11 Late Supplementals Recommended for this Division					
FY 2010-11 Supplementals*	FY 2010-11 Appropriation*	January Placeholder (Approved by JBC)	FY 2010-11 Staff Initial Estimate January 2011	FY 2010-11 Staff Final Estimate March 2011	Difference March - January Estimate
Medical Services Premiums	\$3,106,858,127	\$200,844,073	\$3,307,702,200	\$3,341,134,034	\$33,431,834
Total Funds	<u>\$3,106,858,127</u>	<u>\$212,947,458</u>	<u>\$3,319,805,585</u>	<u>\$3,341,134,034</u>	<u>\$234,275,907</u>
General Fund	811,050,906	62,133,503	873,184,409	878,618,708	5,434,299
Cash Funds	390,633,220	65,405,163	456,038,383	475,599,586	19,561,203
Reappropriated Funds	7,595,243	(181,156)	7,414,087	7,414,327	240
Federal Funds	1,897,578,758	85,589,948	1,983,168,706	1,979,501,413	(3,667,293)

**The current FY 2010-11 Appropriation includes the appropriation impacts from SB 11-139 (HCPF 1st Round Supplemental Bill). Staff's FY 2010-11 recommendation contains staff's updates to the "Placeholder" supplemental that the Committee took action on in January 2011.*

A few observation about the information in Table 1 and Table 2:

1. Staff's final and recommended General Fund expenditure forecast for the Medical Services Premiums line item (the physical medical and long-term care costs for Medicaid program) is \$18.1 million higher than the Department's final request. The difference is explained as follows: (1) \$11.1 million is due to slightly different caseload and cost estimates (explained in the discussion section); (2) \$4.0 million based on new revenue and expenditure estimates for the Health Care Expansion Fund; and (3) \$3.0 million from the difference of transferring the Health Car Expansion Fund balance rather than implementing payment delays in FY 2011-12.
2. Staff's recommended General Fund expenditure March forecast for the Medical Services Premiums line item is \$5.4 million higher than the "placeholder" recommendation staff presented to the Committee in January 2011. Staff's recommended Total Fund March forecast is \$33.4 million higher than the staff's January 2011 estimate. The reason for this higher total fund estimate is due mainly to a State Auditor's recommendation regarding how estate and provider recoveries should be shown in the Department's budget.

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TABLE 3: Fund Source Detail for Medical Services Premiums Line Item

Line Item Fund Split Detail By Fund Source	Current Appropriation	Department FY 2010-11 Request	Staff FY 2010-11 Recommendation	Difference (Staff-App)	Difference (Staff - Dept.)
GF - General Fund	\$649,606,421	\$699,076,358	\$717,174,223	67,567,802	18,097,865
GFE - General Fund Exempt	161,444,485	161,444,485	161,444,485	0	0
CF - Health Care Expansion Fund	118,960,161	74,984,867	112,966,384	(5,993,777)	37,981,517
CF - Hospital Provider Fee	186,222,771	266,097,264	250,807,067	64,584,296	(15,290,197)
CF - Nursing Provider Fee	29,818,357	29,831,793	29,831,870	13,513	77
CF - Certified Public Expenditures	13,348,299	17,254,496	17,254,496	3,906,197	0
CF - Breast and Cervical Cancer Treatment Fund	2,502,654	2,503,192	2,632,530	129,876	129,338
CF - Supplemental OAP Medical	4,850,000	4,850,000	4,850,000	0	0
CF - Autism Fund	645,147	689,419	719,147	74,000	29,728
CF - Primary Care Fund	12,800,000	12,800,000	12,800,000	0	0
CF - Disabilities Fund	237,500	82,675	200,335	(37,165)	117,660
CF - Home Health Telemedicine	47,348	49,665	49,665	2,317	0
CF - Tobacco Tax Cash Funds normally appropriated in DPHE	21,200,983	43,488,092	43,488,092	22,287,109	0
RF - Transfer from DPHE	7,595,243	7,589,928	7,414,327	(180,916)	(175,601)
FF - Federal Funds	<u>1,897,578,758</u>	<u>1,901,620,945</u>	<u>1,979,501,413</u>	<u>81,922,655</u>	<u>77,880,468</u>
TOTAL FUNDS	\$3,106,858,127	\$3,222,363,179	\$3,341,134,034	\$234,275,907	\$118,770,855

FY 2010-11 Supplemental Discussion

Correct FMAP Percentage: The FY 2010-11 state budget passed with the assumption that Congress would extend the full American Recovery and Reinvestment Act (ARRA) Enhanced Federal Medical Assistance Program (FMAP) match rate of 61.59 percent through June 30, 2011. Although Congress extended the ARRA Enhanced FMAP rate through June 30, 2011 in H.R. 1586, Congress did so at an average match rate of 59.71 percent -- which was approximately 1.89 percent lower than originally assumed. On January 19, 2011, the Committee voted to adjust appropriations

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to reflect the current law FMAP rate. However, this supplemental was a "placeholder" until final Medicaid forecasts were completed during figure setting. Staff recommends that this adjustment be included in the second round supplemental known as a Long Bill Add-On.

Final Medicaid Forecast: The following discussion details the Department's and staff's final FY 2010-11 Medicaid forecast. This is the amount of expenditures that the Department and staff estimate will be necessary under current law and policy.

Caseload Assumptions: The current FY 2010-11 MSP appropriation assumed a Medicaid caseload of 553,407 average monthly clients. Based on caseload data through January 2011, staff forecasts that the average monthly Medicaid caseload of 558,307 clients for FY 2010-11. Staff's March 2011 forecast adjusts her January 2011 forecast upward by 1,677 clients. *Thus, the Medicaid caseload continues to grow at a faster rate than from earlier forecasts.* Staff's final recommended caseload estimate is an increase of 4,900 clients or 0.88 percent from the *original* FY 2010-11 appropriation performed in March 2010. Staff's recommendation is 1,879 (0.33 percent) clients **higher** than the Department's final February 2011 forecast.

Table 4 below reflects the caseloads estimate that staff used to establish her recommended supplemental amount. Additional caseload information and comparisons can be found in an attached appendix.

Table 4: Staff's FY 2010-11 SUPPLEMENTAL Caseload Recommendation					
March 2011 Caseload Forecast (uses data through January 2011)	Department Forecast February 2011	Staff Forecast March 2011	Staff minus Department	Year to Date AVG. Through Jan 2010	Original App. Caseload for FY 10-11
Adults 65+	38,937	38,942	5	38,899	38,978
Disabled Adults 60-64	7,743	7,706	(37)	7,605	7,171
Disabled Up to Age 59	55,996	56,032	36	55,516	54,103
Low-Income Adults	59,362	60,881	1,519	58,190	66,766
Expansion Adults	47,700	47,036	(664)	45,018	32,597
B&C Cancer Treatment Adults	527	524	(3)	506	473
Eligible Children	299,573	300,625	1,052	294,852	306,488
Foster Children	18,568	18,502	(66)	18,497	18,890

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Table 4: Staff's FY 2010-11 SUPPLEMENTAL Caseload Recommendation

March 2011 Caseload Forecast (uses data through January 2011)	Department Forecast February 2011	Staff Forecast March 2011	Staff minus Department	Year to Date AVG. Through Jan 2010	Original App. Caseload for FY 10-11
Baby Care Adults	7,905	7,867	(38)	7,905	7,256
Non-Citizens	3,073	3,098	25	3,196	3,415
Partial Dual Eligible	17,044	17,094	50	16,825	17,270
Total	556,428	558,307	1,879	547,009	553,407

Staff would note that the ending caseload in January 2011 was 563,672 clients. Staff's forecast assumes that the ending Medicaid caseload in June 2011 will be 581,117. Therefore, staff anticipates that caseload will continue to grow by approximately 3,489 clients each month for the remainder of the fiscal year (or about a 0.61 percent increase each month for a total increase of approximately 3.1 percent over the ending January 2011 caseload). Please note that staff's forecast reflects a slowing in growth. For example, during the first seven months of FY 2010-11 the average monthly caseload growth was 5,350 clients. Based on staff's forecast, from June 2010 to June 2011, a total of 54,896 more Coloradans will be served through the Medicaid program. In 2000, approximately 6.35 percent of the Colorado population was served by the Medicaid program (or about 1 out of every 15 people in the State). In 2011, approximately 10.65 percent of the population will be served by the Medicaid program (or about 1 out of every 10 people in the State).

Service Cost Forecasts: The caseload forecast is just half of the Medicaid picture. The other half of the Medicaid forecast is predicting the service costs based on the average cost- per-client estimate -- i.e., how many services are the clients using and what are the costs of those services? Table 5 below compares the current appropriation, the Department's February forecast and staff's current forecast for each service category. Additional calculation and comparison tables can be found in an attached appendix.

Table 5: Comparison of Current FY 2010-11 Appropriation with Staff's March FY 2010-11 Forecast

	Current Appropriation Estimate	Department February 2011 Forecast	Staff's March 2011 Forecast*	Staff Minus Department	Staff Minus Current Appropriation
Medical Services	\$1,676,270,804	\$1,684,821,129	\$1,671,099,247	(\$13,721,882)	(\$5,171,557)

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Table 5: Comparison of Current FY 2010-11 Appropriation with Staff's March FY 2010-11 Forecast					
	Current Appropriation Estimate	Department February 2011 Forecast	Staff's March 2011 Forecast*	Staff Minus Department	Staff Minus Current Appropriation
Community Care Services	321,315,015	316,303,069	313,542,788	(2,760,281)	(7,772,227)
Long-Term Care Services	637,554,588	655,313,017	650,200,162	(5,112,855)	12,645,574
Insurance Premiums	114,705,505	119,223,286	118,964,577	(258,709)	4,259,072
Administrative Service	31,289,548	33,135,138	33,411,741	276,603	2,122,193
Supplemental Adjustments	\$325,722,667	\$477,668,722	\$483,683,033	\$6,014,311	\$157,960,366
Total	\$3,106,858,127	\$3,286,464,361	\$3,270,901,548	(\$15,562,813)	\$164,043,421
FY 2009-10 Claims Paid in FY 2010-11	0	70,232,486	70,232,486	0	70,232,486
TOTAL	\$3,106,858,127	\$3,356,696,847	\$3,341,134,034	(\$15,562,813)	\$234,275,907
Difference between Staff's recommendation and Department / Current Appropriation				-0.46%	7.54%

*Excluding the impact of the two weeks from FY 2009-10 expenditures.

Medical Services (formerly called Acute Care Services): The Medical Services category includes inpatient hospital, outpatient hospital, physician visits, prescription drugs, lab and x-ray, durable medical equipment, transportation, and other services. Staff's forecast is based on the recent expenditure trends. In January 2011, staff was forecasting that this service category would be 18.6 million (1.1%) lower than the original estimate. However, based on additional caseload and expenditure data, staff is now forecasting that this service category will only be \$5.2 million (0.3%) lower than the original estimate. In other words, the original estimate is tracking very close to the actual expenditure data through January 2011 -- even though caseload has increased above the original estimate. The difference between the Department's forecast and staff's forecast is a difference in methodology and how much actual data has been incorporated. *A reduction to this service category is simply a new forecast. Reductions to rates or services are not being proposed.*

Community Care Services: The Community Care Services include community long-term care waiver services, hospice care, and private duty nursing services. Similar to the Medical Services category, staff's forecast is based on the recent expenditure trends. In January 2011, staff was forecasting that this service category would be approximately \$5.5 million (1.7 percent) lower than originally estimated. In this forecast, staff has revised the estimate further downward by a total of \$7.8 million (2.4 percent) lower than the original estimate. Again the difference between the Department's forecast and staff's forecast is a difference in methodology and how much actual data

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has been incorporated. *A reduction to this service category is simply a new forecast based on updated data. Reductions to rates or services are not being proposed.*

Long-term Care Services: The Long-Term Care Services category includes nursing facility care and the Program for All-inclusive Care for the Elderly (PACE) program. Currently, staff has included the supplemental payments for nursing homes in this estimate (in the future, staff will move these payments down into the supplemental payment category). Based on current expenditure trends through January 2011, the staff recommendation is based on the following estimates: (1) \$571.3 million for Class 1 Nursing Facilities; (2) \$2.4 million for Class 2 Nursing Facilities; and (3) \$76.5 million for the PACE program. Staff's recommendation for the service category is approximately \$0.9 million total fund higher than the Department's request for the actual service costs. However, the Department's request also reflects \$6.0 million total fund for reconciliation payments for the PACE program. Staff includes these reconciliation payments in the supplemental payment category rather than in this service category.

Insurance Premiums: The Insurance Premiums category includes Medicare premium payments that the State makes in behalf of clients who are dually eligible for both the Medicaid and Medicare program. Last year's appropriation estimate did not accurately reflect the increase in Medicare Part B payments. Therefore, staff has adjusted the estimate to reflect the following changes to the estimate: (1) an increase of 4.4 percent to Medicare Part B payments beginning January 2011; (2) an increase in the caseload projected; (3) and the actual costs for the first seven months of the fiscal year. With these adjustments, the estimate for Medicare premiums increased from \$113.5 million to \$117.9 million -- an increase of \$4.3 million or 3.8 percent.

In addition, this category also includes the Medicaid Buy-In program. Staff has revised this estimate from the original \$1.2 million to \$1.1 million.

Administrative Services: The Administrative Services category includes payments to the Single Entry Point Agencies and administrative payments to Prepaid Inpatient Hospital Plans. Staff recommends the Department's request of \$9.1 million for the PIHP costs. This is an increase of approximately \$2.1 million from the original appropriation estimate. Staff has not change the original estimate for the Single Entry Point agencies.

Supplemental Adjustments: The Supplemental Adjustment category includes special payments to providers using Upper Payment Limit financing, Certified Public Expenditures, or Provider Fee (however, at this time staff has still included the Nursing Facility Supplemental Payments in the Nursing Facility estimated costs). The vast majority of the cost increase for this category is based on the Centers of Medicare and Medicaid Services (CMS) approving the Department's model adjustment

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for the Hospital Provider Fee. As explained during the briefing and hearing, the Department was able to adjust their original model estimate to provide greater supplemental payments to hospitals than originally estimated. The CMS approved these model adjustments in December. However, the adjustments were retroactive to October 1, 2010.

Staff recommends the Department's request for supplemental payment estimates. The difference between the staff recommendation and the Department's request is that staff has included the PACE reconciliation payments in this estimate instead of in the Long-Term Care Services service category. These are one-time payments based on past year reconciliation and therefore, staff wanted to keep these costs out of the current year estimates for the service categories.

FY 2009-10 Claims Paid in FY 2010-11: As the Committee is aware, in June 2010 the Executive Branch decided state revenues may not be sufficient to meet state obligations and authorized the Department to stop payments for the fee-for-service claims during the last two weeks of the fiscal year. These claims were paid during the 1st payment cycle in July 2010. Unless there is a law change authorizing further payment disruptions, the Department under current law will be obligated to pay a total of 54 weeks of payments in FY 2010-11. Therefore, the Department's appropriation should be adjusted to reflect this obligation (over-expenditure authority should only be used for unknown forecasting error not planned expenditures). Thus, staff's recommendation includes an increase of \$70.2 million total funds for the FY 2009-10 claims that were paid in FY 2010-11.

Reverse HCEF Refinance in SB 11-139: In SB 11-139 (HCPF Supplemental Bill), the Committee approved offsetting \$51.0 million in General Fund expenditures by refinancing these expenditures onto the Health Care Expansion Fund. The Committee's action spent down almost the entire HCEF Fund Balance -- and therefore, will create a greater General Fund backfill for that fund in FY 2011-12. However, the Committee did this action in lieu of a payment delay. Enacting a payment delay in FY 2010-11 would cost the General Fund approximately \$10.0 million because claims paid in FY 2010-11 receive a higher federal match than will claims that are paid in FY 2011-12.

The Department's request does not reflect the Committee's actions. However, Table 1 appropriations are based on the current law appropriation which includes SB 11-139. Therefore, to match the Department's request, this impact must be reversed from the Department's request.

Fee-for-Service Delay: The Department's FY 2010-11 request includes a 3-week payment delay for fee-for-service claims. This request requires legislation. Staff does not recommend the Department's request. Thus far, the Committee has balanced the FY 2010-11 budget without resorting to payment delays. Please note that Table 1 reflects the full impact of a 3 week payment delay (not the 1 week that shows in the Department's official budget request).

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Managed Care Payment Delay: The Department's FY 2010-11 request includes a one-month delay for managed care payments. This request requires legislation. Staff does not recommend the Department's request. Thus far, the Committee has balanced the FY 2010-11 budget without resorting to payment delays.

Health Care Expansion Fund True-Up: In January 2011 staff recommended that the Committee transfer \$51.0 million from the Health Care Expansion Fund (HCEF) in order to reduce General Fund appropriations. This action was done in order to avoid payment delays in FY 2010-11. However, based on staff's final revenue and expenditure estimates, the HCEF will have insufficient revenues to support a transfer of this size. Therefore, staff recommends that the transfer be reduced to \$47.0 million -- a reduction of \$4.0 million. This recommendation increases General Fund expenditures by \$4.0 million and decreases cash expenditures by \$4.0 million. See the attached appendix for an analysis of the HCEF balances for FY 2010-11 and FY 2011-12.

Additional Information for FY 2010-11 Recommendation

Simple Reasonableness Test for Staff's Recommendation

Table 3-- Reasonableness for staff's FY 2010-11 Supplemental Recommendation						
	YTD Expenditures Through January/1	Total Staff Recommended Appropriation/2	Remaining Expenditure Authority with Staff Rec.	Remaining Weekly Average Expenditures/3	YTD Actual Average Weekly Expenditures/4	% Growth on Average Weekly Cost
Medical Services	\$1,166,172,677	\$1,728,176,102	\$562,003,425	\$33,059,025	\$31,518,180	4.89%
Community Care Services	216,448,314	318,568,691	102,120,377	6,007,081	5,849,954	2.69%
Long-Term Care Services	447,085,674	658,329,891	211,244,217	12,426,130	12,083,397	2.84%
Insurance Premiums	78,257,635	118,964,577	40,706,942	2,394,526	2,115,071	13.21%
Administrative Services	19,194,193	33,411,741	\$14,217,548	836,326	518,762	61.22%
Supplemental Payments	<u>292,240,276</u>	<u>483,683,032</u>	<u>191,442,756</u>	<u>11,261,339</u>	<u>7,898,386</u>	<u>42.58%</u>
TOTAL	\$2,219,398,769	\$3,341,134,034	\$1,121,735,265	\$65,984,427	\$59,983,751	10.00%

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Table 3-- Reasonableness for staff's FY 2010-11 Supplemental Recommendation

	YTD Expenditures Through January/1	Total Staff Recommended Appropriation/2	Remaining Expenditure Authority with Staff Rec.	Remaining Weekly Average Expenditures/3	YTD Actual Average Weekly Expenditures/4	% Growth on Average Weekly Cost
Exclude Supplemental Payments	\$1,927,158,493	\$2,857,451,002	\$930,292,509	\$54,723,089	\$52,085,365	5.06%

/1Includes all expenditures including change to Hospital Provider Fee Model and the FY 2009-10 claims.

/2Adjusted to reflect the impact of the FY 2009-10 claims in the service categories.

/3 Assumes 37 weeks of payments through January 2011.

/4 Assumes 17 weeks of payments left in FY 2010-11.

As Table 4 above shows, without the supplemental payments (mainly the hospital provider fee model change), during the first 37 weeks of FY 2010-11 (including two weeks of FY 2009-10 claims), the average weekly expenditures for the Medical Services Premiums line item was \$52.1million. Staff's placeholder supplemental recommendation assumes average weekly expenditures of \$54.7 million for the remaining 17 weeks. Therefore, the remaining 17 weeks can average 5.06% percent higher than the expenditures were during the first eight months. Staff believes that this increase in the weekly expenditures for the remainder of the fiscal year is reasonable based on the following: (1) continued caseload increases forecasted through the end of the fiscal year; (2) seasonality impacts; (3) Medicare insurance premium increases are skewed to the second half of the fiscal year; and (4) administrative services payments will be skewed to the second half of the year once the RCCO contracts are signed in April.

FY 2011-12 -- Medical Services Premiums Division

Description: This portion of the figure setting packet explains staff's FY 2011-12 recommendation for the Medical Services Premiums line item.

This section of the write-up is organized as follows:

- (1) Table 1: Summary Budget Build Table for the Line Item
- (2) Table 2 & 3: Fund Source Recommendations
- (3) Discussion of Base Issues
- (4) Discussion of Caseload and Cost Estimates
- (5) Discussion of Policy Decisions (i.e. Base Reduction or Decision Items)
- (6) Discussion of Legislative Impacts

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TABLE 1: FY 2011-12 MEDICAL SERVICES PREMIUMS -- Budget Build

Incremental Budget Change Issue	Department Request		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2010-11 FINAL Request	\$860,520,843	\$3,222,363,179	\$878,618,708	\$3,341,134,035	\$18,097,865
Eliminate ARRA Impact	233,291,021	0	236,715,861	0	3,424,840
Annualize Prior Year Legislation	98,596,428	6,189,338	98,362,825	5,140,002	(233,603)
Annualize Prior Year Budget Actions	(5,868,759)	(11,767,923)	(8,427,999)	(14,952,498)	(\$2,559,240)
FY 2011-12 Base	\$1,186,539,533	\$3,216,784,594	\$1,205,269,395	\$3,331,321,539	\$18,729,862
DI #1/BA #1: Medicaid Caseload and Cost Forecast	110,514,587	324,213,428	90,585,067	208,558,871	(19,929,520)
FY 2011-12 Base & Caseload Adj.	\$1,297,054,120	\$3,540,998,022	\$1,295,854,462	\$3,539,880,410	(\$1,199,658)
BRI #1: Client Overutilization	(68,300)	(136,600)	(68,300)	(136,600)	0
BRI #5/BA #9: Medicaid Reductions	(25,167,122)	(53,385,543)	(23,301,593)	(48,370,700)	1,865,529
BA #4: Nursing Facility Audits	0	(24,840)	0	(24,840)	0
Health Care Expansion Fund Deficit	0	0	16,000,000	0	16,000,000
FY 2011-12 FINAL LONG BILL	\$1,271,818,698	\$3,487,451,039	\$1,288,484,569	\$3,491,348,270	\$16,665,871
JBC Bill #3 (NP #8/NP BA #6) -- Transfer Amendment 35 moneys to offset GF expenditures	(33,000,000)	0	(33,000,000)	0	0
JBC Bill #4: Indigent Care Reductions	(18,385,792)	0	(17,530,670)	0	855,122
JBC Bill #5: Hospital Provider Fee	(50,000,000)	0	(50,000,000)	0	0
JBC Bill #6: Nursing Facility Rate Reduction	(1,099,281)	(2,198,563)	(4,139,592)	(8,279,184)	(3,040,311)
Bill Proposal to Delay Medicaid Payments	(8,532,521)	(18,522,717)	0	0	8,532,521
FY 2011-12 FINAL REQUEST/ RECOMMENDATION With Legislation Recommended	\$1,160,801,104	\$3,466,729,759	\$1,183,814,307	\$3,483,069,086	\$23,013,203

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Fund Sources (Includes Legislation)

TABLE 2: Fund Source Detail for Medical Services Premiums Line Item					
Line Item Fund Split Detail By Fund Source	Staff's FY 2010-11 Recommendation	Department FY 2011-12 Request	Staff FY 2011-12 Recommendation	Difference (Staff-App)	Difference (Staff - Dept.)
GF - General Fund	\$717,174,223	\$999,356,619	\$1,022,369,822	305,195,599	23,013,203
GFE - General Fund Exempt	161,444,485	161,444,485	161,444,485	0	0
CF - Health Care Expansion Fund	112,966,384	101,058,452	68,329,997	(44,636,387)	(32,728,455)
CF - Hospital Provider Fee	250,807,067	373,370,285	389,611,034	138,803,967	16,240,749
CF - Nursing Provider Fee	29,831,870	27,427,209	27,427,209	(2,404,661)	0
CF - Certified Public Expenditures	17,254,496	7,629,150	7,629,150	(9,625,346)	0
CF - Breast and Cervical Cancer Treatment Fund	2,632,530	2,743,301	2,743,722	111,192	421
CF - Supplemental OAP Medical	4,850,000	8,000,000	3,000,000	(1,850,000)	(5,000,000)
CF - Autism Fund	719,147	875,505	878,625	159,478	3,120
CF - Primary Care Fund	12,800,000	12,510,318	17,530,670	4,730,670	5,020,352
CF - Disabilities Fund	200,335	146,700	200,335	0	53,635
CF - Home Health Telemedicine	49,665	156,288	170,575	120,910	14,287
CF - Disability Buy-In Premiums	0	6,638,222	6,638,222		
CF - Tobacco Tax Cash Funds normally appropriated in DPHE	43,488,092	53,990,588	53,115,114	9,627,022	(875,474)
RF - Transfer from DPHE	7,414,327	6,679,332	6,388,059	(1,026,268)	(291,273)
FF - Federal Funds	<u>1,979,501,413</u>	<u>1,704,703,305</u>	<u>1,715,592,067</u>	<u>(263,909,346)</u>	<u>10,888,762</u>
TOTAL FUNDS	\$3,341,134,034	\$3,466,729,759	\$3,483,069,086	\$141,935,052	\$16,339,327

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FY 2011-12 Base Issues

Eliminate ARRA Impact: The ARRA Enhanced FMAP rate expires on July 1, 2011. Therefore, the amount of federal funds available for most Medicaid programs will return to an estimated 50 percent match rate. This technical issue adjusts the base appropriation to reflect the current law FMAP available to the State. Staff's calculations of this amount are slightly higher than the Department's request due partly to staff's higher base in FY 2010-11.

Annualize Prior Year Legislation: This item restores one-time costs savings from legislation passed in FY 2010-11 and annualizes any other costs for part-year savings or costs. The following table shows staff's calculations for this item.

Table 3: Legislation Recommended that Impacts Line Items in this Division					
FY 2011-12 Legislation Recommended*	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	Total Funds
Annualize New Program Legislation (HB 10-1005, HB 10-1033, HB 10-1146, SB 10-167)	(\$541,146)	\$108,940	\$0	(\$662,481)	(\$1,094,687)
Annualize Last Year's Budget Balancing Bills with One-Time Savings	<u>98,903,971</u>	<u>(92,008,546)</u>	<u>(4,490,435)</u>	<u>3,829,699</u>	<u>6,234,689</u>
Total Legislation Annualized	\$98,362,825	(\$91,899,606)	(\$4,490,435)	\$3,167,218	\$5,140,002

Annualize Prior Year Budget Actions: This item annualizes the cost savings from prior year budget actions that were partially implemented in FY 2010-11. Staff's estimate varies from the Department's because staff reflects only those items those items she estimates are outside her trend expenditure data in FY 2010-11. Other adjustments are annualized in her base caseload and cost assumptions. Staff's recommendation includes the following issues.

Table 4: Annualize Prior Year Budget Actions					
FY 2011-12 Legislation Recommended*	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	Total Funds
Accountable Care Collaborative Initiative	(\$7,136,459)	\$0	\$0	(7,136,459)	(14,272,918)
Family Planning Waiver	0	0	190,350	1,713,150	1,903,500
Other Initiatives approved last year with delayed implementation so they are outside staff's expenditure trend data	<u>(1,291,540)</u>	<u>0</u>	<u>0</u>	<u>(1,291,540)</u>	<u>(2,583,080)</u>

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FY 2011-12 Legislation Recommended*	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	Total Funds
Total Legislation Annualized	(\$8,427,999)	\$0	\$190,350	(\$6,714,849)	(\$14,952,498)

FY 2010-11 Caseload Issues

Final Caseload and Cost Estimates: After the base is adjusted to annualize legislation and funding issues, the Department requests an increase of \$324.2million total funds (\$110.5 million General Fund) for the Medicaid caseload and cost estimates before policy adjustments. With this increase, the Department is forecasting that the Medicaid program will require \$3.54 billion total funds (\$1.3 billion General Fund) in order to fund the program's forecasted caseload and cost increases. Please note that the Department's request is built off of the assumption that there would be payment delays in FY 2010-11. Therefore, the Department's caseload annualizes this one-time impact.

Staff recommends a caseload base increase of \$208.5 million total funds (\$90.6 General fund) for the Medicaid caseload and cost estimates. With the staff recommendation, the Medicaid program is anticipated to need \$3.54 billion total funds (\$1.3 billion General Fund) before any policy adjustments. Table 5 compares the Department's request with the staff recommendation.

Medicaid Eligibility Category	Caseload			Costs		
	Department	Staff	Difference	Department	Staff	Difference
SSI 65+	39,544	39,556	12	\$812,866,620	\$828,007,760	\$15,141,140
SSI 60-64	8,292	8,098	(194)	134,416,999	127,388,701	(7,028,298)
SSI < 64*	62,419	62,170	(249)	848,522,825	878,846,074	30,323,249
LI Adults	65,773	64,432	(1,341)	244,493,994	230,298,080	(14,195,914)
E-LI Adults	71,983	74,078	2,095	159,730,942	149,507,995	(10,222,947)
Baby Care Adults	7,828	7,657	(171)	67,953,070	70,666,606	2,713,536
BCCTP Adults	598	595	(3)	11,482,078	10,338,904	(1,143,174)
Children	326,592	316,392	(10,200)	547,362,985	517,500,897	(29,862,088)
Foster Children	19,238	18,878	(360)	75,788,681	74,545,958	(1,242,723)

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Table 5: Department and Staff Final Cost Estimates Comparison FY 2011-12 CURRENT LAW REQUIREMENTS						
Medicaid Eligibility Category	Caseload			Costs		
	Department	Staff	Difference	Department	Staff	Difference
Non-Citizens	2,947	3,082	135	43,242,620	56,677,178	13,434,558
Partial Eligibles	<u>18,172</u>	<u>18,210</u>	<u>38</u>	<u>25,125,935</u>	<u>26,090,984</u>	<u>965,049</u>
Total	623,386	613,148	(10,238)	\$2,970,986,749	\$2,969,869,137	(\$1,117,612)
Supplemental Payments and Bottom Line Financing				570,011,273	570,011,273	0
Caseload / Cost Request / Recommendation Supplemental				\$3,540,998,022	\$3,539,880,410	(\$1,117,612)
Adults without Dependent Children (Department includes this in the ICP Division and Staff includes this caseload in her MSP Forecast)				<u>\$62,045,300</u>	<u>\$0</u>	<u>(\$62,045,300)</u>
Total Comparable Medicaid Estimate				\$3,603,043,322	\$3,539,880,410	(\$63,162,912)

Table 6 below compares the Department request with the staff recommendation for service categories.

Table 6: Comparison of Staff's March FY 2010-11 Forecast with the Department and Staff FY 2011-12 Forecasts					
	Staff's FY 2010-11 Estimate	Department FY 2011-12 Forecast	Staff's FY 2011-12 Forecast	Staff Minus Department	Staff Minus FY 2010-11 Rec.
Acute Care Services	\$1,671,099,247	\$1,841,198,096	\$1,833,425,574	(\$7,772,522)	\$162,326,327
Community Care Services	313,542,788	344,929,391	347,254,664	2,325,273	33,711,876
Long-Term Care Services	650,200,162	607,066,148	606,274,757	(791,391)	(43,925,405)
Insurance Premiums	118,964,577	130,455,214	134,641,576	4,186,362	15,676,999
Administrative Services	33,411,741	47,337,900	48,272,565	934,665	14,860,824
Supplemental Payments	\$483,683,033	570,011,273	570,011,273	0	86,328,240
Total	\$3,270,901,548	\$3,540,998,022	\$3,539,880,409	(\$1,117,613)	\$268,978,861

Overall, the Department's request and the staff recommendation are very similar. To be completely comparable to the staff recommendation, the Department's request would need to be increased by \$62.0 million total funds to reflect the costs of the Department's cost estimates for the Adults without Dependent Children (the Department requested this population in a separate line item in the Indigent Care

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Division). Once that adjustment is factor in, staff's recommendation is \$62.2 million total funds lower than the Department's request. This represents a 1.78 percent difference on the base needs for the Medicaid program.

Table 7: Analysis of Factors Driving the Medicaid Costs -- Base Issues ONLY						
	FY 2010-11 Staff Recommended Appropriation	FY 2011-12 Department's Request w/ Childless Adults	FY 2011-12 Staff Rec.	FY 2011-12 Department Compared to Suppl. App.	FY 2011-12 Staff Rec. Compared to Suppl App.	FY 2011-12 Staff Rec. compared to Dept. Request
Total Service ONLY	\$2,787,218,515	\$3,033,032,049	\$2,969,869,136	\$245,813,534	\$182,650,621	(\$63,162,913)
Caseload	558,307	623,386	613,148	65,079	54,841	(10,238)
\$/Client*	\$4,992.27	\$4,865.42	\$4,843.64	(\$126.85)	(\$148.63)	(\$21.77)
Impact Associated with Caseload Change				\$324,891,849	\$273,781,003	(\$49,812,126)
Impact Associated with Cost per Client Changes (includes compounding effect)				(\$79,078,315)	(\$91,130,382)	(\$13,350,787)
Subtotal Medicaid Program before Supplemental Payments				\$245,813,534	\$182,650,621	(\$63,162,913)

Table 7 shows that "overall" in the Medicaid program, that costs are being driven primarily by caseload increases. The overall per capita for the program is less because the increase in caseload is generally in the lower costs aid categories (such as children and low income adults).

FY 2011-12 Policy Adjustments

Client Overutilization: The Department requests and staff recommends a reduction of \$136,600 total funds (\$68,300 General Fund) to expand the number of clients in the overutilization program. These savings are offset by computer system costs of \$207,900 (\$51,975 General Fund). The net savings to the General Fund for this issue is \$16,325. The client overutilization program identifies patterns of misuse and overuse by Medicaid clients. Clients in the program are "locked-in" with one primary care physician, pharmacy, or managed care organization in order to better manage and monitor their medical use and care.

Medicaid Reductions: The Department requests a decrease of \$53.4 million (\$25.2 million General Fund) in various Medicaid program reductions. Staff recommends a decrease of \$48.4 million (\$23.3 million General Fund) for these items. For the most part, staff is recommending the Department's request. However, the Department's request assumed lower cost savings for some items due to their proposed

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permanent payment delay. Staff has adjusted the cost estimates to eliminate the impact of the payment delay. If the Committee chooses to do payment delays, staff will calculate the amount based on the lower base after all Medicaid reductions are included.

Table 8: FY 2011-12 Medicaid Program Reductions (Total Funds)			
Issue	Department	Staff	Comment
Provider Reimbursement Reduction	(\$10,132,311)	(\$14,559,050)	The Department requests a 0.5 percent rate reduction for most providers (nursing facilities are included in a separate issue because reducing their rates requires legislation). Staff recommends a 0.75 rate reduction for most medical care providers and a 0.5 percent rate reduction for community long term care providers. With staff's recommendation, medical providers will have experienced rate reductions of approximately 6.25 percent and community provider will have experienced rate reductions of 6.0 percent since the economic downturn. These rate reductions are not out-of-line with actions that have been taken or proposed in a number of other states. Staff recommends a lower rate reduction for Community Provider because many of the service providers receive close to minimum wage.
Increase enrollment in the Accountable Care Program	(9,537,806)	0	The Department requests to enroll another 63,000 clients in their Accountable Care Program. Increased costs of \$8.3 million are anticipated for case management fees and data analysis. However, these costs are offset by \$17.8 million in assumed savings (about a 6.0 percent cost savings). Staff recommends the Department's request but lowers the cost savings estimate to be a cost neutral estimate until evaluation of the program can prove the cost savings.
Limit Fluoride Application Benefit	(29,898)	(33,798)	Staff recommends the Department's request to limit this benefit to three applications per year. The difference in the cost saving estimate is related to staff excluding the impact of a payment delay.
Limit Dental Cleaning Benefit	(156,274)	(176,658)	The Department's request and staff recommendation would limit dental cleanings to three times a year.
Eliminate Oral Hygiene Instruction Reimbursement	(4,092,739)	(4,626,574)	This proposal would eliminate oral hygiene instruction as a reimbursable benefit under the Medicaid program.

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Table 8: FY 2011-12 Medicaid Program Reductions (Total Funds)			
Issue	Department	Staff	Comment
Limit Physical and Occupational Therapies	(446,504)	(504,744)	Under this proposal the Medicaid benefit would limit the number of outpatient physical and occupational therapy visits for a combined total of 48 without prior authorization.
Home Health Billing Changes	(2,423,629)	(2,739,756)	This proposal would change billing practices to more accurately match the amount of service provided. This proposal was worked on with stakeholders over the past year after a similar proposal was rejected by the JBC last year.
Pharmacy State Maximum	(\$1,833,333)	(\$1,833,334)	Under this proposal, the Department would increase the number of drugs included under the Department's State Maximum Allowable Cost (SMAC) pricing program.
Restrict Oral Nutrition Benefit	(3,039,219)	(3,315,512)	Under this proposal, the Department will restrict oral nutritional supplements to any clients 5 years of age or older who: have malnourishment conditions, have inborn errors in metabolism; and clients who use nutritional supplements through feeding tubes. Under this restriction the Department would pay only for nutrition products that are medically necessary, similar to a policy adopted by Utah and Washington.
Reduce Rate for Certain Diabetes Supplies	(842,727)	(919,340)	Under this proposal, the Department will reduce its payment for blood glucose/reagent strips from \$31.80 per box of 50 strips to approximately \$18.00.
Reduce Payments for Uncomplicated Cesarean Section Deliveries	(6,276,004)	(6,846,550)	Under this proposal, the Department will reduce the amount that it pays facilities for an uncomplicated cesarean section (C-section) delivery to the same amount that the Department pays for complicated vaginal deliveries.
Reduce Payments for Inpatient Renal Dialysis	(2,169,701)	(2,366,947)	Under this proposal, the Department will reduce the amount that it pays for inpatient renal dialysis to better match the actual hospital stay of 1.2 days instead of the 3.2 days currently assumed in the DRG code.

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Table 8: FY 2011-12 Medicaid Program Reductions (Total Funds)			
Issue	Department	Staff	Comment
Deny Hospital Readmission Within 48 Hours	(2,475,418)	(2,700,456)	Under this proposal, the Department would no longer make a separate payment to hospitals for clients who are readmitted within 48 hours to the same hospital for a related condition. The current policy is to deny payments for readmission within 24 hours.
Prior Authorize Certain Radiology Services at Outpatient Hospitals	(672,136)	(672,136)	Under this proposal, the Department would require prior authorization for MRIs, CT scans, PET scans, and SPECT scans. Prior authorization would not be required for emergency circumstances.
Reduce Rate for Procedure Codes Paid Above 95% of Medicare Rates	(958,192)	(958,192)	Under this proposal, the Department will set procedure code rates at or below 95 percent of the Medicare rate. This item does not impact any rates that are already below 95 percent of the Medicare rate. This item will primarily affect physician services, injectable drugs, and durable medical equipment.
Cap Consumer Directed Attendant Support Services Wage Rates	(1,420,692)	(1,549,846)	Under this proposal, the Department would cap the wage rate that a client enrolled in the Consumer Directed Attendant Support Services program is allowed to pay attendants. In three major categories of services (homemaker, personal care, and health maintenance) the Department found that 12 percent to 21 percent of the wages were set at \$20 per hour or higher. The Department's proposed wage caps would be similar to rates paid for the HCBS-EBD waiver.
Reduce FQHC Rates to Remove Unsupported Pharmacy Costs	(951,019)	0	Under this proposal, the Department would clarify that for FQHCs that do not allow Medicaid clients to use their pharmacies, the pharmacy cost center would be considered a non-allowable cost center and would be removed from their rate calculation. Staff recommends this option for FY 2012-13. Currently staff has several reductions recommended for FQHCs and therefore, does not recommend this additional reduction at this time.
Enforce Limitations on Acute Home Health Services	(1,131,555)	(1,234,424)	Under this proposal, the Department would add an edit to the MMIS system to require prior authorization for any clients needing acute home health services after a 60 day limit.

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Table 8: FY 2011-12 Medicaid Program Reductions (Total Funds)			
Issue	Department	Staff	Comment
Money follows the clients Program Expansion	(624,975)	(625,704)	This is estimated savings from a new grant that the Department received from CMS to expand on efforts to relocate clients in nursing facility care to community settings. The grant will help fund transition services and cost
Managed Care Impact	(4,171,411)	(2,707,680)	Based on reductions in the fee-for-service program, capitation rates to the Managed Care Organizations are anticipated to be reduced also. However, it was brought to staff's attention that some of the cost savings anticipated, especially in the PACE program, may not occur (i.e. reducing the costs of c-sections shouldn't impact the PACE program because most of the clients are past child bearing age).
Total Funds	(\$53,385,543)	(\$48,370,701)	
General Fund	(\$25,167,122)	(\$23,301,593)	
Cash Funds	(\$1,473,009)	(\$808,878)	
Federal Funds	(\$26,745,412)	(\$24,260,230)	

Nursing Facility Audits: The Department requests and staff recommends a decrease of \$24,840 total funds from savings that are anticipated to occur due to auditing the supplemental payments made pursuant to HB 08-1114. Of this amount, \$12,420 is from the Nursing Facility Cash Fund and \$12,420 is from federal funds. This funding is offset with an increase of \$24,840 for audit contractors in the Executive Director's Office.

Health Care Expansion Fund Deficit: Staff recommends an increase of \$16.0 million General Fund and a decrease of \$16.0 million from the Health Care Expansion Fund. In FY 2011-12, the revenues in the Health Care Expansion Fund will be insufficient to fund all of the program costs under current statute. Staff's recommendation reduces the amount of funding appropriated from the Health Care Expansion Fund to the amount of revenue anticipated to be in the fund.

FY 2011-12 Legislation Recommended:

JBC Recommended Legislation #3 -- Transfer Amendment 35 moneys to offset GF expenditures: Staff recommends the Executive Branches request to transfer \$33.0 million Amendment 35 Tobacco Taxes moneys administered by the Department of Public Health and Environment. These moneys will be able to reduce General Fund expenditures in the Department's budget without a corresponding loss of

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federal funds to the State. This recommendation is contingent on the General Assembly passes SJR 11-009 -- a resolution declaring a fiscal emergency so that Amendment 35 moneys can be used as allowed by the State Constitution. Table 9 below shows the funds that would be used to offset General Fund expenditures.

Table 9: Tobacco Taxes used to offset General Fund in FY 2011-12			
Funding Source	Department Request	Staff Recommendation	Comment
Tobacco Education Programs	\$17,758,594	\$17,758,594	See DPHE figure setting for explanation.
Prevention, Early Detection, and Treatment Fund	11,955,055	119,955,055	See DPHE figure setting for explanation.
Health Disparities Grant Program	<u>3,286,351</u>	<u>3,286,351</u>	See DPHE figure setting for explanation.
Total	\$33,000,000	\$141,000,000	

JBC Recommended Legislation #4 -- Indigent Care Reductions: The Department requests a total of \$18.4 million in funds used to support indigent care programs be transferred to reduce General Fund expenditures in the Medical Services Premiums line item. Staff recommends a \$17.5 million General Fund reduction for this item. Table 10 below shows the reasons for the differences between the staff and Department's request.

Table 9: Indigent Care Funds used to offset General Fund in FY 2011-12			
Funding Source	Department Request	Staff Recommendation	Comment
Supplemental Old Age Pension Fund	\$5,000,000	\$0	Staff recommends a total of \$2.5 million from this fund be used to offset General Fund expenditures. However, depending on how the Committee decides to write the bill, this could be a revenue or expenditure impact. Only \$2.5 million is available because the Committee already used \$2.0 million to the General Fund in SB 11-164 (supplemental cash transfer bill).
Comprehensive Primary Care	875,474	0	Staff recommends eliminating this program and providing the funding to the Children's Basic Health Plan. See staff's recommendation for in the Indigent Care Division.

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Funding Source	Department Request	Staff Recommendation	Comment
Primary Care Fund	<u>12,510,318</u>	<u>17,530,670</u>	Staff recommends a higher transfer from this fund in order to mitigate some of the areas where staff has higher assumptions for costs or lower assumptions for cost savings. The Committee could transfer as much as \$28.3 million.
Total	\$18,385,792	\$17,530,670	

JBC Recommended Legislation #5 -- Hospital Provider Fee: The Department requests that \$50.0 million from the Hospital Provider Fee be used to offset General Fund expenditures in the Medical Service Premiums line item. Staff recommends the Department's request.

JBC Recommended Legislation #6 -- Nursing Facility Rate Reduction: The Department requests a 0.5 percent rate reduction to nursing facilities in FY 2011-12. Staff recommends a 1.5 percent rate reduction to nursing facilities. Staff's recommendation would continue the 1.5 percent rate reduction that the General Assembly approved in HB 10-1324.

	General Fund	Cash Funds	Federal Funds	Total Funds
Class 1 Nursing Facilities	(\$4,139,592)	\$0	(\$4,139,592)	(\$8,279,184)

Bill Proposal to Delay Medicaid Payments: The Department's request reflects a decrease of \$8.5 million General Fund (\$18.5 million) for annualization of payment delays that they proposed in FY 2010-11. However, because the Committee has not adopted payment delays in FY 2010-11, the full impact (not the annualization impact) would be experienced in FY 2011-12 if the Committee decides to move forward with payment delays. Please see the summary section of this document for more discussion regarding payment delays.

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(4) Indigent Care Program

This division contains funding for the following programs: (1) Colorado Indigent Care Program (CICP) which partially reimburses providers for medical services to uninsured individuals with incomes up to 250 percent of the federal poverty level (3 line items); (2) Children's Basic Health Plan (4 line items); (3) special distributions to providers to offset losses due to high Medicaid volume or to improve access to care for under insured and uninsured individuals (5 line items); and (4) specific fund appropriations required by law (3 line items).

Historical Summary:

By Line Item TOTAL FUNDS	FY 2009-10 Actual	FY 2010-11 App.*	FY 2011-12 Total Dept. Req. (includes bills)	FY 2011-12 Staff Long Bill & Balancing Bills
Safety Net Provider Payments	\$271,210,519	\$277,769,968	\$308,122,197	\$308,122,197
Colorado Health Care Services Fund	10,390,000	0	0	0
TCH - Clinic Based Indigent Care	27,759,956	6,119,760	6,119,760	0
Health Care Services Fund Programs	5,410,049	31,085,655	25,020,636	18,000,000
Primary Care Fund	0	0	0	0
Primary Care Grant Program Special Distribution	2,005,000	3,560,000	2,720,000	1,722,330
Comprehensive Primary and Preventative Care (CPPC) Grants Program	0	0	0	0
Pediatric Speciality Hospital	14,909,166	14,821,994	11,950,860	2,211,994
General Fund Appropriation to Pediatric Speciality Hospital Fund	345,690	447,000	422,148	0
Appropriation from Tobacco Tax Cash Fund to General Fund	0	447,000	422,148	446,100
Children's Basic Health Plan Administration	5,145,918	4,889,503	4,894,410	4,894,410
Children's Basic Health Plan Medical and Dental Costs	167,729,257	189,263,210	261,837,571	208,893,210
Children's Basic Health Plan Dental	10,765,764	0	0	0
Children's Basic Health Plan Trust Fund	3,296,467	10,911,482	13,987,765	0
Childless Adult Benefit	0	0	62,045,300	0

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By Line Item TOTAL FUNDS	FY 2009-10 Actual	FY 2010-11 App.*	FY 2011-12 Total Dept. Req. (includes bills)	FY 2011-12 Staff Long Bill & Balancing Bills
Total	\$518,967,786	\$539,315,572	\$697,542,795	\$544,290,241
General Fund	19,738,588	16,701,210	22,204,642	34,345,938
General Fund Exempt	450,000	447,000	422,148	446,100
Cash Funds	192,194,722	203,726,571	280,758,767	204,151,650
CFE/Reappropriated Funds	10,735,690	7,303,880	422,148	0
Federal Funds	295,848,786	311,136,911	393,735,090	305,346,553
AMOUNT EXEMPT FROM THE 6.0 PERCENT LIMIT ON GENERAL FUND				446,100

FY 2010-11 Late Supplementals -- Long Bill Add-Ons

The following table summarizes the supplemental appropriations contained in this division that staff recommends be included as Long Bill Supplemental Add-Ons.

Table 2: FY 2010-11 Late Supplementals Recommended for this Division			
FY 2010-11 Supplementals*	FY 2010-11 Current Appropriation*	FY 2010-11 Staff Revised Recommendation	Difference
Safety Net Provider Payments	277,769,968	277,769,968	0
Clinic Based Indigent Care	6,119,760	6,119,760	0
Health Care Services Fund Programs	31,085,655	29,635,145	(1,450,510)
Pediatric Specialty Hospital	14,821,994	14,821,994	0
CBHP Medical and Dental Costs	189,263,210	188,081,156	(1,182,054)
Total	<u>\$519,060,587</u>	<u>\$516,428,023</u>	<u>(\$2,632,564)</u>
General Fund	7,289,728	7,683,432	393,704
Cash Funds	196,000,341	197,941,390	1,941,049
Reappropriated Funds	7,303,880	7,303,880	0
Federal Funds	308,466,638	303,499,321	(4,967,317)

* Current Appropriation -- includes SB 11-139.

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Summary of Special Legislation Recommended for this Division

Table 3 below shows the impact of legislation recommended by JBC staff impacting line items in this division. These budget changes can not be made without changes to current law. This legislation is not part of staff's option list -- these are changes staff recommends be included in the budget package.

Table 3: Legislation Recommended that Impacts Line Items in this Division					
FY 2011-12 Legislation Recommended*	GF	CF	RF	FF	TF
JBC Legislation Recommendation #2: Reduce General Fund Appropriations for CBHP Program	(\$4,639,039)	(\$3,003,867)	(\$446,100)	(\$742,972)	(\$8,831,978)
JBC Legislation Recommendation #4: Indigent Care Reductions (GF savings in MSP)	<u>0</u>	<u>(17,530,670)</u>	<u>0</u>	<u>9,000,000</u>	<u>(8,530,670)</u>
TOTAL	(\$4,639,039)	(\$20,534,537)	(\$446,100)	\$8,257,028	(\$17,362,648)

Line Item Detail

Safety Net Provider Payments:

Line Item Description: This line item contains the funding for hospital providers who participate in the Colorado Indigent Care Program (CICP). The CICP served 217,916 uninsured or under insured clients in FY 2009-10 with incomes below 250 percent of the federal poverty level. This was a 10.3 percent increase in the number of clients served over the prior fiscal year. The federal match for this program comes from the Federal Disproportionate Share Hospital (DHS) payments or through the Upper Payment Limit (UPL) financing mechanisms. House Bill 09-1293 substantially changed the funding for this program by providing higher reimbursements to the hospitals who participate in the Medicaid and Indigent Care Program and changing the funding formulas for the distribution of the supplemental payments to hospitals provided through this line item.

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TABLE 1: Safety Net Provider Payment Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2010-11 Original Appropriation	\$0	\$277,769,968	\$0	\$277,769,968	\$0
ES #1: FMAP Adjustment	0	0	0	0	0
FY 2010-11 Revised Appropriation	\$0	\$277,769,968	\$0	\$277,769,968	\$0
Eliminate ARRA Impact	0	0	0	0	0
Annualize HB 09-1293	0	14,455,990	0	14,455,990	0
FY 2011-12 BASE Funding	\$0	\$292,225,958	\$0	\$292,225,958	\$0
DI #7: Maximize Upper Payment Limit	0	15,896,239	0	15,896,239	0
FY 2011-12 Request/Recommendation LONG BILL	\$0	\$308,122,197	\$0	\$308,122,197	\$0

Fund Source

Table 2: Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request*	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
Cash Funds - Public Certified Funds	10,225,900	10,225,900	0	0.00%
Cash Funds - Hospital Provider Fee	129,318,312	143,835,199	14,516,887	11.23%
Federal Funds	168,577,985	154,061,098	(14,516,887)	(8.61)%
TOTAL FUNDS	308,122,197	308,122,197	0	0.00%

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Issue Detail

FY 2010-11

LONG BILL SUPPLEMENTAL -- FMAP Adjustment: The FY 2010-11 state budget passed with the assumption that Congress would extend the full American Recovery and Reinvestment Act (ARRA) Enhanced Federal Medical Assistance Program (FMAP) match rate of 61.59 percent through June 30, 2011. Although Congress extended the ARRA Enhanced FMAP rate through June 30, 2011 in H.R. 1586, Congress did so at an average match rate of 59.71 percent -- which was approximately 1.89 percent lower than originally assumed. On January 19, 2011, the Committee voted to adjust appropriations to reflect the current law FMAP rate. However, this supplemental was a "placeholder" until final Medicaid forecasts were completed during figure setting. Staff recommends that this adjustment be included in the second round supplemental called a "Long Bill Add-On".

Staff's recommendation increases the cash fund appropriation from the Hospital Provider Fee Cash Fund by \$2.4 million and decreases the federal fund appropriation by \$2.4 million.

FY 2011-12 Base Adjustments

Eliminate ARRA Impact: The ARRA Enhanced FMAP rate expires on July 1, 2011. Therefore, the amount of federal funds available for most Medicaid programs will return to an estimated 50 percent match rate. This technical issue adjusts the base appropriation to reflect the current law FMAP available to the State.

The staff recommendation increases appropriations from the Hospital Provider Fee Cash Fund by \$12.2 million and decreases federal funds by \$12.2 million. The Department's request neglected to make this technical adjustment.

Annualize HB 09-1293: The Department requests and staff recommends an increase of \$14.5 million total funds to increase supplemental payments to hospitals under the provisions of HB 09-1293. Of this amount, \$7.2 million is from the Hospital Provider Fee and \$7.2million is from matching federal funds. As the Committee is aware, the HB 09-1293 increases reimbursement for hospitals participating in the Medicaid, Colorado Indigent Care Program (CICP), and Disproportionate Share (DSH) program. This line item represents the supplemental payments to hospitals participating in the CICP and DHS programs. Under the HB 09-1293 model the following supplemental payments are made:

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- ◆ For qualified hospitals under the CICIP program, the sum of supplemental payments will equal CICIP write-off costs multiplied by 90 percent for most hospitals (High Volume Medicaid and CICIP Hospitals will receive 75 percent and rural and Critical Access Hospitals will receive 100 percent of the write-off costs).

- ◆ For qualifying hospitals under the DSH program, the supplemental payments will equal uncompensated charity care costs multiplied by 42.7 percent.

The funding increase represents the amount of anticipated supplemental payments made under the most recent hospital provider fee model approved by the Centers of Medicare of Medicaid Services (CMS) on October 1, 2010.

FY 2011-12 Policy Adjustments

Maximize Upper Payment Limit: The Department requests and staff recommends an increase of \$15.9 million total funds to this line item in FY 2011-12. Of this amount, \$7.9 million is certified public expenditures (CPE) and \$7.9 million is federal matching funds. Currently, as discussed above, the Department is not reimbursing High Volume Medicaid providers at cost. This creates additional room under the Upper Payment Limit financing mechanism to certify additional expenditures at public hospitals as the state match in order to draw down additional federal funds.

Currently, Memorial Hospital and University Hospital qualify as "High Volume Medicaid and CICIP Hospitals" public hospitals and have additional funds they could certify under the UPL limit. In order to qualify as a "High Volume" hospital, the hospital must exhibit at least 35,000 Medicaid Days per year and provide over 30 percent of its total days to Medicaid and CICIP clients. Additionally, a High Volume Hospital must incur some uncompensated costs for at least 30 percent of their total days. From a financial standpoint, meeting these requirements entails that a large amount of care provided by these hospitals is either reimbursed at a relatively low rate or uncompensated. This recommendation will provide additional financial support to Memorial Hospital and University Hospital by certifying their costs for providing this care as the state match in order to draw down additional federal funds.

Colorado Health Care Services Fund

Line Item Description: Senate Bill 06-044 created the Health Care Services Fund to provide funding for indigent adult primary care. Senate Bill 06-044 appropriated \$14.9 million to the Health Care Services Fund in FY 2005-06 to be used in FY 2006-07. Senate Bill 06-044 also required that \$15.0

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million be appropriated to this fund for FY 2007-08, FY 2008-09 and FY 2009-10 from the Referendum C General Fund moneys. In the 2009 Session, the General Assembly passed SB 09-264 which reduced the amount of statutory required funding due to additional federal funds being available through ARRA. In the 2010 Session, the General Assembly passed HB 10-1321 which changed the distribution and funding for this program in order to achieve the saving anticipated by the Governor in August 2009 with the goal of retaining federal funds for the health clinics when possible. In FY 2010-11, the statutory requirement for this fund expired.

The Children's Hospital, Clinic Based Indigent Care:

Line Item Description: This line item is compromised of General Fund that is appropriated to draw down federal funds under the Children Hospital's Medicare Upper Payment Limit (UPL). From this appropriation, The Children's Hospital distributes all but \$60,000 to clinics that participate in the Colorado Indigent Care Program (CICP). Under federal regulations, clinics do not qualify for Disproportionate Share (DSH) or UPL financing. It is only through this contractual relationship with The Children's Hospital that clinics receive additional reimbursement from the CICP program for providing health services to indigent and uninsured clients.

TABLE 1: The Children's Hospital, Clinic Based Indigent Care Budget Build

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2010-11 Original Appropriation	\$2,350,600	\$6,119,760	\$2,350,600	\$6,119,760	\$0
ES #1: FMAP Adjustment	115,187	0	115,051	0	(136)
FY 2010-11 Revised Appropriation	\$2,465,787	\$6,119,760	\$2,465,651	\$6,119,760	(\$136)
Eliminate ARRA Impact	594,093	0	594,229	0	136
FY 2011-12 BASE Funding	\$3,059,880	\$6,119,760	\$3,059,880	\$6,119,760	\$0
JBC Staff Budget Balancing Recommendation	0	0	(3,059,880)	(6,119,760)	(3,059,880)
FY 2011-12 Request/Recommendation LONG BILL	\$3,059,880	\$6,119,760	\$0	\$0	(\$3,059,880)

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Fund Source

Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	3,059,880	0	(3,059,880)	(100.00)%
Federal Funds	3,059,880	0	(3,059,880)	(100.00)%
TOTAL FUNDS --	6,119,760	0	(6,119,760)	(100.00)%

Issue Detail

FY 2010-11

LONG BILL SUPPLEMENTAL -- FMAP Adjustment: The FY 2010-11 state budget passed with the assumption that Congress would extend the full American Recovery and Reinvestment Act (ARRA) Enhanced Federal Medical Assistance Program (FMAP) match rate of 61.59 percent through June 30, 2011. Although Congress extended the ARRA Enhanced FMAP rate through June 30, 2011 in H.R. 1586, Congress did so at an average match rate of 59.71 percent -- which was approximately 1.89 percent lower than originally assumed. On January 19, 2011, the Committee voted to adjust appropriations to reflect the current law FMAP rate. However, this supplemental was a "placeholder" until final Medicaid forecasts were completed during figure setting. Staff recommends that this adjustment be included in the second round supplemental known as a Long Bill Add-On.

FY 2011-12 Base Adjustments

Eliminate ARRA Impact: The ARRA Enhanced FMAP rate expires on July 1, 2011. Therefore, the amount of federal funds available for most Medicaid programs will return to an estimated 50 percent match rate. This technical issue adjusts the base appropriation to reflect the current law FMAP available to the State.

FY 2011-12 Long Bill Policy Adjustments

JBC Staff Recommended Budget Balancing Reduction: For budget balancing purposes, staff recommends eliminating the funding for this line item in FY 2011-12. This reduction would be a permanent reduction (at least until the General Assembly decides to fund the program again). This reduction does not require legislation and can be done through the Long Bill.

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Staff makes the recommended reduction for the following reasons:

- (1) The General Fund appropriation for this line item is optional. It is not required under federal law or regulations.
- (2) Eliminating this funding from this line item can be a permanent reduction -- it does not have to be one-time unless the General Assembly chooses to make it a one-time reduction.
- (3) Initially, as discussed during the staff briefing on HCPF in December 2010, staff was going to recommend eliminating the entire Primary Care Fund appropriation in FY 2011-12 (see Primary Care Fund recommendation). However, staff is instead recommending that \$19.7 million (\$10.7 million cash funds and \$9.0 million federal funds) be distributed from the Primary Care Fund to the indigent care clinics. With staff's revised recommendation, \$10.7 million from the Primary Care Fund will not be available to offset General Fund (however, this remains an option for the Committee to consider). With this recommendation, staff is trying to balance some permanent and one-time budget reductions so as not to reduce the FY 2012-13 General Fund backfill for one-time costs savings recommended in FY 2010-11.
- (4) In FY 2011-12 Medicaid eligibility will be provided to adults without dependent children up to 100 percent of the federal poverty level (FPL). With this expansion, the clinics will see more insured patients. In most states (and at the federal level too) the indigent programs have been reduced as public insurance programs' eligibility has increased. Please do not misunderstand staff -- there will continue to be a need for some indigent care programs for clients that are not and will not in the near future be eligible for Medicaid, the Children's Basic Health Plan, or an exchange program (if ever established). However, given the current budget situation, staff recommends this reduction at this time.
- (5) This is a guaranteed savings to the State budget. Some of the other proposals in this figure setting document are based on assumptions that may or may not happen. Staff can guarantee that if this funding is eliminated it will result in the \$3.0 million in estimated savings. Even if clients use emergency rooms rather than seek primary care, that will be uncompensated costs to the hospitals and not to the State budget. It may not be great policy (under normal circumstances staff would probably not recommend as drastic of a reduction as she has) but it will create real State budget savings.

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STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE ACTION

Health Care Services Fund Programs:

Line Item Description: This line item provides funding to qualifying hospitals and clinics to help mitigate the costs of serving indigent and uninsured clients. This line item was first funded with General Fund moneys retained due to the passage of Referendum C (SB 06-044). The Department was able to secure a federal match for the State funds appropriated in this line item by using Upper Payment Limit (UPL) financing. This line item originally expired in FY 2010-11 with the end of the Referendum C time period. However, because this program was able to secure a federal match while the Primary Care Fund program could not, the General Assembly refinanced and reinstated this program (HB 10-1321 and HB 10-1378) using Primary Care Fund moneys as the State match. The Primary Care moneys can only be used for this program if the General Assembly has passed a Joint Resolution declaring a fiscal emergency for the State. Therefore, the funding for this program expires in FY 2011-12 unless another Joint Resolution and corresponding legislation is adopted to fund the program. The Joint Budget Committee is currently sponsor SJR 11-009 to declare a fiscal emergency so that Amendment 35 moneys can be used to fund Medicaid and the Children's Basic Health Plan caseload growth.

TABLE 1: Health Care Services Fund Programs Budget Build

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2010-11 Original Appropriation	\$0	\$31,085,655	\$0	\$31,085,655	\$0
ES #1: FMAP Adjustment	0	(1,380,411)	0	(1,450,510)	0
FY 2010-11 Revised Appropriation	\$0	\$29,705,244	\$0	\$29,635,145	\$0
Expiration of Statutory Funding	0	(29,705,244)	0	(29,635,145)	0
FY 2011-12 BASE Funding	\$0	\$0	\$0	\$0	\$0
No LB Policy Changes	0	0	0	0	0
FY 2011-12 Request/Recommendation LONG BILL	\$0	\$0	\$0	\$0	\$0
JBC Staff Rec. Bill: Transfer Primary Care Fund to Maximize General Fund savings and Federal Funds	0	25,020,636	0	18,000,000	0
FY 2011-12 TOTAL Recommended	\$0	\$25,020,636	\$0	\$18,000,000	\$0

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Issue Detail

FY 2010-11

LONG BILL SUPPLEMENTAL -- FMAP Adjustment: The FY 2010-11 state budget passed with the assumption that Congress would extend the full American Recovery and Reinvestment Act (ARRA) Enhanced Federal Medical Assistance Program (FMAP) match rate of 61.59 percent through June 30, 2011. Although Congress extended the ARRA Enhanced FMAP rate through June 30, 2011 in H.R. 1586, Congress did so at an average match rate of 59.71 percent -- which was approximately 1.89 percent lower than originally assumed. On January 19, 2011, the Committee voted to adjust appropriations to reflect the current law FMAP rate. However, this supplemental was a "placeholder" until final Medicaid forecasts were completed during figure setting. Staff recommends that this adjustment be included in the second round supplemental known as a Long Bill Add-On.

The cash funds for this program were set with a ceiling in FY 2010-11 in order to achieve the needed General Fund savings from the Primary Care Fund. Therefore, there is no corresponding increase in state funding to make up for the loss in the federal fund due to the lower ARRA Enhanced FMAP rate.

FY 2011-12 Base Adjustments

Expiration of Statutory Funding: The statutory authority for the Health Care Services (HCS) Program expires in FY 2011-12. The program only receives state funding if the General Assembly passes a Joint Resolution declaring a fiscal emergency. If such a fiscal emergency is declared then a portion of the Primary Care Fund can be used to fund this program and draw a federal match.

FY 2011-12 Long Bill Policy Adjustments

None -- this program has no statutory authority in FY 2011-12 without new legislation.

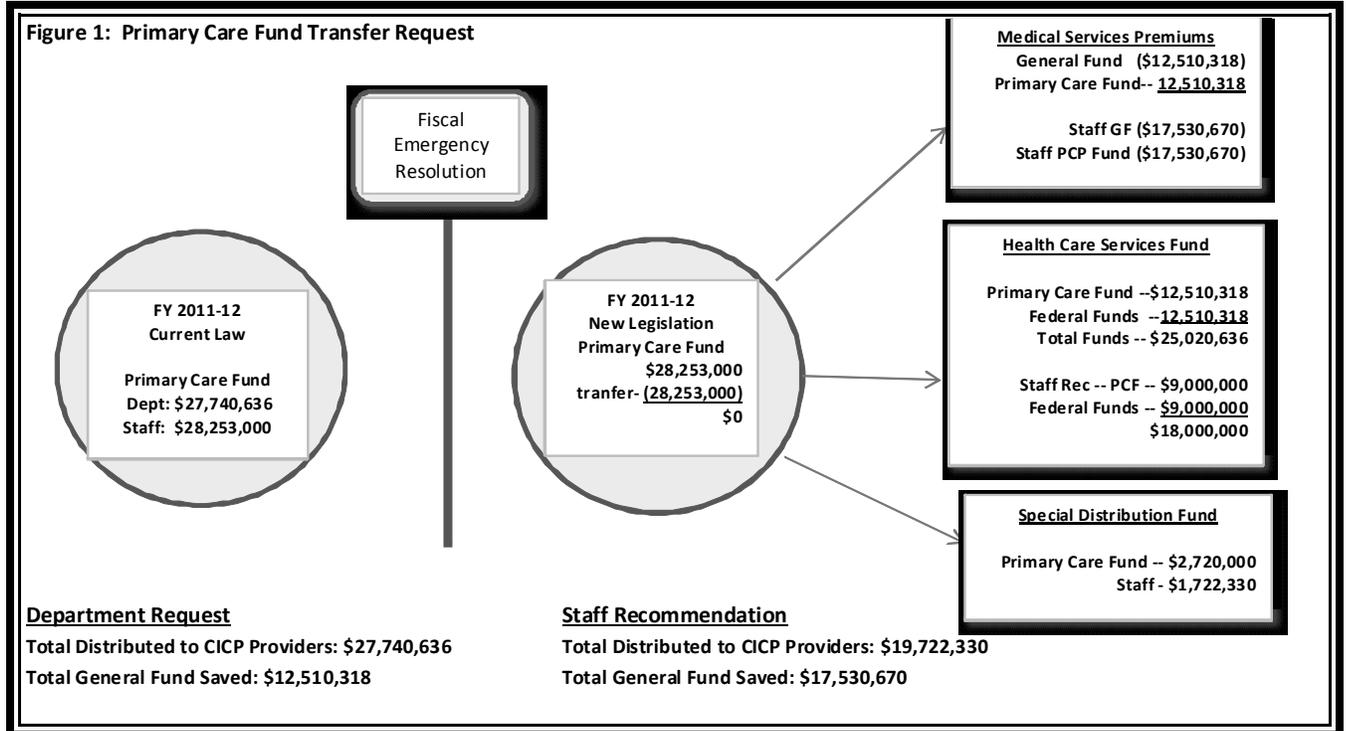
FY 2010-11 JBC Staff Recommended Legislation

JBC Legislation Recommendation #4 -- Indigent Care Reductions (GF savings in MSP): Both the Department and staff recommend budget balancing legislation to reinstate this program in FY 2011-12. Under the Executive and staff proposal, a portion of the Primary Care Fund would be transferred to this line item in order to draw down federal match. The remaining portion of the Primary Care Fund would then be used to offset General Fund expenditures in the Medical Services Premiums line item as shown in the diagram below. The Department's request would provide \$25.0 million for this line item. However, due to the budget situation, staff recommends \$18.0 million for

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this line item. Staff's recommendation will allow the General Fund to save \$17.5 million instead of the \$12.5 million proposed by the Department (the Department's request basically retains the \$12.8 million in savings in FY 2010-11). Under the staff proposal, the impacted hospitals and clinics would receive \$8.0 million less in funding than in the Department's request.



Budget Balancing Option: Please note that once the General Assembly has adopted an Emergency Resolution declaring a fiscal emergency, then all of the Primary Care Fund could be available to offset General Fund expenditures. Therefore, the Committee could use to use all \$28.2 million to offset General Fund expenditures (rather than the \$17.5 million staff has proposed). However, under this option the participating hospitals and clinics would lose \$28.3 million in funding instead of the \$16.7 million reduction staff has proposed (\$10.7 million reduction from this line item and \$6.1 million from the clinic based indigent care line item). Staff recommends that the option to eliminate the funding in it's entirety be kept as a "flagged" item for the Committee to consider during the balancing process.

Finally, the recommendation staff presented (not the option above) was based on the following considerations:

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- (1) The voters when approving Amendment 35 specifically allowed the Primary Care Fund to offset other health care expenditures in the Medicaid and Children's Basic Health Plan if a fiscal emergency is declared.
- (2) This is one-time savings of \$17.5 million General Fund. Because of the one-time nature, staff has recommended that some of the funding be retained to lessen the backfill in FY 2012-13. Staff has proposed a permanent reduction to the Clinic Based Indigent Care program knowing that the funding from this line item will come back in FY 2012-13 (unless another emergency resolution and corresponding legislation is adopted in FY 2012-13).
- (3) Staff recommended the same percentage reduction to the special distribution program (next line item discussed) once The Children's Hospital, Clinic Based Indigent Care reduction and Health Care Services Grants reduction are combined.
- (4) Additional funding for the clinics will be available beginning in February 2012 when new Medicaid expansion are implemented (adults without dependent children up to 100 percent FPL will be added by February 2012). Therefore, there should be a shift in State funding for the clinics away from the grant programs onto the public health insurance program revenue streams (for example, in Arizona where Medicaid eligibility has been higher than in Colorado, the clinics receive a smaller portion of their revenue stream from State grants and higher portion of their revenue stream from Medicaid).

Primary Care Fund

Line Item Description: This program provides payments from the Amendment 35 Tobacco Tax revenues to providers serving indigent care clients. The appropriation is distributed to qualified providers based on the portion of medically indigent or uninsured patients served relative to the total amount of medically indigent or uninsured clients served by all qualified providers. Funding for this program has been transferred to the Health Care Services Program during the last two years in order to draw down a federal match to provide General Fund relief (HB 10-132 and HB 10-1378).

TABLE 1: Primary Care Fund Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept General Fund Only
	GF	Total Funds	GF	Total Funds	
FY 2010-11 Original Appropriation	\$0	\$0	\$0	\$0	\$0

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TABLE 1: Primary Care Fund Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
No Supplementals	0	0	0	0	0
FY 2010-11 Revised Appropriation	\$0	\$0	\$0	\$0	\$0
Revenue forecast for Amendment 35	0	27,740,636	0	28,253,000	
FY 2011-12 BASE Funding	\$0	\$27,740,636	\$0	\$28,253,000	\$0
Policy Adjustments - None	0	0	0	0	0
FY 2011-12 Request/Recommendation LONG BILL	\$0	\$27,740,636	\$0	\$28,253,000	\$0
JBC Staff Rec. Bill: Transfer Primary Care Fund to Maximize General Fund savings and Federal Funds	0	(27,740,636)	0	(28,253,000)	0
FY 2011-12 TOTAL impact recommended	\$0	\$0	\$0	\$0	\$0

Fund Source

The fund source for this line item is the Primary Care Fund.

Issue Detail

FY 2011-12 Base Adjustments

Revenue forecast for Amendment 35: Nineteen percent of the revenue collected from the Amendment 35 tobacco taxes must be appropriated to fund comprehensive primary care through qualified providers as defined in Article X, Section 21, Paragraph (5) (b) of the State Constitution. The staff recommendation reflects the December 2010 revenue forecast for tobacco taxes plus any unappropriated amounts from previous years as calculated by staff. The Department's request is from the June 2010 revenue forecast.

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FY 2011-12 Long Bill Policy Adjustments

None.

FY 2010-11 JBC Staff Recommended Legislation

JBC Legislation Recommendation #4 -- Indigent Care Reductions (GF savings in MSP): Staff recommends that the JBC sponsor legislation to temporarily eliminate this program in FY 2011-12. This legislation is conditional on the passage of Senate Joint Resolution 11-009. The legislation proposed transfers the Primary Care Fund moneys to the Health Care Services Fund Programs, the Primary Care Grant Program Special Distribution, and to the Medical Services Premiums line items. Under staff's recommended legislation, \$17.5 million in General Fund would be offset by Primary Care Fund revenues. See the discussion in the Health Care Services Fund Programs line item for more details.

Primary Care Grant Program Special Distribution:

Line Item Description: This line item was first created in HB 10-1321 to minimize the adverse impact to certain providers from reducing the Primary Care Fund appropriations. This fund had two distributions in FY 2010-11: (1) \$3.0 million will be distributed to health clinics that qualify payments from the Primary Care Fund but that do not participate in the Indigent Care Program; and (2) \$560,000 shall be distributed to health clinics that participate in the Colorado Indigent Care Program that experience a reduction in funding due to transfers from the Primary Care Fund to the General Fund in FY 2010-11.

TABLE 1: Primary Care Program Special Distribution Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2010-11 Original Appropriation	\$0	\$3,560,000	\$0	\$3,560,000	\$0
No Supplementals	0	0	0	0	0
FY 2010-11 Revised Appropriation	\$0	\$3,560,000	\$0	\$3,560,000	\$0
Expiration of Statutory Funding	0	(3,560,000)	0	(3,560,000)	0
FY 2011-12 BASE Funding	\$0	\$0	\$0	\$0	\$0

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TABLE 1: Primary Care Program Special Distribution Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
No Policy Adjustments	0	0	0	0	0
FY 2010-11 Request/Recommendation LONG BILL	\$0	\$0	\$0	\$0	\$0
JBC Staff Rec. Bill: Transfer Primary Care Fund to Maximize General Fund savings and Federal Funds	0	2,720,000	0	1,722,330	0
FY 2011-12 TOTAL impact recommended	\$0	\$2,720,000	\$0	\$1,722,330	\$0

Fund Source

The fund source for this line item is entirely from the Primary Care Fund.

Issue Detail

FY 2011-12 Base Adjustments

Expiration of Statutory Funding: This program can only exist if there is a fiscal emergency that allows the Primary Care Fund to be used for health care purposes other than those outlined in Amendment 35 to the Colorado Constitution. Therefore, the funding expires in FY 2011-12 unless SJR 11-009 is passed and legislation is passed extending the program in FY 2011-12.

FY 2011-12 Long Bill Policy Adjustments

None.

FY 2010-11 JBC Staff Recommended Legislation

JBC Legislation Recommendation #4 -- Indigent Care Reductions (GF savings in MSP): This line item would be impacted by the recommended bill staff describes in Health Care Services Program line item. Specifically, staff recommends that \$1.7 million from the Primary Care Fund be transferred to the Primary Care Special Distribution Fund in order to mitigate impacts to certain clinics that

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receives distributions from the Primary Care Fund but not from the Health Care Services Program. This recommendation is similar to the action that Committee's action last year in HB 10-1321 and HB 10-1378.

Staff's recommendation would result in a 51.6 percent funding reductions to impacted clinics from this line item's appropriation. This is the same reduction that staff recommended for the Health Care Services Program when the reduction to the Indigent Care Clinic Program is also considered. However, please note that these clinics will be able to see a greater number of insured individuals once Medicaid is expanded to adults with incomes up to 100 percent of FPL.

Comprehensive Primary Care and Preventative Care Grants Program

Line Item Description: This program awards grants to health care providers in order to expand primary, preventative health care services to low income, uninsured residents of Colorado. Over the years, the majority of the grant money has been spent on expanding clinics or expanding the availability of primary care services for uninsured or medically indigent by hiring additional staff and purchasing equipment and supplies. This program is funded from 3.0 percent of the revenues in Tobacco Master Settlement Agreement. This program was temporarily eliminated in FY 2009-10 and FY 2010-11(SB 09-210 and HB 10-1323) when the Tobacco Master Settlement Agreement moneys for this program were transferred to the General Fund.

TABLE 1: Comprehensive Primary Care and Preventative Care Grants Program Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2010-11 Original Appropriation	\$0	\$0	\$0	\$0	\$0
No Supplementals	0	0	0	0	0
FY 2010-11 Revised Appropriation	\$0	\$0	\$0	\$0	\$0
Revenue forecast for Master Settlement Agreement distribution	0	866,075	0	2,706,995	
FY 2011-12 BASE Funding	\$0	\$866,075	\$0	\$2,706,995	\$0
Policy Adjustments - None	0	0	0	0	0
FY 2011-12 Request/Recommendation LONG BILL	\$0	\$866,075	\$0	\$2,706,995	\$0

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TABLE 1: Comprehensive Primary Care and Preventative Care Grants Program Budget Build

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
JBC Staff Rec. Bill: Reduce General Fund Appropriation to the CBHP Program	0	(866,075)	0	(2,706,995)	0
FY 2011-12 TOTAL impact recommended	\$0	\$0	\$0	\$0	\$0

Fund Source

The fund source for this line item is the Primary Care Fund.

Issue Detail

FY 2011-12 Base Adjustments

Revenue forecast for Master Settlement Agreement distribution: Staff's recommendation reflects the Committee's action on February 10, 2011 regarding the allocation of the Master Tobacco Settlement moneys based on the most recent Legislative Council Staff Revenue forecast.

FY 2011-12 Long Bill Policy Adjustments

None.

FY 2011-12 JBC Staff Recommended Legislation

JBC Recommended Legislation #2 -- Reduce General Fund Appropriations for CBHP Program:

Due to the recent recession, this grant program was suspended in both FY 2009-10 and FY 2010-11. Both the Department and staff recommend that this grant program be suspended again in FY 2011-12 and that the funding be used to offset General Fund appropriations. However, staff is recommending a permanent elimination of the program. Staff recommends that future allocations from this program be provided to offset General Fund appropriations for the Children's Basic Health Plan. Increasing the allocation of Master Tobacco Settlement moneys into the CBHP Fund will reduce the amount of General Fund that must be appropriated for the CBHP program. Current revenue streams from the Master Tobacco Settlement moneys and Amendment 35 Tobacco Tax moneys are insufficient to meet

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the current and future needs of the CBHP program. Please see the CBHP Medical and Dental Program Costs line item and the Legislation Section of this figure setting packet for more details.

Pediatric Speciality Hospital:

Line Item Description: This line item was first added in FY 2005-06. The line item provides funding for The Children's Hospital in an effort to help offset the costs of providing care to large number of Medicaid and indigent care clients. The line item also provides \$2.2 million (\$1.1 million General Fund) for The Children's Hospital Kids Street and Medical Day Treatment programs. The line item is funded with General Fund, Cash Funds (Pediatric Speciality Fund -- which receives revenue from a General Fund transfer of Amendment 35 Tobacco Taxes and Master Tobacco Settlement monies), and federal funds. The matching federal funds result from using the Medicare UPL available to Children's Hospital.

TABLE 1: Pediatric Speciality Hospital Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF/GFE	Total Funds	GF/GFE	Total Funds	General Fund & GFE Only
FY 2010-11 Original Appropriation	\$4,939,128	\$14,821,994	\$4,939,128	\$14,821,994	\$0
ES #1: FMAP Adjustment	278,982	0	278,653	0	(329)
FY 2010-11 Revised Appropriation	\$5,218,110	\$14,821,994	\$5,217,781	\$14,821,994	(\$329)
Eliminate ARRA Impact	1,438,887	0	1,439,216	0	329
Pediatric Speciality Hospital Fund Revenue Adjustments	0	128,866	0	(22,056)	0
FY 2011-12 BASE Funding	\$6,656,997	\$14,950,860	\$6,656,997	\$14,799,938	\$0
BRI #3: Indigent Care Refinance	(1,500,000)	(3,000,000)	(5,551,000)	(11,102,000)	(4,051,000)
FY 2011-12 Request/Recommendation LONG BILL	\$5,156,997	\$11,950,860	\$1,105,997	\$3,697,938	(\$4,051,000)
JBC Staff Rec. Bill: Reduce General Fund Appropriation to the CBHP Program	0	0	0	(1,485,944)	0
FY 2011-12 TOTAL impact recommended	\$5,156,997	\$11,950,860	\$1,105,997	\$2,211,994	(\$4,051,000)

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Fund Source

Table 2: Line Item Fund Split Detail By Fund Source for Long Bill	Department FY 2010-11 Request*	Staff FY 2010-11 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund / General Fund Exempt	5,156,997	1,105,997	(4,051,000)	(78.55)%
CF - Pediatric Speciality Hospital Fund	355,359	296,872	(58,487)	(16.46)%
RF - Pediatric Specialty Hospital Fund	422,148	446,100	23,952	5.67%
Federal Funds	6,016,356	1,848,969	(4,167,387)	(69.27)%
TOTAL FUNDS -- Pre-ARRA	11,950,860	3,697,938	(8,252,922)	(69.06)%

Issue Detail

FY 2010-11

LONG BILL SUPPLEMENTAL -- FMAP Adjustment: The FY 2010-11 state budget passed with the assumption that Congress would extend the full American Recovery and Reinvestment Act (ARRA) Enhanced Federal Medical Assistance Program (FMAP) match rate of 61.59 percent through June 30, 2011. Although Congress extended the ARRA Enhanced FMAP rate through June 30, 2011 in H.R. 1586, Congress did so at an average match rate of 59.71 percent -- which was approximately 1.89 percent lower than originally assumed. On January 19, 2011, the Committee voted to adjust appropriations to reflect the current law FMAP rate. However, this supplemental was a "placeholder" until final Medicaid forecasts were completed during figure setting. Staff recommends that this adjustment be included in the second round supplemental known as a Long Bill Add-On.

FY 2011-12 Base Adjustments

Eliminate ARRA Impact: The ARRA Enhanced FMAP rate expires on July 1, 2011. Therefore, the amount of federal funds available for most Medicaid programs will return to an estimated 50 percent match rate. This technical issue adjusts the base appropriation to reflect the current law FMAP available to the State.

Pediatric Specialty Hospital Fund Revenue Adjustments: Staff's recommendation reflects the revenue adjustments to the Pediatric Specialty Hospital Fund based on the Legislative Council Staff's December 2010 revenue forecast for Amendment 35 tobacco taxes and the Committee's February 10, 2011 action on Master Tobacco Settlement moneys.

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FY 2011-12 Long Bill Policy Adjustments

Indigent Care Refinance: For budget balancing purposes, the Department requests a reduction of \$3.0 million (\$1.5 million General Fund) to this line item. Staff recommends a reduction of \$11.1 million (\$5.6 million General Fund). Staff's recommendation eliminates all of the General Fund appropriations and associated federal matching funds for this line item with the exception of the funding provided to The Children's Hospital Kid Street Program and Medical Day Treatment Program.¹ In addition, funding required by statute for the Pediatric Specialty Hospital Fund would remain in the Long Bill but staff is also recommending that this funding be eliminated in a budget balancing bill (see legislation section). Staff's makes this recommendation for the following reasons.

- (1) The General Fund appropriations for this line item are optional. These appropriations are not required under federal law or regulations.
- (2) Eliminating the proposed funding from this line item can be a permanent reduction -- it does not have to be one-time unless the General Assembly chooses to make it a one-time reduction.
- (3) This line item was first created in FY 2005-06 to address The Children's Hospitals financial losses from serving a disproportionate number of patients that are eligible for Medicaid and the Children's Basic Health Plan. From FY 2005-06 to FY 2009-10, funding for this line item has increased by 171.86 percent (from an initial appropriation of \$5.4 million to \$14.8 million). This line received continuation funding in FY 2010-11. This line item, other than revenue changes in the Pediatric Specialty Hospital Fund, has not been reduced since the economic downturn began even though the funding for the program is totally optional.
- (4) The Hospital Provider Fee program (H.B. 09-1293) provides additional payments to hospitals. Under this program, The Children's Hospital received a net increase of \$12.1 million total funds in FY 2009-10 than what the hospital would have received prior to H.B. 09-1293. The

¹The Kids Street program provides professional and paraprofessional services for up to 10 hours a day at two sites for children six weeks old to six years old who have special medical needs and are commonly dependent on technology for life-sustaining support. The services are provided in lieu of hospitalization or home care and support families seriously stressed by the presence of a child with complex medical needs.

The Medical Day Treatment serves children and adolescents aged 7 to 21 years of age with chronic illnesses or medical conditions requiring ongoing medical monitoring. Patients are served five days a week at The Children's Hospital's campus in Aurora. Aurora Public Schools provides educational staff and instruction on site. Individual education plans are developed and maintained for the patients. The services reduce hospitalizations and provide psycho social supports to patients' families.

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Children's Hospital is anticipated to receive a net increase of \$16.2 million in FY 2010-11 and FY 2011-12 from what they would have received (based on the Department's request and staff recommendation to update the funding based the CMS approval of the current model as December 2010) prior to the passage of HB 09-1293. The current model reduces the funding The Children's Hospital receives from HB 09-1293 based on the receipt of the supplemental payments in this line item. If the supplemental payments in this line item were reduced, staff believes that The Children's Hospital would receive a larger amount of supplemental payments from the Hospital Provider Fee model. However, supplemental payments for other hospitals would be adjusted downward. The exact amounts would depend on the model that the Department submits to CMS for approval for FY 2011-12 (the model must be approved annually by CMS). By increasing the amount of funding The Children's Hospital receives through the Hospital Provider Fee model, this budget reduction would be spread across the hospital systems instead of just from The Children's Hospital.

- (5) This is a guaranteed savings to the State budget. Some of the other proposals in this figure setting document are based on assumptions that may or may not happen. Staff can guarantee that if this funding is eliminated it will result in the \$5.5 million in General Fund savings.

FY 2011-12 JBC Staff Recommended Legislation

JBC Legislation Recommendation #2 -- Reduce General Fund Appropriations for CBHP Program: Staff recommends that the Committee eliminate the Pediatric Specialty Hospital Fund and that all revenues deposited into this fund be directed to the Children's Basic Health Plan program. This legislation will reduce the amount of General Fund that must be appropriated to the CBHP program due to the fact there is insufficient revenues in the CBHP Trust Fund and Health Care Expansion Fund to support the program. Staff makes this recommendation for the following reasons:

- (1) Staff's recommends reducing grant programs rather than reducing the number of insured children and pregnant women.
- (2) The Master Settlement Tobacco moneys that go to the Pediatric Specialty Hospital Fund can be redirected to the CBHP Trust Fund. This will reduce the amount of General Fund subsidy for the CBHP Trust Fund by \$296,872 and will also simplify the formula for the Master Settlement Tobacco moneys. The Amendment 35 Tobacco Tax moneys can also be appropriated to the CBHP program to reduce the General Fund subsidy needed in the fund (these moneys would be appropriated as General Fund Exempt).

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- (3) During the Department's budget hearing, the Department identified that one of the least effective programs in the Department was the number of cash funds that they have to managed. Staff agrees and believes that this is an opportunity to reduce unnecessary cash funds (even if the Committee doesn't agree with the budget reduction, the appropriations could come directly from the original cash funds instead from the Pediatric Specialty Hospital Fund -- there is no administrative or programmatic need for this fund).

General Fund Appropriation to Pediatric Specialty Hospital Fund:

Line Item Description: Section 24-22-117 (1) (c) (I) (A), C.R.S. requires that 0.6 percent of all tobacco tax revenues appropriated into the Tobacco Tax Cash Fund be appropriated to the General Fund. Section 24-22-117 (1) (c) (I) (B) requires that 50 percent of those revenues appropriated to the General Fund be appropriated to the Pediatric Specialty Hospital Fund. This line item fulfills this statutory requirement.

TABLE 1: Pediatric Specialty Hospital Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GFE	Total Funds	GFE	Total Funds	General Fund Exempt Only
FY 2010-11 Original Appropriation	\$447,000	\$447,000	\$447,000	\$447,000	\$0
No Supplementals	0	0	0	0	0
FY 2010-11 Revised Appropriation	\$447,000	\$447,000	\$447,000	\$447,000	\$0
Pediatric Specialty Hospital Fund Revenue Adjustments	(24,852)	(24,852)	(900)	(900)	23,952
FY 2011-12 BASE Funding	\$422,148	\$422,148	\$446,100	\$446,100	\$23,952
No Policy Issues	0	0	0	0	0
FY 2011-12 Request/Recommendation LONG BILL	\$422,148	\$422,148	\$446,100	\$446,100	\$23,952
JBC Staff Rec. Bill: Reduce General Fund Appropriation to the CBHP Program	0	0	(446,100)	(446,100)	(446,100)
FY 2011-12 TOTAL impact recommended	\$422,148	\$422,148	\$0	\$0	(\$422,148)

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Fund Source

This line item is General Fund Exempt moneys under Amendment 35.

Issue Detail

FY 2011-12 Base Adjustments

Pediatric Specialty Hospital Fund Revenue Adjustments: The Department requests \$422,148 General Fund Exempt for this line item. Staff's recommendation is \$446,100 General Fund Exempt based on the amount of revenue available according to the December 2010 Legislative Council Staff Revenue Forecast.

FY 2011-12 JBC Staff Recommended Legislation

JBC Legislation Recommendation #2 -- Reduce General Fund Appropriations for CBHP Program: Staff recommends eliminating this line item and moving the General Fund Exempt appropriation to the Children's Basic Health Plan. See the explanation for the Pediatric Specialty Hospital line item and Recommended Legislation Section of this document for more detail.

Tobacco Tax Fund Appropriation to the General Fund

Line Item Description: Section 24-22-117 (1) (c) (I) (A), C.R.S. requires that 0.6 percent of all tobacco tax revenues appropriated into the Tobacco Tax Cash Fund be appropriated to the General Fund. This line item reflects one-half the amount required to be appropriated to the General Fund. The other half of the amount required to be appropriated is found in the Department of Public Health and Environment.

TABLE 1: Tobacco Tax Fund Appropriation to the General Fund Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	General Fund Exempt Only
FY 2010-11 Original Appropriation	\$0	\$447,000	\$0	\$447,000	\$0
No Supplementals	0	0	0	0	0
FY 2010-11 Revised Appropriation	\$0	\$447,000	\$0	\$447,000	\$0

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TABLE 1: Tobacco Tax Fund Appropriation to the General Fund Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	General Fund Exempt Only
Pediatric Specialty Hospital Fund Revenue Adjustments	0	(24,852)	0	(900)	0
FY 2011-12 BASE Funding	\$0	\$422,148	\$0	\$446,100	\$0
No Policy Issues	0	0	0	0	0
FY 2011-12 Request/Recommendation LONG BILL	\$0	\$422,148	\$0	\$446,100	\$0

Fund Source

This line item is entirely from the Tobacco Tax Cash Fund.

Issue Detail

FY 2011-12 Base Adjustments

Pediatric Specialty Hospital Fund Revenue Adjustments: The Department requests \$422,148 cash funds for this line item. Staff's recommendation is \$446,100 cash funds based on the amount of revenue available according to the December 2010 Legislative Council Staff Revenue Forecast.

Children's Basic Health Plan

The next three line items are for the Children's Basic Health Plan (CBHP). The first line item that will be discussed is the CBHP External Administrative Costs, followed by the CBHP Medical and Dental Costs (staff recommended that these line items be consolidated in FY 2010-11), and the CBHP Trust Fund line item.

These line items already receive an enhanced federal match of 65 percent. The federal Accountable Care Act (ACA) maintenance of effort (MOE) prohibits the State from changing eligibility for the children on the program as of March 23, 2010. However, the increase in eligibility from 205 percent of FPL to 250 FPL was approved by CMS on March 31, 2010 and therefore, could be eliminated. However, before the State could reduce children on the program, the State would need to eliminate all adults (pregnant

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women) from the program pursuant to federal law requirements. All adults can be eliminated from the program because they are not part of the ACA MOE. At this time, staff does not recommend this option. Nevertheless, reducing the CBHP caseload is an option available to the Committee. See the legislation summary at the front of this document for more information.

Children's Basic Health Plan External Administration Costs

Line Item Description: This line item provides funding for the private contracts for administrative services associated with the Children's Basic Health Plan. Internal administrative costs are funded in their respective line items in the Executive Director's Office division (i.e. personal services, operating expenses, MMIS, etc.).

TABLE 1: Children's Basic Health Plan Administrative Costs Budget Build					
Incremental Budget Change Issue	Department Request		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2010-11 Original Appropriation	\$0	\$4,889,503	\$0	\$4,889,503	\$0
No Supplemental	0	0	0	0	0
FY 2010-11 Revised Appropriation	\$0	\$4,889,503	\$0	\$4,889,503	\$0
Annualize HB 09-1293	0	4,907	0	4,907	0
FY 2011-12 BASE Funding	\$0	\$4,894,410	\$0	\$4,894,410	\$0
Health Care Expansion Fund Deficit	0	0	272,494	0	272,494
FY 2011-12 Request/Recommendation LONG BILL	\$0	\$4,894,410	\$272,494	\$4,894,410	\$272,494

Fund Source

TABLE 2: Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	\$0	\$272,494	\$272,494	n/a
CF - Children's Basic Health Plan Trust Fund	\$1,939,762	\$1,939,762	\$0	0.00%
CF - Health Care Expansion Fund	272,494	0	(\$272,494)	(100.00)%

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TABLE 2: Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
CF - Hospital Provider Fee	8,692	8,692	0	0.00%
Federal Funds	<u>2,673,462</u>	<u>2,673,462</u>	<u>0</u>	<u>0.00%</u>
TOTAL FUNDS	\$4,894,410	\$4,894,410	\$0	0.00%

Issue Detail

FY 2011-12 Base Issues

Annualize HB 09-1293: Staff recommends the Department's increase of \$4,907 total funds (\$1,718 from the hospital provider fee) to annualize the impacts of HB 09-1293. The additional funding is needed for external quality review costs associated with expanding eligibility from 205 percent FPL to 250 percent FPL.

FY 2011-12 Policy Issue

Health Care Expansion Fund Deficit: Staff recommends an increase of \$272,494 General Fund and a decrease of \$272,494 cash funds from the Health Care Expansion Fund. In FY 2011-12, the revenues in the Health Care Expansion Fund will be insufficient to fund all of the program costs under current statute. Therefore, staff recommends General Fund for these program costs.

Additional Information Regarding this Line Item

Total Administrative Funding	Cost
Primary Administration and Customer Service	\$3,939,516
Actuary Services	170,000
Quality Assurance (includes CHIPR impacts)	222,504
Claims Audit	62,390
Marketing and Outreach	<u>500,000</u>
Total External Administration Contracts	\$4,894,410

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Children's Basic Health Plan Medical and Dental Costs

Line Item Description: This line item contains the medical costs associated with serving the eligible children and adult pregnant women on the CBHP program and the dental costs for the children. Children are served by both managed care organizations and the Department's self-insured network. The adult pregnant women on the program are served in the self-insured network.

TABLE 1: Children's Basic Health Plan Premiums Costs Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2010-11 Original Appropriation (includes both Medical and Dental)	\$0	\$216,400,036	\$0	\$216,400,036	\$0
SB 11-139 (HCPF Supplemental)**	0	(27,136,826)	0	(27,136,826)	
Final Caseload Projection	0	36,206,334	0	(1,182,054)	0
FY 2010-11 Revised Appropriation	\$0	\$225,469,544	\$0	\$188,081,156	\$0
No Base Adjustments	0	0	0	0	0
FY 2011-12 BASE Funding	\$0	\$225,469,544	\$0	\$188,081,156	\$0
Caseload and Cost Forecast	0	48,565,616	6,856,880	33,532,290	6,856,880
Program Reductions	0	(9,960,298)	(2,580,428)	(8,527,297)	(2,580,428)
Medicaid Managed Care Payment Delay	0	(2,237,291)	0	0	0
Health Care Expansion Fund Deficit	0	0	33,330,034	0	33,330,034
FY 2011-12 Long Bill Recommendation	\$0	\$261,837,571	\$37,606,486	\$213,086,149	\$37,606,486
JBC Staff Rec. Bill: Reduce General Fund Appropriation to the CBHP Program	0	0	(4,192,939)	0	(4,192,939)
FY 2011-12 Total Recommended	\$0	\$261,837,571	\$33,413,547	\$213,086,149	\$33,413,547

*Reflects the Department's official request. The Department has forwarded updated caseload and cost estimates at staff's request that have been incorporated into the staff recommendation when appropriate.

**The Department also requested a payment delay in FY 2010-11 that was not recommended during supplementals and is not shown in this table in order to for the staff recommendation and Department request to be more comparable. See legislation section at the beginning of this document for more information regarding payment delays.

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Fund Source

TABLE 2: Line Item Fund Split Detail By Fund Source for LONG BILL	Department FY 2011-12 Request*	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund*	0	37,606,486	37,606,486	n/a
CF - Children's Basic Health Plan Trust Fund	38,422,330	24,122,386	(14,299,944)	(37.22)%
CF - Immunization Fund	583,099	461,700	(121,399)	(20.82)%
CF - Health Care Expansion Fund	32,426,364	1	(32,426,363)	(100.00)%
CF - Hospital Provider Fee	20,531,339	12,389,580	(8,141,759)	(39.66)%
Federal Funds	<u>169,874,439</u>	<u>138,505,996</u>	<u>(31,368,443)</u>	<u>(18.47)%</u>
TOTAL FUNDS	261,837,571	213,086,149	(48,751,422)	(18.62)%

*The Department's General Fund appropriations for this program includes \$14.0 million in the CBHP Trust Fund and a portion of the \$38.9 million General Fund requested to be deposited into the Health Care Expansion Fund (please note some of this General Fund is offset by reductions to the MMA payment from the CHIPR bonus). These General Fund appropriations do not show up in this line item in the Department's request. However, staff is recommending a simplification for the funding of these programs and this line item therefore, reflects the General Fund appropriation needed.

Issue Detail

FY 2010-11

LONG BILL SUPPLEMENTAL -- Final Caseload Projection: The Department's request reflects the supplementals requested through January 2011 by the Department (minus the payment delay issue) for the Children's Basic Health Plan Medical and Dental line items. However, since January, the Department has forwarded staff additional information at her request regarding updated caseload and cost estimates. Similar to staff's recommendation in January, the Department has revised both their caseload and per capita cost estimates downward.

Staff has revised her FY 2010-11 estimate based on caseload actual through January 2011 and expenditure data through February 2011. Based on her new estimates, staff recommends revising the January estimated downward by \$1.2 million. The table below shows staff's new estimates.

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Table 3: Final Caseload and Cost Assumptions for Department and Staff FY 2010-11 Forecasts			
	Current Appropriation with SB 11-139	Staff's Revised Recommendation	Difference Staff - Current App.
Children's Caseload	68,267	68,448	181
Children's Medical Cost Estimate	\$148,013,097	\$148,189,921	\$176,824
Children's Dental Cost Estimate	<u>\$11,173,260</u>	<u>\$11,256,959</u>	<u>\$83,699</u>
Total Costs for Children	\$159,186,357	\$159,446,880	\$260,523
Adult Caseload	2,033	2,033	0
Total Costs for Adults	\$30,076,853	\$28,634,276	(\$1,442,577)
Total Medical and Dental Costs	\$189,263,210	\$188,081,156	(\$1,182,054)
CF - Children's Basic Health Plan Trust Fund	28,507,016	28,535,214	28,198
CF - Immunization Fund	559,603	461,700	(97,903)
CF - Health Care Expansion Fund	24,273,279	24,009,652	(263,627)
CF - Hospital Provider Fee	6,045,346	5,964,960	(80,386)
RF - CBHP Trust Fund General Fund Appropriation	6,856,880	6,856,880	0
Federal Funds	123,021,086	122,252,750	(768,336)
Total Funds	\$189,263,210	\$188,081,156	(\$1,182,054)

See the appropriate appendix for more detail calculations for the program.

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Reasonable Test for Staff Recommendation

Table 4-- Reasonableness for Staff's FY 2010-11 Final Supplemental Recommendation						
	YTD Expenditures Through February	Total Staff Recommended Appropriation	Remaining Expenditure Authority with Staff Rec.	Remaining Monthly Average Expenditures	YTD Actual Average Monthly Expenditures	% Growth on Average Monthly Cost
Medical Services	\$112,469,836	\$176,824,197	\$64,354,361	\$16,088,590	\$14,058,730	14.44%
Dental Services	<u>7,281,186</u>	<u>11,256,959</u>	<u>3,975,773</u>	<u>993,943</u>	<u>910,148</u>	<u>9.21%</u>
TOTAL	\$119,751,022	\$188,081,156	\$68,330,134	\$17,082,534	\$14,968,878	14.12%

As Table 4 above shows, the average monthly expenditures for the CBHP program line items were \$15.0 million during the first eight months of the year. With staff's recommendation, the average monthly expenditures for the remaining four months of the year could increase to \$17.1 million (14.12 percent higher than the first eight months). This increase should account for the anticipated growth in the caseload plus any reconciliation payments that are yet to be made.

FY 2011-12 Base Issues

None.

FY 2011-12 Policy Issue

Caseload and Cost Forecast: The Department requests an increase of \$48.6 million total funds for forecasted increases to the CBHP program's caseload, medical and dental costs. The Department's recommendation is based on serving 86,516 children at a per capita cost of \$2,422.04 and a dental costs of \$155.46. The Department's estimates also reflect serving 3,303 women in the prenatal program at a per capita cost of \$15,452.67. These estimates represent the Department's official request. However, the Department has forwarded new cost and caseload estimates in response to staff's questions that reduce these estimates downward closer to the staff recommendation.

Staff recommends an increase of \$33.5 million total funds (\$6.9 million General Fund) for forecasted increases to the CBHP program's caseload, medical and dental costs. The \$6.9 million General Fund reflects appropriating this money directly instead of as reappropriated funds from the General Fund appropriation into the CBHP Trust Fund. The staff recommendation is based on serving 75,811 children

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at a medical per capita cost of \$2,288.21 and a dental cost of \$171.04. Staff's recommendation also reflects serving 2,391 adult pregnant women at a per capita cost of \$14,711.52.

Program Reductions: The Department's request reflects a total fund reduction of \$10.0 million for five program reductions to the program (described below). Staff recommends a decrease of \$8.5 million total funds (\$2.6 million General Fund) for these reductions.

Table 5: FY 2011-12 CBHP Program Reductions			
Issue	Department	Staff	Comment
Eliminate Reinsurance	(\$1,294,727)	(\$1,094,850)	The CBHP is responsible for all of the costs incurred by members in the self-funded managed care network (SMCN). To manage risk, the Department has purchased reinsurance to mitigate any extraordinary claims. However, based on recent changes to hospital reimbursement, the amount of reimbursement from the reinsurance has dropped below the cost of the coverage. Because the Department does not believe they receive a positive return on investment and therefore, recommending eliminating the coverage. Staff recommends the Department's request. The difference between staff and Department request is based on the lower caseload and cost assumptions in staff's recommendation.
3% CBHP HMO Rate Reduction	(3,265,571)	(2,734,447)	The Department purposes a 3.0 percent reimbursement reduction to the HMO rates. Staff recommends the request (this program has not received provider rate reductions in the HMO program). The difference between the Department's request and staff recommendation is based on staff's lower caseload and cost assumptions.
CBHP Out-of-Network Reimbursement Changes, Eliminate CHP+ Pre-HMO Enrollment, and Eliminate Inpatient Coverage for Prenatal PE	(5,400,000)	(4,698,000)	The Department proposes three changes to align program policy more closely with private insurance: (1) eliminating out-of-network reimbursement without a prior authorization for the SMCN program; (2) shorten the amount of time children are enrolled in the SMCN before assigned to an HMO plan; and (3) eliminate the inpatient coverage for CBHP adult pregnant women for the presumptive eligibility time period (before eligibility is confirmed). If the woman is later found eligible, the claims are paid. Staff recommends the Department's request based on actuary estimates and updated cost and caseload.

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Table 5: FY 2011-12 CBHP Program Reductions			
Issue	Department	Staff	Comment
Total	(\$9,960,298)	(\$8,527,297)	
General Fund	0	(2,580,428)	Staff recommendation reduces the General Fund subsidy needed because there is insufficient funds in the CBHP Trust Fund and Health Care Expansion Fund to meet the needs for the program.
CF - CBHP Trust Fund	(1,471,827)	0	
CF - Health Care Expansion	(1,355,623)	0	
CF - Hospital Provider Fee	(658,654)	(404,126)	
Federal Funds	(6,474,194)	(5,542,743)	

Medicaid Managed Care Payment Delay: The Department's request reflects the incremental increase to the Managed Care Payment Delay in FY 2011-12 if it approved in FY 2010-11. Staff does not recommend the payment delay in FY 2010-11. Furthermore, this request would require legislation. See the Legislation section of this figure setting document for more discussion on payment delay recommendations.

Health Care Expansion Fund Deficit: Staff recommends an increase of \$33.3 million General Fund and a decrease of \$33.3 million from the Health Care Expansion Fund. In FY 2011-12, the revenues in the Health Care Expansion Fund will be insufficient to fund all of the program costs under current statute. Therefore, staff recommends General Fund for these program costs with the exception of \$1.0 appropriation to meet the Constitutional requirement that portion of the Health Care Expansion Fund be used to fund CBHP caseload at the 2004 enrollment levels.

FY 2011-12 JBC Staff Recommended Legislation

JBC Legislation Recommendation #2 -- Reduce General Fund Appropriations for CBHP Program: Staff recommends that the funding for the Specialty Hospital Fund and the Comprehensive Primary and Preventative Care Grants program be redirected into the Children's Basic Health Plan Trust Fund in order to reduce the amount of General Fund appropriations needed to fund the CBHP. Staff's recommendation (excluding the options presented in the summary section of this figure setting document) preserves eligibility in the CBHP program. However, this result in higher General Fund costs. In order to preserve public insurance programs for children and adult pregnant women, staff recommends that other grant programs be eliminated. See the Recommended legislation section of this document for more details on this recommendation.

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Additional Information

Table 4 below shows the differences between the Department's and staff's recommendation for the base caseload and costs in FY 2011-12.

Table 6: Final Caseload and Cost Assumptions for Department and Staff FY 2011-12 Forecasts (Does not include policy adjustments)			
	Department Request (Official from Dec)	Staff's Revised Recommendation	Difference Staff - Current App.
Children's Caseload	86,516	75,811	(10,705)
Children's Medical Cost Estimate	\$209,545,213	\$173,471,488	(\$36,073,725)
Children's Dental Cost Estimate	<u>\$13,449,776</u>	<u>\$12,966,713</u>	<u>(\$483,063)</u>
Total Costs for Children	\$222,994,989	\$186,438,201	(\$36,556,788)
Adult Caseload	3,303	2,391	(912)
Total Costs for Adults	\$51,040,171	\$35,175,245	(\$15,864,926)
Total Medical and Dental Costs	\$274,035,160	\$221,613,446	(\$52,421,714)
General Fund	\$0	\$6,856,880	\$6,856,880
CF - Children's Basic Health Plan Trust Fund	40,227,968	30,561,675	(9,666,293)
CF - Immunization Fund	583,099	461,700	(121,399)
CF - Health Care Expansion Fund	34,067,527	26,890,746	(7,176,781)
CF - Hospital Provider Fee	21,353,694	12,793,706	(8,559,988)
Federal Funds	177,802,872	144,048,739	(33,754,133)
Total Funds	\$274,035,160	\$221,613,446	(\$52,421,714)

See the appropriate appendix for more detail calculations for the program.

Staff's children caseload is 10,705 clients (12.4 percent) lower than the Department's official request submitted in November 2010. However, at the request staff, the Department submitted staff updated

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caseload and cost estimates (this submission was reviewed and approved by OSPB) in February 2011 (this was a not a formal budget change). In their response to staff's request, the Department's revised CBHP children's forecast would be 74,633 clients based on new information and forecast trends. Therefore, staff's children caseload forecast is actually about 1,178 (1.6 percent) clients higher than the Department's revised estimate. Please note that staff's children's caseload in the Medicaid is lower than the Department's forecast. Staff is forecasting that as the economy improves there will be some children that leave the Medicaid program and are enrolled in the CBHP program. It is also important to note that staff's FY 2011-12 children's caseload forecast is 7,363 clients (10.8 percent) higher than staff's final FY 2010-11 estimate. Staff forecasts that growth in the children's caseload remain in double digit growth due to the following reasons:

- (1) Although State unemployment rate will fall in FY 2011-12, the unemployment rate will remain higher than usual throughout FY 2011-12 causing clients to enter and stay on the program longer, and
- (2) The increase in eligibility to 250 percent FPL will add 4,293 clients in FY 2011-12.

Staff's adult prenatal caseload forecast is 912 clients (27.5 percent) lower than the Department's original November 2010 forecast. However, the Department's revised February 2011 CBHP pregnant adult forecast is 2,050 adult clients based on new information and forecast trends. Therefore, staff's adult caseload forecast is actually 341 clients (16.6 percent) higher than the Department's revised estimate.

In FY 2011-12, staff is recommending the Department's revised per capita estimates for the CBHP program as submitted to staff in February. These rates are based on actuarially developed growth estimates on the Department's current year's estimate.

Table 7 below shows what is driving the costs for the children's population.

Table 7: Analysis of Factors Driving the Children's Premium Costs -- BASE ISSUES ONLY						
	FY 2010-11 Staff Recommended Appropriation	FY 2011-12 Department's Request (official)	FY 2011-12 Staff Rec.	FY 2011-12 Department Compared to Suppl. App.	FY 2011-12 Staff Rec. Compared to Suppl App.	FY 2011-12 Staff Rec. compared to Dept. Request
Total Cost Estimated	\$148,189,920	\$209,545,213	\$173,471,488	\$61,355,293	\$25,281,568	(\$36,073,725)
Caseload	68,448	86,516	75,811	18,068	7,363	(10,705)
\$/Client*	\$2,165.00	\$2,422.04	\$2,288.21	\$257.04	\$123.21	(\$133.83)

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Table 7: Analysis of Factors Driving the Children's Premium Costs -- BASE ISSUES ONLY						
	FY 2010-11 Staff Recommended Appropriation	FY 2011-12 Department's Request (official)	FY 2011-12 Staff Rec.	FY 2011-12 Department Compared to Suppl. App.	FY 2011-12 Staff Rec. Compared to Suppl App.	FY 2011-12 Staff Rec. compared to Dept. Request
Impact Associated with Caseload Change				\$39,117,220	\$15,940,895	(\$25,927,938)
Impact Associated with Cost per Client Changes (includes compounding effect)				\$22,238,073	\$9,340,673	(\$10,145,787)
Subtotal CBHP base forecasting				\$61,355,293	\$25,281,568	(\$36,073,725)

As table 5 above shows, the majority of the cost increase in FY 2011-12 is related to caseload growth (\$15.9 million). The remaining \$9.3 million is related to per capita cost increase estimates. It is important to note that this program historically has more closely followed the cost trends for private insurance. As a capitation program, federal regulations also require that the rates paid be actuarially sound. Due to these factors, the program's per capita costs tend to increase even with the increase in caseload. This is unlike the Medicaid children's population that tends to see per capita costs decrease when the risk is spread against a larger number of children.

Table 8 below shows what is driving the costs for the adult prenatal population.

Table 8: Analysis of Factors Driving the Adult Pregnant Premium Costs -- Base Issues ONLY						
	FY 2010-11 Staff Recommended Appropriation	FY 2011-12 Department's Request (Official)	FY 2011-12 Staff Rec.	FY 2011-12 Department Compared to Suppl. App.	FY 2011-12 Staff Rec. Compared to Suppl App.	FY 2011-12 Staff Rec. compared to Dept. Request
Total Cost Estimated	\$28,634,276	\$51,040,169	\$35,175,244	\$22,405,893	\$6,540,968	(\$15,864,925)
Caseload	2,033	3,303	2,391	1,270	358	(912)
\$/Client*	\$14,084.74	\$15,452.67	\$14,711.52	\$1,367.93	\$626.78	(\$741.15)
Impact Associated with Caseload Change				\$17,887,620	\$5,042,337	(\$14,092,835)
Impact Associated with Cost per Client Changes (includes compounding effect)				\$4,518,273	\$1,498,631	(\$1,772,090)
Subtotal Adult Prenatal Program for base forecasting				\$22,405,893	\$6,540,968	(\$15,864,925)

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As Table 6 above shows, the majority of the new funding is for the new caseload eligibility (mainly due to HB 09-1293 and paid from the Hospital Provider Fee). However, the per capita cost increase does result in the need for \$1.5million in new total funds in FY 2011-12.

Children's Basic Health Plan Dental Costs

Line Item Description: This line item funds the dental services provided to eligible children enrolled in the Children's Basic Health Plan. In SB 11-139 this line item was combined into the line item called "Children's Basic Health Plan Medical and Dental Costs" discussed above.

Children's Basic Health Plan Trust Fund

Line Item Description: This line item contains any General Fund appropriations or other cash fund appropriations that need to be made into the Children's Basic Health Plan Trust Fund due to program expenditures exceeding the amount of revenue sources available to support the program.

TABLE 1: Children's Basic Health Plan Trust Fund Budget Build					
Incremental Budget Change Issue	Department Request		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2010-11 Original Appropriation*	\$9,411,482	\$9,411,482	\$9,411,482	\$9,411,482	\$0
SB 11-139 (HCPF Supplemental Bill)*	0	1,500,000	0	1,500,000	0
FY 2010-11 Revised Appropriation	\$9,411,482	\$10,911,482	\$9,411,482	\$10,911,482	\$0
Remove One-Time Appropriations	(9,411,482)	(10,911,482)	(9,411,482)	(10,911,482)	0
FY 2011-12 BASE Funding	\$0	\$0	\$0	\$0	\$0
DI #6: Cash Fund Solvency	13,796,996	13,796,996	0	0	(13,796,996)
BA #7: Managed Care Payment True Up	190,769	190,769	0	0	(190,769)
FY 2011-12 Request/Recommendation LONG BILL	\$13,796,996	\$13,796,996	\$0	\$0	(\$13,796,996)

**The Department requested a payment delay in FY 2010-11 that was not recommended in SB 11-139. See the legislation section of this document for more information regarding payment delays.

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Fund Source

The fund source in FY 2011-12 is General Fund only. All other revenue sources into the CBHP Trust Fund are deposited into the fund per statutory requirements and therefore, are not appropriated.

Issue Detail

FY 2011-12 Base Issues

Remove One-Time Appropriations: The Department requests and staff recommends a decrease of \$9.4 million General Fund and \$1.5 million from the Health Care Expansion Fund to remove one-time appropriations into the CBHP Fund to maintain the Fund's solvency in FY 2010-11.

FY 2011-12 Policy Issue

Cash Fund Solvency: The Department requests \$13.8 million General Fund be deposited into the CBHP Fund in FY 2011-12 to provide sufficient revenue in the Fund to pay for program expenditures. Staff recommends that this General Fund appropriation be made directly into the program line item rather than depositing first into a cash fund. Staff believes that this is a more transparent way of budgeting the General Fund subsidy needed to support the program costs for the CBHP program. Therefore, staff does not recommend the Department's request for this line item.

Managed Care Payment True Up: The Department's request reflects an increase of \$190,769 General Fund to revise their estimates of the cost savings available for delaying managed care payments in FY 2010-11. The Committee did not adopt the Department's FY 2010-11 payment delay options. This item would require legislation. See the legislation section of this figure setting document for staff's recommendations regarding payment delays.

Additional Information

Table 2: CBHP Trust Fund Request and Recommendation				
CBHP Trust Fund	Department Request		Staff Recommendation	
	FY 2010-11*	FY 2011-12	FY 2010-11	FY 2011-12
Beginning Balance	\$599,735	\$0	\$599,735	\$681,420
General Fund Appropriation	9,411,482	0	9,411,482	0

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Table 2: CBHP Trust Fund Request and Recommendation				
CBHP Trust Fund	Department Request		Staff Recommendation	
	FY 2010-11*	FY 2011-12	FY 2010-11	FY 2011-12
Health Care Expansion Fund	0	0	1,500,000	0
Master Tobacco Settlement (Reflects Committee Action 2/10/11)	26,925,764	26,208,640	26,983,547	25,663,735
Annual Enrollment Fees	416,705	492,277	359,352	398,008
Interest Earnings	287,000	204,428	(215,250)	(153,321)
Colorado Immunization Fund	559,603	583,009	461,700	461,700
Total Revenue	\$38,200,289	\$27,488,354	\$39,100,566	\$27,051,542
CBHP ICP Program	39,111,599	40,796,962	35,853,793	37,880,254
CBHP EDO Administration Expenditure	541,487	606,262	603,371	508,365
CBHP ICP Administration Expenditure	1,939,762	1,939,762	1,939,760	1,939,762
CBHP CBMS Administration Expenditure	<u>22,222</u>	<u>19,329</u>	<u>22,222</u>	<u>19,329</u>
Total Expenditures	41,615,070	43,362,315	38,419,146	40,347,710
Estimated Balance (without other decision items)	(3,414,781)	(15,873,961)	681,420	(13,296,168)
Impact from other decision items*	2,686,563	2,076,965	0	13,296,168
TOTAL GF Backfill Needed	(728,218)	(\$13,796,996)	\$0	\$0

*Reflects the Department's official November 2010 request. The Department's request included payment delays that reduce the amount of General Fund needed. Because the Committee did not balance with payment delays in FY 2010-11, staff has adjusted the Department's request to reflect the Committee's action.

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Table 3 below summarizes all the line items where CBHP Trust Fund expenditures occur.

Line Item	TABLE 3: CBHP Line Item Expenditures	
	Staff Recommendation (CBHP Expenditures)	
	FY 2010-11	FY 2011-12
EDO (A) - General Administration	\$253,626	\$261,610
EDO (C) - Information Technology Contracts	246,755	246,755
EDO (F) - Provider Audits and Services	102,988	0
ICP - CBHP Medical and Dental Costs	35,853,793	37,880,254
-- Refinanced onto General Fund in Program line	0	(13,296,137)
ICP - CBHP External Administration	1,939,762	1,939,762
DHS - CBMS and CBMS Audit Costs	22,222	19,298
Total CBHP Expenditures	\$38,419,146	\$27,051,542
Revenue Available (included GF and HCE in FY 2010-11)	\$39,100,566	\$27,051,542
Difference	\$681,420	\$0

House Bill 09-1293 Childless Adults

Line Item Description: This is a new program in FY 2011-12 based on Medicaid eligibility be expanded to cover adults without dependent children up to 100 percent of the federal poverty level. The Department's request reflects this funding as separate line item in the Indigent Care Program. Because this is a Medicaid eligibility group, staff included the costs for this population in the Medical Services Premiums line item and in the Medicaid Mental Health program line items.

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(5) Other Medical Services

This division contains funding for programs not administered by the Department through the Medicaid or Indigent Care Programs. Five of the line items receive Medicaid funding but are administered by other Departments, Commissions, or hospitals. Two of the line items relate to the Old Age Pension State-Only Medical Program and one line item relates to the State Contribution Payment for the Medicare Part D Benefit.

Table 1: -- Division Funding Summary (Long Bill Appropriation Recommendation)				
	FY 2009-10 Actual	FY 2010-11 Appropriation /1	FY 2011-12 Total Dept. Req. (includes bills)	FY 2011-12 Staff.Long Bill & Balancing Bills
Services for Old Age Pension State Medical Program clients	10,185,516	15,083,483	15,285,523	11,000,000
Tobacco Tax Transfer from General Fund to the Old Age Pension State Medical Program	0	2,235,000	2,520,000	0
Commission on Family Medicine Residency Training Programs	1,738,844	1,738,846	1,738,846	1,391,077
Public School Health Services	25,597,360	29,537,394	30,284,655	30,448,418
Public School Health Services Administration	433,700	799,700	1,138,549	1,138,549
Medicare Modernization Act State Contribution Payment	57,624,126	70,700,172	91,338,170	91,156,720
State University Teaching Hospitals Denver Health and Hospital Authority	1,831,714	1,831,714	1,831,714	1,831,714
State University Teaching Hospitals - University of Colorado Hospital Authority	676,782	676,785	676,785	633,313
Total	<u>\$98,088,042</u>	<u>\$122,603,094</u>	<u>\$144,814,242</u>	<u>\$137,599,791</u>
General Fund	59,255,529	72,331,577	65,332,349	68,074,667
Cash Funds	21,629,028	30,474,490	59,357,852	27,010,155
Reappropriated Funds	0	2,235,000	2,520,000	0
Federal Funds	17,203,485	17,562,027	17,604,041	42,514,968

/1 Current Appropriation -- does not include supplemental recommendations made in this packet. See line item detail.

/2 Represents the Long Bill Recommendation plus the impact of special bills.

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FY 2010-11 Late Supplementals -- Long Bill Add-Ons

The following table summarizes the supplemental appropriations contained in this division that staff recommends be included as Long Bill Supplemental Add-Ons.

Table 2: FY 2010-11 Late Supplementals Recommended for this Division			
FY 2010-11 Supplementals*	FY 2010-11 Current Appropriation*	FY 2010-11 Staff Revised Recommendation	Difference
Old Age Pension State Medical Program	15,083,483	11,000,000	(4,083,483)
Commission on Family Medicine Residency Training Programs	1,738,846	1,738,846	0
Medicare Modernization Act State Contribution Payments	70,700,172	71,986,544	1,286,372
State University Teaching Hospitals Denver Health and Hospital Authority	1,831,714	1,831,714	0
State University Teaching Hospitals University of Colorado Hospital Authority	676,785	676,785	0
Total	<u>\$90,031,000</u>	<u>\$87,233,889</u>	<u>(\$2,797,111)</u>
General Fund	58,660,534	60,026,757	1,366,223
Cash Funds	12,848,483	11,000,000	(1,848,483)
Reappropriated Funds	2,235,000	0	(2,235,000)
Federal Funds	16,286,983	16,207,132	(79,851)

* Current Appropriation -- includes supplemental bills already passed.

Summary of Special Legislation Recommended for this Division

Table 3 below shows the impact of legislation recommended by JBC staff impacting line items in this division. See the Legislation Summary and line item detail for explanations.

Table 3: Impacts from Legislation Recommended Impacting Line Items in this Division			
FY 2011-12 Legislation Recommended*	GF	CF	TF
JBC Legislation Recommendation #1: Transfer additional funding from Supplemental OAP Medical Fund to the General Fund (shown as a Revenue impact) /1	2,500,000	(2,500,000)	0

/1 Depends on which option the Committee chooses on whether this would be a revenue or expenditure impact. See Summary of Legislation at the beginning of this figure setting document for more details.

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Line Item Detail

Services for Old Age Pension State Medical Program clients:

Line Item Description: The Old Age Pension (OAP) Health and Medical program was established through Article XXIV of the Colorado Constitution and by Section 25.5-2-101, C.R.S. to provide health care services to persons who qualify to receive old age pensions but who are ineligible for Medicare or Medicaid. Under current law, staff estimates that approximately 3,200 clients will be served by this program in FY 2010-11 and FY 2011-12.

TABLE 1: Old Age Pension State Medical Program Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2010-11 Original Appropriation	\$0	\$15,083,483	\$0	\$15,083,483	\$0
Anticipated Expenditures Adjustments -- LONG BILL ADD- ON Supplemental	0	0	0	(4,083,483)	0
FY 2010-11 Revised Appropriation	\$0	\$15,083,483	\$0	\$11,000,000	\$0
Revenue Adjustment	0	285,000	0	0	0
FY 2011-12 BASE Funding	\$0	\$15,368,483	\$0	\$11,000,000	\$0
BRI #2/BA #6: Payment Delay	0	(82,960)	0	0	0
FY 2011-12 Request/Recommendation LONG BILL	\$0	\$15,285,523	\$0	\$11,000,000	\$0

*The Department had requested a 3 week payment delay in FY 2010-11 that was denied by the Committee.

Fund Source

Table 2: Line Item Fund Source	Department FY 2011-12 Request*	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
CF - Old Age Pension Health and Medical Fund (Constitutional Distribution)	9,998,483	9,998,483	0	0.00%

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Table 2: Line Item Fund Source	Department FY 2011-12 Request*	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
CF - Old Age Pension Supplemental Health and Medical Fund (Statutory Distribution Requirement)	2,767,040	1,001,517	(1,765,523)	(63.81)%
RF - Old Age Pension Supplemental Health and Medical Fund (Constitutional Distribution)	2,520,000	0	(2,520,000)	(100.00)%
TOTAL FUNDS -- LONG BILL	15,285,523	11,000,000	(4,285,523)	(28.04)%

Issue Detail

FY 2010-11

LONG BILL SUPPLEMENTAL -- Anticipated Expenditures Adjustments: Staff recommends a negative supplemental of \$4.1 million total funds. This recommendation reflects a decrease of \$1.8 million cash funds from the Supplemental Old Age Pension Health and Medical Care Fund and \$2.2 million reappropriated funds from the Amendment 35 tobacco taxes that are appropriated into the Supplemental Old Age Pension Health and Medical Fund.

This program has three funding sources: (1) \$10.0 million that is annually transferred pursuant to the Colorado State Constitution (Article XXIV, Section 7); (2) \$2.85 million transferred from the Old Age Pension Fund pursuant to Section 39-26-123 (3) (a) (IV) (B), C.R.S.; and (3) 1.5 percent of the Amendment 35 tobacco tax (Colorado State Constitution Article X, Section 21 and Section 24-22-117 (1) (d) (II), C.R.S). It has been the practice of the Joint Budget Committee to appropriate all of the statutory and constitutional required funding available for the program. However, since the economic downturn began in FY 2010-11, this line item has been reverting funding. This has primarily been for two reasons: (1) reimbursement rates for the program have not changed since FY 2008-09; and (2) the caseload has decreased from 4,100 to 3,200 clients (approximately 25 percent) due to the passage HB 10-1384. House Bill 10-1384 created a 5-year bar for legal immigrants from being eligible for the OAP medical program (similar to the requirement under the Medicaid program). Because the program has been reverting funding, the General Assembly has passed legislation (SB 09-261, HB 10-1380, and SB 11-164) to allow the fund balance in the Supplemental OAP Health and Medical Care Fund to offset General Fund expenditures. However, the appropriation has not been adjusted to reflect the lower expenditures.

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At this time, staff recommends that the appropriation for the OAP Medical Program be adjusted to more accurately reflect the amount of anticipated expenditures. Staff's recommendation assumes that the reimbursement rates for the OAP medical program will remain at the same level set in July 2010 through the remainder of FY 2010-11 and also in FY 2011-12.

OAP Rates as a Percentage of Medicaid Rates	Staff's FY 2010-11 and FY 2011-12 Recommendation Is Based on the Following
Capitation	100.00%
Pharmacy	75.00%
Inpatient	10.00%
Outpatient	65.00%
Practitioner/Physician	65.00%
Dental	65.00%
Independent Laboratory	65.00%
Medical Supply	65.00%
Home Health	65.00%
Transportation	65.00%
Medicare Part A Crossover	100.00%
Medicare Part B Crossover	100.00%

FY 2011-12 Base Adjustments

Revenue Adjustment: The Department's request indicates an increase of \$285,000 to adjust for anticipated revenues from the Amendment 35 tobacco tax. **Staff does not recommend this increase.** Based on the December 2010 Legislative Council Staff Revenue Forecast, a total of \$2.2 million will be available for appropriation to the OAP Medical Program from the Amendment 35 tobacco taxes (see Transfer of Tobacco Tax Cash Fund into the Supplemental Old Age Pension State Medical Fund line item discussion). This amount is \$78,000 lower than the amount of funding available in FY 2010-11. Furthermore, staff is recommending that the OAP Medical Program receive continuation funding in FY 2011-12 based on staff's revised FY 2010-11 estimate. Based on this recommendation, the funding sources for the program are sufficient without any further adjustments.

FY 2011-12 Long Bill Policy Adjustments

Payment Delay: The Department's request reflects the impact of a 3-week payment delay in FY 2011-12. This issue requires legislation. Staff does not recommend this legislation unless absolutely necessary. Please see the legislation section of this document for more information.

FY 2011-12 Legislation Recommended

JBC Legislation Recommendation #1 -- Transfer additional funding from Supplemental OAP Medical Fund to the General Fund: Based on staff's estimates for the program in FY 2011-12, approximately \$2.5 million to \$2.9 million in additional fund balance in the Supplemental OAP Health and Medical Fund will be available to offset General Fund expenditures in FY 2011-12. See the legislation section at the beginning of figure setting packet for the options on how this funding can be transferred to benefit the General Fund.

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Transfer of Tobacco Tax Cash Fund into the Supplemental Old Age Pension Health and Medical Care Fund:

Line Item Description: Amendment 35 to the Colorado Constitution provided that three percent of the revenues from the new tobacco taxes be distributed to the General Fund, the Old Age Pension Medical Program (OAP), and to counties and cities. House Bill 05-1262 requires that the General Assembly annually appropriate 50 percent of the 3 percent (1.5 percent) of the Amendment 35 tobacco revenues to the Supplemental Old Age Pension Health and Medical Fund. This line item contains the annual appropriation required under HB 05-1262.

TABLE 1: Transfer of Tobacco Tax Cash Fund to OAP Health and Medical Care Fund Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2010-11 Original Appropriation	\$0	\$2,235,000	\$0	\$2,235,000	\$0
No Supplemental Adjustment Recommended	0	0	0	0	0
FY 2010-11 Revised Appropriation	\$0	\$2,235,000	\$0	\$2,235,000	\$0
Revenue Adjustment to Amendment 35 Funding	0	285,000	0	(4,500)	0
FY 2011-12 BASE Funding	\$0	\$2,520,000	\$0	\$2,230,500	\$0
Policy Adjustments -- None	0	0	0	0	0
FY 2011-12 Request/Recommendation LONG BILL	\$0	\$2,520,000	\$0	\$2,230,500	\$0
JBC Staff Rec. Bill: Transfer additional funding from Supplemental OAP Medical Fund to the General Fund	0	0	0	(2,230,500)	0
FY 2011-12 TOTAL Recommended	\$0	\$2,520,000	\$0	\$0	\$0

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Fund Source

Line Item Fund Split Detail By Fund Source	Department FY 2010-11 Request*	Staff FY 2010-11 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
CF - Transfer from Tobacco Tax Cash Fund to OAP Supplemental Health and Medical Care Fund (Constitutional Distribution)	2,235,000	2,230,500	(4,500)	(0.20)%

Issue Detail

FY 2011-12 Technical Adjustments

Revenue Adjustment to Amendment 35 Moneys: The Department's request was for an increase of \$285,000 based on an annualization of past revenue forecast and the September 2010 forecast. Staff's recommendation is for a decrease of \$4,500 cash funds based on the Legislative Council Staff's December 2010 Revenue Forecast. Of this amount, \$2,191,500 is the current available revenue forecast plus an additional \$39,000 from revenue in FY 2009-10 and FY 2010-11 that previously was not appropriated due to slight forecast errors.

FY 2011-12 Long Bill Policy Adjustments

None.

FY 2011-12 Special Legislation Recommended

JBC Legislation Recommendation #1 -- Transfer additional funding from Supplemental OAP Medical Fund to the General Fund: Staff discusses options for legislation for this line item in the summary section of this figure setting document. If the Committee opts to introduce either of the temporary solutions, then there will be no change to this appropriation in the Long Bill. However, if the Committee opts to introduce the permanent solution recommended by staff, then this line item would be eliminated in the appropriation clause in the budget balancing bill.

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Commission on Family Medicine Residency Training Programs:

Line Item Description: This line item provides payments to eight hospitals to help offset their costs for providing residency programs for family medicine physicians (University Hospital's payments are in a separate line item). All of the funding in this line item goes directly to the residency programs. Federal regulations allow Medicaid financial participation for the payments to the hospitals enrolled in the program.

TABLE 1: Commission on Family Medicine Residency Training Programs Budget Build

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2010-11 Original Appropriation	\$667,891	\$1,738,846	\$667,891	\$1,738,846	\$0
ES #1: FMAP Adjustment	32,729	0	32,690	0	(39)
FY 2010-11 Revised Appropriation	\$700,620	\$1,738,846	\$700,581	\$1,738,846	(\$39)
Eliminate ARRA Impact	168,803	0	168,842	0	39
FY 2011-12 BASE Funding	\$869,423	\$1,738,846	\$869,423	\$1,738,846	\$0
JBC Staff Recommended Budget Balancing Reduction	0	0	(173,885)	(347,769)	(173,885)
FY 2011-12 Request/Recommendation LONG BILL	\$869,423	\$1,738,846	\$695,538	\$1,391,077	(\$173,885)

Fund Source

Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request*	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	869,423	695,538	(173,885)	(20.00)%
Federal Funds	869,423	695,539	(173,884)	(20.00)%
ARRA Adjusted TOTAL FUNDS	\$1,738,846	\$1,391,077	(\$347,769)	(20.00)%

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Issue Detail

FY 2010-11

LONG BILL SUPPLEMENTAL -- FMAP Adjustment: The FY 2010-11 state budget passed with the assumption that Congress would extend the full American Recovery and Reinvestment Act (ARRA) Enhanced Federal Medical Assistance Program (FMAP) match rate of 61.59 percent through June 30, 2011. Although Congress extended the ARRA Enhanced FMAP rate through June 30, 2011 in H.R. 1586, Congress did so at an average match rate of 59.71 percent -- which was approximately 1.89 percent lower than originally assumed. On January 19, 2011, the Committee voted to adjust appropriations to reflect the current law FMAP rate. However, this supplemental was a "placeholder" until final Medicaid forecasts were completed during figure setting. Staff recommends that this adjustment be included in the second round supplemental known as a Long Bill Add-On.

FY 2011-12 Technical Adjustments

Eliminate ARRA Impact: The ARRA Enhanced FMAP rate expires on July 1, 2011. Therefore, the amount of federal funds available for most Medicaid programs will return to an estimated 50 percent match rate. This technical issue adjusts the base appropriation to reflect the current law FMAP available to the State.

FY 2011-12 Long Bill Policy Adjustments

JBC Staff Recommended Budget Balancing Reduction: For budget balancing purposes, staff recommends a 20 percent reduction to this line item in FY 2011-12 when compared to the final FY 2010-11 recommendation. With the staff recommendation, the General Fund for this program will remain similar to the amount provided in FY 2010-11 (\$695,538 in FY 2011-12 compared to the \$700,581 in FY 2010-11). This line item was also reduced by 10 percent beginning in FY 2009-10. **If the Committee accepts the staff recommendation, then this line item will have been reduced by approximately 38.8 percent from the amount of funding appropriated in FY 2008-09 of \$1,932,052.** However, it is important to note that the state funding provided for the nine Family Medicine residencies is only approximately 2.9 percent of the \$59.3 million dollars needed to train approximately 188 residents. The rest of the funding for the family residency programs is provided through: (1) Medicare, (2) the hospitals sponsoring residency programs; and (3) some patient fees.

Staff makes the recommended reduction for the following reasons:

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- (1) There is no federal law requirement that this program be funded by the State. This is an optional Medicaid program.

Please note that state appropriations for this program initially began in FY 1991-92. By FY 1994-95 federal rules had changed and allowed Medicaid funding (including state and federal match) to be used for some graduate medical education expenses. In FY 2003-04, all state appropriations for the Commission's administrative expenses were eliminated (the Commission's administrative expenses are funded solely by the participating residency programs). Since FY 2003-04, all funding provided by the state goes directly to support the education and training of the medical residents participating at the nine sponsoring programs. Following is a ten-year appropriation history for this program.

	Residency Training Line Item	Teaching Hospital, University of Colorado	Total Funding for Family Residency Programs	Notes
FY 2001-02	2,369,807	0	2,369,807	Highest funding for program
FY 2002-03	2,132,824	0	2,132,824	Reduced for economic downturn
FY 2003-04	1,751,668	0	1,751,668	Reduced for economic downturn
FY 2004-05	1,576,501	0	1,576,501	Reduced for economic downturn
FY 2005-06	1,576,501	0	1,576,501	Lost Colorado Springs program
FY 2006-07	1,703,558	0	1,703,558	Started to restore funding
FY 2007-08	1,868,307	35,251	1,903,558	Moved University Hospital residency program to a new line item -- Restored funding
FY 2008-09	1,932,052	241,506	2,173,558	Restored funding
FY 2009-10	1,738,846	217,355	1,956,201	Reduced for economic downturn
FY 2010-11	1,738,846	217,355	1,956,201	Continuation funding
FY 2011-12 Staff Rec.	1,391,077	173,884	1,564,961	Reduce for economic downturn

Staff's recommendation is 0.73 percent less than the funding provided for Family Residency programs in FY 2005-06. The following table shows staff's estimate of the funding provided to each of the nine residency programs.

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Residency Program	FY 2005-06	FY 2010-11 (current app.)	FY 2011-12 (Staff Rec.)	% change from FY 2005-06
Ft. Collins	175,167	217,355	173,885	(0.73)%
North Colorado	175,167	217,355	173,885	(0.73)%
Rose	175,167	217,355	173,885	(0.73)%
St. Anthony	175,167	217,355	173,885	(0.73)%
St. Joseph	175,167	217,355	173,884	(0.73)%
St. Mary	175,167	217,355	173,884	(0.73)%
Southern Colorado	175,166	217,355	173,884	(0.73)%
Swedish	175,166	217,355	173,885	(0.73)%
<u>University /AF Williams</u>	<u>175,167</u>	<u>0</u>	<u>0</u>	<u>n/a</u>
TOTAL for this Line Item	\$1,576,501	\$1,738,836	\$1,391,077	(11.76)%
University / AF Williams	<u>0</u>	<u>217,356</u>	<u>173,884</u>	<u>n/a</u>
TOTAL w/ University Hospital Line Item	\$1,576,501	\$1,956,192	\$1,564,961	(0.73)%

- (2) While state funding for graduate medical education (especially for family medicine) represents a vital State interest for ensuring that physicians are available to serve the medical needs of Colorado residents, these grants are provided to institutions (i.e. teaching hospitals) that have the ability to cost shift the loss, reduce their own operating expenses, or absorb it. Staff is aware that many of the teaching hospitals experiences losses associated with their residency programs. However, when the General Assembly must consider Medicaid reductions for FY 2011-12, staff believes that hospitals will have an easier time absorbing these losses than Medicaid clients will in cost-sharing or with lost benefits. Without this reduction to the residency programs, other reductions would be necessary to the actual services provided to Medicaid clients.

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Public School Health Services:

Line Item Description: The Public School Health Services Program began in 1997 with the passage of S.B. 97-101. Under this program, school districts are able to bill Medicaid for health care services that the districts provide to Medicaid eligible children. The expenditures incurred by the district for these services are the State match for the federal financial participation. The Department then allocates the federal financial participation back to the school districts, minus the administrative costs to the State for the program. The additional federal funds that the school districts receive are then used to support local school health services, increase access to primary and preventative care programs to low-income, under, or uninsured children, and to improve the coordination of care between schools and health care providers.

This line item was impacted by ARRA. Senate Bill 09-264 allowed the State to retain any additional federal revenues received by this program rather than to distribute this funding back to the school districts. The appropriation amount for this line item did not show any ARRA impact. Rather, the additional ARRA received by the state was shown in the General Fund revenue estimates. Staff estimates that the additional revenue to the State was approximately \$3.1 million in FY 2009-10 and \$2.7 million in FY 2010-11. This additional revenue is no longer available in FY 2011-12.

TABLE 1: Public School Health Services Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2010-11 Original Appropriation	\$0	\$29,537,394	\$0	\$29,537,394	\$0
No Supplemental*	0	0	0	0	0
FY 2010-11 Revised Appropriation	\$0	\$29,537,394	\$0	\$29,537,394	\$0
Technical Adjustments - Adjust for DOE Costs	0	388	0	388	0
FY 2011-12 BASE Funding	\$0	\$29,537,782	\$0	\$29,537,782	\$0
BRI #2/BA #6 -- Medicaid Fee-for-Service Payment Delay	0	(134,640)	0	0	0
BA #5 -- School Based Health Program Refinancing	0	881,513	0	910,636	
FY 2011-12 Request/Recommendation LONG BILL	\$0	\$30,284,655	\$0	\$30,448,418	\$0

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*The Department requested a payment delay in FY 2010-11. However, as of February supplemental package, the Committee has balanced the budget without a payment delay.

Fund Source

Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request*	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
CF -- Certification of School District Expenditures	15,942,835	16,010,155	67,320	0.42%
Federal Funds	14,341,820	14,438,263	96,443	0.67%
TOTAL FUNDS	30,284,655	30,448,418	163,763	0.54%

Issue Detail

FY 2011-12 Technical Adjustments

Technical Adjustments - Adjust for DOE Costs: The Department's request includes an increase of \$388 federal funds to reflect technical adjustments to the administrative costs for the Department of Education. Staff recommends the Department's request. However, staff asks permission to update this recommendation based on the Committee's action in the Department of Education's figure setting presentation.

FY 2011-12 Long Bill Policy Adjustments

Medicaid Fee-for-Service Payment Delay: The Department's request reflects a decrease of \$134,640 for a three week payment delay for all fee-for-service providers, including school districts. This request would require legislation. At this time, staff does not recommend a payment delay. However, staff has included it as an option if the Committee needs payment delays to balance after the March revenue forecast is released. Please see the Summary of Legislation section of this figure setting document for more information on payment delays.

School Based Health Program Refinancing: The Department requests an increase of \$881,513 total funds to reflect increased certification of expenditures at school districts for Medicaid services provided by schools. Of this amount, \$619,148 is from certified public expenditures at the school districts and \$262,365 is federal funds. The federal fund amount reflects \$619,148 in additional Medicaid claims minus \$356,783 in additional State administrative costs. The increase in administrative costs is due to the Department providing additional outreach and training to school

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districts regarding how to certify expenditures that qualify for Medicaid reimbursement. Once these school district expenditures are certified, the Department is able to claim a federal Medicaid match for the schools districts. The federal match, minus the State's administrative costs, is then returned to the school districts to pay for health related programs.

Staff recommends the Department's request with technical differences. The Department's request increases State administrative funding to the full 10 percent allowed under federal regulations. Staff recommends the Department's request as it relates to increased funding for contract services in order to provide additional training to school districts. However, staff is not recommending the Department's request to increase the Department's personal services line item for more training activities. Staff recommends that all of the additional training be provided by a contractor with oversight from the Department's existing staff resources. Because staff is not recommending any increases for the Department's internal administration, less federal funds are deducted from the funding returned to the school districts. Therefore, staff's recommendation for the increase in school district payments is \$910,636 total funds instead of the \$881,513 total funds that the Department requested. Of staff's recommended increase, \$619,148 is from increased certification of public expenditures at school districts and \$291,488 is from federal funds. The federal fund increase is calculated from \$619,148 in increased Medicaid claims minus \$327,660 in increased administrative costs from providing additional training to the school districts in order to improve retention in the program and to identify qualifying Medicaid expenditures.

Because this budget item impacts multiple line items in the Department's budget, staff has summarized the recommendation in the following table.

BA #5 -- School Based Health Program Refinancing	Department Request	Staff Recommendation	Difference Staff - Dept.
HCPF, EDO, Personal Services	\$54,000	\$0	(\$54,000)
HCPF, EDO, Operating Expenses	(1,188)	(1,188)	0
HCPF, Transfers to Other Departments, DOE	(10,000)	(10,000)	0
HCPF, OMS, Public School Health Services	881,513	910,636	<u>29,123</u>
HCPF, OMS, Public School Health Services Administration	\$338,849	\$338,848	<u>(\$1)</u>
Total HCPF	\$1,263,174	\$1,238,296	(\$24,878)

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Additional FY 2011-12 Information Regarding this Line Item

State Administrative Funding for this Program -- The table below shows staff's calculations for the administrative funding for this program. Staff requests permission to adjust this line item if the administrative costs in the Department of Education are change due to common policy decisions.

FY 2010-11 Public School Health Services	Cash Funds	Federal Funds	Total Funds
Base Appropriation	\$16,010,155	\$16,010,155	\$32,020,310
Deduct Contract Administration (Audits & Training)	0	(1,138,549)	(1,138,549)
Deduct HCPF Internal Administration	0	(293,344)	(293,344)
Deduct Department of Education Administration	0	(139,999)	(139,999)
Recommended Appropriation	\$16,010,155	\$14,438,263	\$30,448,418
Amount of Federal Funds Used for Administration*			9.82%

*Federal law prohibits using more than 10 percent of the federal funds for administration.

Public School Health Services Contract Administration:

Line Item Description: This line item represents all of the administrative funding for the Public School Health Services program, excluding the administrative funding contained in the Department of Education and the administrative funding in the Department of Health Care Policy and Financing's personal service and employee-related expense line items (i.e. HLD, Short-Term Disability AED, SAED). Funding in this line item includes audit services, training services, and associated operating expenses.

TABLE 1: Public School Health Services Contract Administration Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept General Fund Only
	GF	Federal Funds	GF	Federal Funds	
FY 2010-11 Original Appropriation	\$0	\$799,700	\$0	\$799,700	\$0
No Supplemental	0	0	0	0	0
FY 2010-11 Revised Appropriation	\$0	\$799,700	\$0	\$799,700	\$0
None	0	0	0	0	0

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TABLE 1: Public School Health Services Contract Administration Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept General Fund Only
	GF	Federal Funds	GF	Federal Funds	
FY 2011-12 BASE Funding	\$0	\$799,700	\$0	\$799,700	\$0
BA #5 -- School Based Health Program Refinancing	0	338,849	0	338,849	0
FY 2011-12 Request/Recommendation LONG BILL	\$0	\$1,138,549	\$0	\$1,138,549	\$0

FY 2011-12 Long Bill Policy Adjustments

School Based Health Program Refinancing: The Department requests and staff recommends an increase of \$338,849 federal fund in order to provide additional training services to school districts participating in the School Based Health Program. Over the last several years, participation by school districts has fallen from 146 school districts in FY 2005-06 to 74 school districts in FY 2009-10. The Department states that the reason for the decline has been that some school districts find the program administratively burdensome. The Department requests increased training and administrative support for these school districts in order to increase participation rates. School districts that participate in the program are able to leverage more federal funding to provide additional health services to under and uninsured children. Furthermore, the Department could help the school districts use the Medicaid Administrative Claiming (MAC) program to help the districts claim administrative expenses associated with providing Medicaid services. This additional federal funding could reduce some of the school districts reluctance to participate in the program. The additional funding requested and recommended will go directly to providing the necessary training to meet federal requirements, provide technical assistance to school districts, and train the schools on how to use programmatic and software features managed by the Department in order to administer the program.

Medicare Modernization Act State Contribution Payment: On January 1, 2006, the Centers for Medicare and Medicaid Services (CMS) implemented the Part D prescription drug benefit for Medicare clients. Clients who were eligible for both Medicaid and Medicare were required to switch their prescription drug benefit from Medicaid to Medicare. However, the Medicare Modernization Act of 2003 required that the states still retain some responsibility for paying for the prescription drug coverage for Medicaid clients. For calendar year 2006, states had to pay 90 percent of the federal Medicaid portion of their average dual eligible drug benefit from calendar 2003, inflated to 2006

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estimated costs based on the National Healthcare Expenditure average growth rate. As each calendar year passes, the 90 percent factor is reduced by 1.67 percent until it reaches 75 percent in 2015.

TABLE 1: Medicare Modernization Act State Contribution Payment Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2010-11 Original Appropriation	\$70,700,172	\$70,700,172	\$70,700,172	\$70,700,172	\$0
SB 11-139 (HCPF Supplemental Bill)	(13,671,043)	0	(13,671,043)	0	0
FY 2010-11 Current Appropriation	\$57,029,129	\$70,700,172	\$57,029,129	\$70,700,172	\$0
ES #1: FMAP Adjustment	2,067,630	2,067,630	2,067,630	2,067,630	0
S #4: MMA Payment Adjustment	(501,254)	(501,254)	(781,258)	(781,258)	(280,004)
S #10: Additional CHPRA Bonus	(3,000,139)	0	0	0	3,000,139
Final FY 2010-11 Revised Appropriation	\$55,595,366	\$72,266,548	\$58,315,501	\$71,986,544	\$2,720,135
Eliminate ARRA Impact	15,496,839	15,496,839	17,749,766	17,749,766	2,252,927
Eliminate FY 2010-11 CHPRA Bonus	16,671,182	0	13,671,043	0	(3,000,139)
Annualize Payment Reform	842,040	842,040	842,040	842,040	0
FY 2011-12 BASE Funding	\$88,605,427	\$88,605,427	\$90,578,350	\$90,578,350	\$1,972,923
DI #4: MAA Caseload and Cost Adjustment	2,732,743	2,732,743	578,370	578,370	(2,154,373)
BA #11: FY 2011-12 CHPRA Bonus	(28,129,494)	0	(25,010,105)	0	3,119,389
FY 2011-12 Request/Recommendation LONG BILL	\$63,208,676	\$91,338,170	\$66,146,615	\$91,156,720	\$2,937,939

Fund Source

Table 2: Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request*	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	63,208,676	66,146,615	2,937,939	4.65%
Cash Funds	28,129,494	0	(28,129,494)	(100.00)%

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Table 2: Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request*	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
Federal Funds	0	25,010,105	25,010,105	n/a
TOTAL FUNDS	91,338,170	91,156,720	(181,450)	(0.20)%

Issue Detail

FY 2010-11

LONG BILL SUPPLEMENTAL -- FMAP Adjustment: The FY 2010-11 state budget passed with the assumption that Congress would extend the full American Recovery and Reinvestment Act (ARRA) Enhanced Federal Medical Assistance Program (FMAP) match rate of 61.59 percent through June 30, 2011. Although Congress extended the ARRA Enhanced FMAP rate through June 30, 2011 in H.R. 1586, Congress did so at an average match rate of 59.71 percent -- which was approximately 1.89 percent lower than originally assumed. On January 19, 2011, the Committee voted to adjust appropriations to reflect the current law FMAP rate. However, this supplemental was a "placeholder" until final Medicaid forecasts were completed during figure setting. Staff recommends that this adjustment be included in the second round supplemental known as a Long Bill Add-On.

MMA Payment Adjustment: The Department requests a decrease of \$501,254 General Fund for updated assumptions based on updated caseload and costs from their November 2010 request. Staff recommends a decrease of \$781,258 General Fund based on caseload and payments through February 2011. The table below shows the calculations for staff's revised estimate. Please note that in January, the Committee included no adjustments to this line item in the "placeholder" estimate. Therefore, staff's revised recommendation will benefit the FY 2010-11 General Fund balancing by \$781,258.

Table 3: Calculation Assumptions for MMA State Contribution Payment for FY 2010-11		
	Original Appropriation Estimate	Staff's New FY 2010-11 Estimate
May 2010 through December 2010 (Paid July through February)		
Weighted Monthly Per Capita Cost multiplied by the Phase down	\$132.73	\$129.70
Average Monthly Enrollment (1 st Eight Months of FY) for Dual Eligibles	56,679	57,849
Total payments for the first eight months of FY 2010-11 Actual	\$60,185,476	\$60,024,063

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Table 3: Calculation Assumptions for MMA State Contribution Payment for FY 2010-11		
	Original Appropriation Estimate	Staff's New FY 2010-11 Estimate
January 2011 through April 2011 (Paid March through June)		
Weighted Monthly Per Capita Cost multiplied by the Phase down	\$138.32	\$127.39
Average Monthly Enrollment (Last Four Months of FY) for Dual Eligibles	57,367	58,721
Total payments for the last four months of FY 2010-11	\$31,740,426	\$29,920,753
TOTAL MMA State Contribution Payment Estimate for FY 2010-11	\$91,925,902	\$89,944,816
Impact of ARRA (Includes Correction in ES #1)	(\$21,225,730)	(\$20,025,902)
Original Estimate and Recommendation before ARRA Adjust from ES #1	\$70,700,172	\$69,918,914
ARRA Adjustment from ES #1	<u>\$2,067,630</u>	<u>\$2,067,630</u>
Total Adjusted Appropriation Compared to New Estimate	\$72,767,802	\$71,986,544
Supplemental Amount needed in Supplemental #4		(\$781,258)

Additional CHPRA Bonus: The Department requests a supplemental adjustment to reduce the General Fund by \$3.0 million with increased cash funds due to updated estimates in the amount of bonus the State will receive from the Children's Health Plan Reauthorization Act (CHPRA). In December 2010, the State was awarded \$13.7 million in CHPRA bonuses. The Department and staff believe that this award will be adjusted upward in April 2011 once the retroactive caseload adjustments are calculated. If the award is adjusted upward, the federal funds are placed in a special federal account that the Department can draw against in order to reduce General Fund. Currently, the Committee has balanced the FY 2010-11 budget without using this funding. Staff recommends that this funding be retained in the federal account until July 2011 in order to offset anticipated FY 2011-12 (the budget year that the Committee has not yet balanced). Therefore, staff does not recommend any FY 2010-11 adjustment for this issue.

FY 2011-12 Base Adjustments

Eliminate ARRA Impact: The ARRA Enhanced FMAP rate expires on July 1, 2011. Therefore, the amount of federal funds available for most Medicaid programs will return to an estimated 50 percent match rate. This technical issue adjusts the base appropriation to reflect the current law FMAP available to the State. The difference between the staff and the Department's request is a technical

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difference in calculating the impact related to eliminating ARRA and the amount attributed to new caseload growth.

Eliminate FY 2010-11 CHPRA Bonus: This is a technical issue to eliminate the one-time CHPRA Bonus expenditure impacts appropriated in FY 2010-11 budget. The CHPRA bonus must be recalculated and reward each fiscal year.

Annualize Payment Reform: For FY 2010-11, the Committee approved the Department's request to increase efforts to identify Medicaid clients who are also eligible for Medicare. Identifying these clients will save expenditures in the Medical Services Premiums line item for medical costs that should be paid from the Medicare program. However, identifying these clients will increase the amount of payments for the Medicare State Contribution Payment. Staff recommends the Department's request to increase this line item by \$842,040 General Fund to annualize the impacts of last year's efforts to identify additional Medicare clients.

FY 2011-12 Long Bill Policy Adjustments

MMA Caseload and Cost Adjustment: This item reflects the Department's and staff's estimates for the caseload and costs for the MMA State Contribution payment in FY 2011-12. Some of the difference between the Department's and staff's calculations relates to staff attributed a larger amount of the growth the elimination of ARRA aid. When the elimination of the ARRA aid and this issue are added together, the difference between the Department's request and the staff recommendation is \$98,554 (0.11 percent).

Table 4 below shows staff's calculation for the MMA State Contribution Payment for FY 2011-12.

Table 4: Calculation Assumptions for MMA State Contribution Payment for FY 2011-12	
	Estimated Cost
May 2011 through December 2011 (Paid July through February)	
Weighted Monthly Per Capita Cost multiplied by the Phase down	\$127.84
Average Monthly Enrollment (1 st Eight Months of FY) for Dual Eligibles	59,115
Total payments for the first eight months of FY 2011-12	\$60,456,514
January 2010 through April 2010 (Paid March through June)	
Weighted Monthly Per Capita Cost multiplied by the Phase down	\$127.83

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Table 4: Calculation Assumptions for MMA State Contribution Payment for FY 2011-12	
	Estimated Cost
Average Monthly Enrollment (Last Four Months of FY) for Dual Eligibles	60,043
Total payments for the last four months of FY 2011-12	\$30,700,206
TOTAL MMA State Contribution Payment Estimate for FY 2011-12	\$91,156,720

FY 2011-12 CHPRA Bonus: The Department requests a \$28.1 million General Fund decrease and \$28.1 million cash fund increase to recognize the anticipated CHPRA bonus payment for FY 2011-12. Staff recommends a \$25.0 million General Fund decrease and \$25.0 million federal fund increase for the anticipated CHPRA bonus payment in FY 2011-12. The main reason for the difference between the Department's request and the staff recommendation is that the staff recommendation is based on her Medicaid children's caseload assumptions which are lower than the Department's request. Staff's caseload assumptions result in a CHPRA bonus payment of \$22.0 million instead of the \$28.1 million estimated by the Department. However, staff is adjusting her recommendation to include \$3.0 million in anticipated CHPRA bonus adjustments from FY 2011-12 (this amount will be awarded in April 2011). With this adjustment staff's total recommendation is \$25.0 million. See the appropriate appendix for more detail on staff's calculations.

State University Teaching Hospitals Denver Health and Hospital Authority:

Line Item Description: This line item was created in S.B. 08-230 in order to clarify the status of Denver Health and Hospital Authority as a "Unit of Government" in its role as a provider of Graduate Medical Education (GME). Prior to S.B. 08-230, the costs incurred by Denver Health and Hospital Authority for GME were appropriated in the Medical Services Premiums line item (as part of the calculation for fee-for-service and manage care organization payments). This line item was created for two reasons: (1) to help the Department better identify the funding designated for GME, and (2) to ensure Denver Health and Hospital Authority fit under the CMS rules defining which hospitals qualify to certify public expenditures. These CMS rules were vacated by the United State District Court for the District of Columbia summary judgement for "*Alameda County Medical Center, the National Association of Public Hospitals and Systems, the American Hospital Association, and the Association of Medical Colleges vs. Michael Leavitt*".

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TABLE 1: State University Teaching Hospitals -- Denver Health Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2010-11 Original Appropriation	\$703,561	\$1,831,714	\$703,561	\$1,831,714	\$0
ES #1: FMAP Adjustment	34,477	0	34,437	0	(40)
FY 2010-11 Revised Appropriation	\$738,038	\$1,831,714	\$737,998	\$1,831,714	(\$40)
Eliminate ARRA Impact	177,819	0	177,859	0	40
FY 2011-12 BASE Funding	\$915,857	\$1,831,714	\$915,857	\$1,831,714	\$0
No Policy Issues	0	0	0	0	0
FY 2011-12 Request/Recommendation LONG BILL	\$915,857	\$1,831,714	\$915,857	\$1,831,714	\$0

Fund Source

Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request*	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	915,857	915,857	0	0.00%
Federal Funds	915,857	915,857	0	0.00%
TOTAL FUNDS	1,831,714	1,831,714	0	0.00%

FY 2010-11

LONG BILL SUPPLEMENTAL -- FMAP Adjustment: The FY 2010-11 state budget passed with the assumption that Congress would extend the full American Recovery and Reinvestment Act (ARRA) Enhanced Federal Medical Assistance Program (FMAP) match rate of 61.59 percent through June 30, 2011. Although Congress extended the ARRA Enhanced FMAP rate through June 30, 2011 in H.R. 1586, Congress did so at an average match rate of 59.71 percent -- which was approximately 1.89 percent lower than originally assumed. On January 19, 2011, the Committee voted to adjust appropriations to reflect the current law FMAP rate. However, this supplemental was a "placeholder" until final Medicaid forecasts were completed during figure setting. Staff recommends that this adjustment be included in the second round supplemental known as a Long Bill Add-On.

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FY 2011-12 Technical Adjustments

Eliminate ARRA Impact: The ARRA Enhanced FMAP rate expires on July 1, 2011. Therefore, the amount of federal funds available for most Medicaid programs will return to an estimated 50 percent match rate. This technical issue adjusts the base appropriation to reflect the current law FMAP available to the State.

FY 2011-12 Long Bill Policy Adjustments

None requested or recommended.

State University Teaching Hospitals University of Colorado Hospital Authority :

Line Item Description: This line item was created in S.B. 08-230 in order to clarify the status of Denver Health and Hospital Authority as a "Unit of Government" in its role as a provider of Graduate Medical Education (GME). Prior to S.B. 08-230, the costs incurred by University Hospital for GME were appropriated in the Medical Services Premiums and Commission on Family Medicine Residency Program line items. This line item was created for two reasons: (1) to help the Department better identify the funding designated for GME, and (2) to ensure University Hospital fits under the CMS rules defining which hospitals qualify to certify public expenditures. These CMS rules were vacated by the United State District Court for the District of Columbia summary judgement for "*Alameda County Medical Center, the National Association of Public Hospitals and Systems, the American Hospital Association, and the Association of Medical Colleges vs. Michael Leavitt*".

TABLE 1: State University Teaching Hospitals -- Denver Health Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2010-11 Original Appropriation	\$259,953	\$676,785	\$259,953	\$676,785	\$0
ES #1: FMAP Adjustment	12,739	0	12,724	0	(15)
FY 2010-11 Revised Appropriation	\$272,692	\$676,785	\$272,677	\$676,785	(\$15)
Eliminate ARRA Impact	65,701	0	65,716	0	15
FY 2011-12 BASE Funding	\$338,393	\$676,785	\$338,393	\$676,785	\$0

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TABLE 1: State University Teaching Hospitals -- Denver Health Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
JBC Staff Recommended Budget Balancing Reduction	0	0	(21,736)	(43,472)	(21,736)
FY 2011-12 Request/Recommendation LONG BILL	\$338,393	\$676,785	\$316,657	\$633,313	(\$21,736)

Fund Source

Line Item Fund Split Detail By Fund Source	Department FY 2010-11 Request*	Staff FY 2010-11 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	338,393	316,657	(21,736)	(6.42)%
Federal Funds	338,392	316,656	(21,736)	(6.42)%
ARRA Adjusted TOTAL FUNDS	\$676,785	\$633,313	(\$43,472)	(6.42)%

Issue Detail

FY 2010-11

LONG BILL SUPPLEMENTAL -- FMAP Adjustment: The FY 2010-11 state budget passed with the assumption that Congress would extend the full American Recovery and Reinvestment Act (ARRA) Enhanced Federal Medical Assistance Program (FMAP) match rate of 61.59 percent through June 30, 2011. Although Congress extended the ARRA Enhanced FMAP rate through June 30, 2011 in H.R. 1586, Congress did so at an average match rate of 59.71 percent -- which was approximately 1.89 percent lower than originally assumed. On January 19, 2011, the Committee voted to adjust appropriations to reflect the current law FMAP rate. However, this supplemental was a "placeholder" until final Medicaid forecasts were completed during figure setting. Staff recommends that this adjustment be included in the second round supplemental known as a Long Bill Add-On.

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FY 2011-12 Technical Adjustments

Eliminate ARRA Impact: The ARRA Enhanced FMAP rate expires on July 1, 2011. Therefore, the amount of federal funds available for most Medicaid programs will return to an estimated 50 percent match rate. This technical issue adjusts the base appropriation to reflect the current law FMAP available to the State.

FY 2011-12 Long Bill Policy Adjustments

JBC Staff Recommended Budget Balancing Reduction: For budget balancing purposes, staff recommends a 20 percent reduction to the funding for the family medicine residency program sponsored by University Hospital. This program was also reduced by 10 percent beginning in FY 2009-10. **If the Committee accepts the staff recommendation, then the residency program funded by this line item will have been reduced by approximately 38.8 percent from the amount of funding appropriated in FY 2008-09.** Please note that this line item funds other programs besides the residency program. Please see the discussion in the Commission on Family Medicine Residency Training Programs for more detail on staff's recommendation.

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(1) Executive Director's Office

The Executive Director's Office division contains the administrative funding for the Department. Specifically, this funding supports the Department's personnel and operating expenses. In addition, this division contains contract funding for provider audits, eligibility determinations, client and provider services, utilization and quality reviews, and information technology contracts. Major funding sources for this division include the General Fund, federal funds received for the Medicaid and Children's Basic Health Plan programs, the Health Care Expansion Fund, the Children's Basic Health Plan Trust Fund, and various other cash funds.

This division is divided into seven subdivisions. The table below provides a funding history for subdivisions contained in this division, including the Department's request and the staff recommendation.

TOTAL FUNDS	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Dept Request	FY 2011-12 Staff Rec.
General Administration*	\$29,690,850	\$33,379,708	\$36,695,964	\$32,968,013
Transfers to Other Departments	5,523,460	8,498,956	8,410,937	8,113,111
Information Technology Contracts and Projects	22,868,637	34,710,550	35,010,472	33,640,134
Eligibility Determinations and Client Services	37,950,947	43,028,651	47,205,097	47,636,355
Utilization and Quality Review Contracts	4,524,545	6,462,871	7,670,839	7,670,839
Provider Audits and Services	1,790,216	3,306,813	2,463,406	2,463,406
Recoveries and Recoupment Contracts	428,619	700,000	700,000	700,000
Total Funds	\$102,777,274	\$130,087,549	\$138,156,715	\$133,191,858
General Fund	33,436,748	35,993,244	37,070,124	36,339,141
Other Funds	10,705,327	16,719,225	18,845,180	17,271,434
Federal Funds	58,635,199	77,375,080	82,241,411	79,581,283

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(A) General Administration

This subdivision contains the appropriations for the Department's FTE, personnel services, employee-related expenses and benefits, and operating expenses. This subdivision also contains funding for all of the centrally appropriated line items in the Department. For the most part, the appropriations in this subdivision are calculated by annualizing past budget actions from the previous budget year and then applying the Committee's common policy decisions. After the common policy funding is determined, any other decision items or base reduction items are included. Following is a summary budget table for this subdivision. After the summary budget table, are the descriptions and budget builds for each line item in the subdivision.

Table 1: -- Subdivision Funding Summary (Long Bill Appropriation Recommendation)				
	FY 2009-10 Actual	FY 2010-11 Appropriation*	FY 2011-12 Dept Request	FY 2011-12 Staff Rec.**
Personal Services	20,499,157	19,936,001	21,532,935	21,269,200
Health, Life, Dental	1,479,962	1,706,057	2,019,758	2,024,577
Short-term Disability	24,456	26,138	35,899	31,573
SB 04-257 AED	330,311	402,667	567,904	523,372
SB 06-235 SAED	205,654	292,544	456,352	419,596
Salary Survey	0	0	0	0
Performance-based Pay Awards	0	0	0	0
Worker's Compensation	34,252	34,748	35,997	pending
Operating Expenses	1,567,155	1,587,445	1,534,417	1,580,579
Legal Services	754,502	872,590	927,244	pending
Administrative Law Judge Services	456,922	442,378	512,543	pending
Computer Systems Costs	129,163	298,386	577,783	pending
OIT - MNT	0	199,438	227,138	pending
Management & Administration of OIT	414,321	624,180	637,261	pending

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

Table 1: -- Subdivision Funding Summary (Long Bill Appropriation Recommendation)				
	FY 2009-10 Actual	FY 2010-11 Appropriation*	FY 2011-12 Dept Request	FY 2011-12 Staff Rec.**
Payment of Risk Management and Property Funds	78,487	24,418	96,112	pending
Leased Space	385,125	696,564	696,564	696,564
Capitol Complex Lease Space	395,460	388,228	415,505	pending
General Professional Services and Special Projects	2,935,923	4,519,565	6,422,552	6,422,552
Total (W/O ARRA)	<u>\$29,690,850</u>	<u>\$32,051,347</u>	<u>\$36,695,964</u>	<u>\$32,968,013</u>
FTE	276.5	294.8	312.3	312.2
General Fund	11,845,272	12,349,041	12,258,462	10,889,079
Cash Funds	1,981,916	2,982,654	3,627,211	3,281,729
Reappropriated Funds	1,284,082	572,613	464,339	463,446
Federal Funds	14,579,580	17,475,400	20,345,952	18,333,759

* Current Appropriation including supplemental bills signed by the Governor..

** Represents the Long Bill Recommendation (current law requirements). Does not include pending items in total, although these items will be added after the JBC acts on common policy decisions in the Department of Personnel and Administration.

Comparison of Items Recommended Excluding "Pending" Items.

Table 2 below compares the Department request and staff recommendation excluding any line items with a "pending" recommendation -- in order to provide a more accurate comparison.

Table 2: FY 2011-12 Budget Request -- Excluding Pending Items				
FY 2011-12 Budget Request	Department Request	Staff Recommendation	Difference	% Difference
General Fund	\$10,700,818	\$10,889,079	\$188,261	1.76%
Cash Fund	3,473,398	3,281,729	(191,669)	(5.52)%
Reappropriated Funds	461,002	463,446	2,444	0.53%
Federal Funds	<u>18,631,163</u>	<u>18,333,759</u>	<u>(297,404)</u>	<u>(1.60)%</u>
Total Funds	\$33,266,381	\$32,968,013	(\$298,368)	(0.90)%

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FY 2010-11 Late Supplementals -- Long Bill Add-Ons

None requested or recommended for this subdivision.

Summary of Special Legislation Recommended for this Division

Table 3 below shows the impact of legislation recommended by JBC staff impacting the line items in this division. These budget changes can not be made without change to current law. See line item detail for explanations for why these supplemental impact this line division and see the Legislation Summary at the front of this document for complete details on the legislation proposed.

Table 3: Legislation Recommended that Impacts Line Items in this Division		
FY 2011-12 Legislation Recommended	FTE	Cash Funds
JBC Legislation Recommendation #2: Reduce Need for General Fund Children's Basic Health Plan Program	(0.2)	(24,345)

Line Item Detail

Personal Services

Line Item Description: This line item contains all of the personal services for the Department's employees, including employee salaries, PERA contribution, unemployment insurance, and Medicare tax. The line item also includes funding for temporary employees, employee buy-outs, and some contract services. However, most of the Department's professional contract service costs are contained in separate line items.

TABLE 1: Personnel Services Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2010-11 Original Appropriation	\$7,391,048	\$20,016,423	\$7,391,048	\$20,016,423	\$0
S.B. 11-139	(76,146)	(80,422)	(76,146)	(80,422)	0
FY 2010-11 Revised Appropriation	\$7,314,902	\$19,936,001	\$7,314,902	\$19,936,001	\$0

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TABLE 1: Personnel Services Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
Annualize Prior Year Legislation (except for HB 09-1293)	244,529	503,644	244,529	503,644	0
Annualize HB 09-1293 Legislation	0	985,912	0	932,351	0
Annualize Prior Year Budget Actions	278,471	646,190	278,471	646,190	0
Indirect Cost Assessment	(87,948)		(87,948)	0	
FY 2011-12 BASE Funding	\$7,749,954	\$22,071,747	\$7,749,954	\$22,018,186	\$0
DI #8: Transfer Prenatal Plus Administration	44,421	90,345	44,421	90,345	0
NP #1: Personal Services Base Reduction	(156,758)	(166,055)	(116,916)	(331,628)	39,842
NP #12/#14: PERA Adjustment	(165,791)	(507,703)	(165,791)	(507,703)	0
BA #5: School Based Health Program Financing	0	54,000	0	0	0
BA #10: Indigent Care Refinance	0	(9,399)	0	0	0
Health Care Expansion Fund Deficit	<u>0</u>	<u>0</u>	<u>140,234</u>	<u>0</u>	<u>140,234</u>
FY 2011-12 Long Bill Request/Recommendation	\$7,471,826	\$21,532,935	\$7,651,902	\$21,269,200	\$180,076
JBC Budget Balancing Bill: Indigent Care Refinance	0	0	0	(23,494)	0
FY 2011-12 Total Recommendation	\$7,471,826	\$21,532,935	\$7,651,902	\$21,245,706	\$180,076

Fund Source

Line Item Fund Split Detail By Fund Source for LONG BILL	Department FY 2011-12 Request*	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
FTE	312.3	312.2	(0.1)	(0.03)%
General Fund	7,471,826	7,651,902	180,076	2.41%

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Line Item Fund Split Detail By Fund Source for LONG BILL	Department FY 2011-12 Request*	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
CF - CBHP Trust Fund	225,621	222,150	(3,471)	(1.54)%
CF -Health Care Expansion Fund	142,426	1	(142,425)	(100.00)%
CF -Hospital Provider Fee	1,591,186	1,540,332	(50,854)	(3.20)%
CF - Nursing Facility Cash Fund	53,210	52,391	(819)	(1.54)%
CF - Comprehensive Primary and Preventative Grant Fund	14,462	23,494	9,032	62.45%
CF - Breast and Cervical Cancer Treatment and Prevention Fund	22,593	22,245	(348)	(1.54)%
CF - Autism Treatment Fund	29,349	28,898	(451)	(1.54)%
CF - Primary Care Fund	50,829	50,047	(782)	(1.54)%
CF -Coordinated Care for People with Disabilities Fund	28,447	28,009	(438)	(1.54)%
CF -Short-term Innovative Health Program Grant Fund	30,938	30,462	(476)	(1.54)%
RF - Transfer from Department of Human Services	447,541	449,985	2,444	0.55%
Federal Funds	11,424,507	11,169,284	(255,223)	(2.23)%
TOTAL FUNDS	\$21,532,935	\$21,269,200	(\$263,735)	(1.22)%

FTE Detail

Since FY 2003-04, all of the Department's FTE have been consolidated into one line item. In FY 2010-11, the Department was appropriated a total of 287.8 FTE for internal administration of the Department's programs and activities, prior to legislative changes. The number of FTE added in special bills in FY 2010-11 was 7.8 FTE (7.0 FTE for SB 10-167 and 0.8 FTE for SB 10-061). The following table shows the Department's current allocation of FTE positions (including FTE provided in bills other than the Long Bill) and the Department's request and staff recommendation for FY 2011-12.

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Department FTE Allocation			
Organization/Function	Current FY 2010-11 Appropriation -- All Legislation	FY 2011-12 Department Request	FY 2011-12 Staff Recommendation
<u>Executive Director's Office</u> Staff associated with general governance, financial accountability, and communications for the Department	7.0	7.0	7.0
<u>Center for Improving Value in Health Care</u> Staff associated with administering CIVHC - an organization that works to improve health care and contain costs.	2.0	2.0	2.0
<u>Medical & CHP+ Program Administration Office</u> Staff associated with administering the acute care, long-term care benefits and services for clients.	107.0	107.8	107.8
<u>Budget and Finance Office</u> The budget unit includes budget staff to prepare and monitor state appropriations, including preparation of fiscal note analysis and special projects. The finance unit oversees the Colorado Indigent Care programs	78.7	78.7	78.7
<u>Audits & Compliance Division</u> This unit includes the legal, controller, information technology and audits support teams for the Department.	23.0	23.0	23.0
<u>Client & Community Relations</u> This unit provides policy development and training to counties regarding eligibility and client issues. The unit also contains the Department's customer service section and the administration of the Early and Periodic Screening, Diagnosis, and Treatment unit.	68.1	68.1	68.1
<u>Human Resources Section</u> This unit provides the human resource services for the Department including: training, testing and recruitment activities.	9.0	9.0	9.0
Annualize HB 09-1293	0.0	16.0	0.0
TOTAL	294.8	311.6	295.6

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Issue Detail

FY 2011-12 Base Issues

Annualize Prior Year Legislation: The Department requests and staff recommends an increase of \$503,644 total funds (\$244,529 General Fund) and 7.8 FTE to annualize legislation that was passed in the 2010 Legislative Session. The appropriations for SB 10-167, SB 10-061, and HB 10-1323 were appropriated at the division level. When funds are appropriated at the division level instead of the line item level, the Department has greater flexibility in the first year of implementing new legislation to transfer funding between lines. In the second year of implementation, the funding is transferred to the individual line items. This recommendation transfers \$493,398 and 7.8 FTE from the "Bills Appropriated at the Subdivision Level" line item in the number pages to the Personal Services line item. The recommendation also includes an increase of \$10,246 total funds (\$5,123 General Fund) to annualize partially funded salaries in FY 2010-11 for SB 10-167.

Annualize HB 09-1293: The Department request an increase of \$985,912 total funds and 16.0 FTE to annualize costs associated with implementing HB 09-1293. Staff recommends an increase of \$826,464 and 15.7 FTE to annualize the costs of HB 09-1293. The tables below shows staff's recommendation.

Table 1 -- HB 09-1293 FTE Positions Funded or Partially Funded in FY 2010-11 (For Information Purposes Only)		
Position	Staff's Recommendation	
	FTE	Salary
Deputy Director	0.5	\$39,972
General Professional IV (various positions)	18.5	1,022,328
General Professional III	1.0	46,740
Stats Analyst II	1.0	55,116
Account II	2.0	93,168
Account III	1.0	57,852
Rate/Financial Analyst III	2.0	131,112

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Table 1 -- HB 09-1293 FTE Positions Funded or Partially Funded in FY 2010-11 (For Information Purposes Only)		
Position	Staff's Recommendation	
	FTE	Salary
Budget Analyst II	2.0	105,000
GP III	0.8	37,392
Auditor IV	1.0	68,808
Auditor V	1.0	77,580
Customer Support Intern	1.0	36,504
Statistical Analyst	1.0	55,116
Program Assistant	3.0	107,460
Total Positions in FY 2010-11	35.3	\$1,894,176

Table 2 -- Annualization of HB 09-1293 for FY 2011-12 Personal Services		
Position	Staff's Recommendation	
	FTE	Salary
Positions partially funded in FY 2010-11 that need to be annualized in FY 2011-12	3.7	\$199,416
<u>New Positions in FY 2011-12</u>		
GP V (CBMS Specialist to work on the Adult without Dependent Children Benefit)	1.0	65,772
GP IV (various positions related to new benefit groups -- Adult without Dependent Children and Disabled Buy-In program)	5.0	283,980
GP III (review trusts and third party liability)	3.0	140,220
Statistical Analysts	2.0	110,232
Program Assistant	1.0	35,820

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Table 2 -- Annualization of HB 09-1293 for FY 2011-12 Personal Services		
Position	Staff's Recommendation	
	FTE	Salary
Total New FY 2011-12 Positions and Annualized Previous Year Positions	15.7	\$835,440
PERA (before reduction)		\$84,797
Medicare		<u>\$12,114</u>
TOTAL Personal Services Recommended		\$932,351

Annualize Prior Year Budget Actions: The Department requests and staff recommends an increase of \$601,863 total funds (\$256,308 General Fund) to restore one-time personal service reductions in FY 2010-11, including a 1.0 percent General Fund reduction for certain Personal Services line items, and a reduced State Contribution to the Public Employee's Retirement Association (PERA) pursuant to SB 10-146. The request and recommendation also includes an increase of \$44,327 total funds (\$22,163 General Fund) to annualize the personal service costs associated with implementing the Accountable Care Organization (ACO) initiative and for the payment reform initiative. These initiatives were included in FY 2010-11 to implement budget reduction items in the Medical Services Premiums line item.

Indirect Cost Assessment: Staff recommends the Department's request for indirect statewide cost assessments consistent with common policy. The recommendation reduces General Fund by a total of \$87,948 by offsetting these costs with other cash and federal funds received by the Department. The amount shown in Table 1 (The Budget Building Table for Personal Services) is the incremental change compared to last year's indirect statewide cost assessment. The table below shows the amount of statewide indirect costs that the Committee approved on January 24, 2011.

FY 2011-12 Statewide Indirect Costs Allocation Plan as approved by the Committee				
Department	Total	Cash Funds	Reapp. Funds	Federal Funds
Health Care Policy and Financing	665,648	55,014	86,691	523,943

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FY 2011-12 Policy Issues

Transfer Prenatal Plus Administration: Both the Department of Health Care Policy and Financing and the Department of Public Health and Environment requests that the administration of the Prenatal Plus Program (funded in the Enhanced Prenatal Care Training line item) be transferred from DPHE to HCPF beginning in FY 2011-12.

Staff recommends the Department's request to transfer \$90,345 from the "Transfer to Department of Public Health and Environment for Enhanced Prenatal Care Training and Technical Assistance" line item into the Department's "Personal Services" line item. Staff also recommends the Department's request for 0.9 FTE. The Committee has already approved corresponding reductions to the Department of Public Health and Environment for this issue.

Personal Services Base Reduction: The Department's request reflects the Executive's common policy for a 2.0 percent General Fund personal services reduction. The staff recommendation includes a 1.5 percent reduction for the Personal Services line item as approved by the Committee on January 24, 2011.

PERA Adjustment: Pursuant to the Committee's common policy decision on January 24, 2011, staff recommends the Department's estimates for reducing the State's contribution to PERA by 2.5 percent of employees' salaries, pursuant to SB 11-076.

School Based Health Program Financing: The Department requests an increase of \$54,000 federal funds in order to provide additional training to school districts participating in the Public School Health Services program. Staff does not recommend the Department's request.

The Department justifies the increase of \$54,000 personal services because there is currently room under the 10 percent administrative cost limit for this program. However, after including all of the administrative funding for this program, the administrative costs for the program will be 9.82 percent or projected program costs based on the staff recommendation which excludes this funding increase. Funding for the school based health program has varied significantly over the years. Recommending administrative funding up to 10 percent of *estimated* expenditures does not provide a contingency in case expenditures are less than expected. At this time, staff does not believe the Department provided adequate reasons to increase the personal services line item to justify the risk of spending more than the 10 percent cap.

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Indigent Care Refinance: The Department's request is based on legislation. See the legislation section from more information.

Health Care Expansion Fund Deficit: In FY 2011-12, revenues and fund balance in the Health Care Expansion Fund will be insufficient to fund any program funding except for that required by the Medical Services Premiums program. Therefore, staff has consolidated all Health Care Expansion Fund moneys to that line item except for a \$1.0 appropriations in any costs that is required to receive funding from the Health Care Expansion fund (i.e. the enabling statute for the Health Care Expansion Fund requires that the fund be used to support the administrative costs of the program).

FY 2011-12 Legislation

Indigent Care Refinance: Staff recommends legislation to eliminate the Comprehensive Primary Care and Preventative Care Grants program. The administrative funding in this line item from the Comprehensive Primary Care and Preventative Care Grants program is \$23,494 cash funds (Comprehensive Primary Care and Preventative Care Grants Fund) and 0.2 FTE.

Health, Life, and Dental

Line Item Description: This line item contains the funding for Department's employees health, life, and dental benefits. For FY 2011-12, the state's contribution for state employee benefits will based on the following rates.

Approved State Contribution Rates for Employee Group Benefits				
Tier	Total	Health	Life	Dental
Employee	\$401.62	\$368.42	\$9.40	\$23.80
Employee + Spouse	671.82	623.42	9.40	39.00
Employee + Children	710.24	659.66	9.40	41.18
Family	980.28	914.5	9.40	56.38

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Department Request and Staff Recommendation: The Department's request is based on common policy decisions from OSPB. Staff's recommendation for this line item is based on the Committee's common policy decision voted on January 24, 2011.

Fund Source

Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	617,223	627,749	10,526	1.71%
CF - CBHP Trust Fund	21,453	21,453	0	0.00%
CF - Health Care Expansion Fund	8,117	0	(8,117)	(100.00)%
CF - Hospital Provider Fee	226,439	226,439	0	0.00%
CF - Autism Fund	2,424	2,424	0	0.00%
CF - Primary Care Fund	4,848	4,848	0	0.00%
Federal Funds	1,139,254	1,141,664	2,410	0.21%
TOTAL FUNDS	\$2,019,758	\$2,024,577	\$4,819	0.24%

Short-term Disability

Line Item Description: This line item funds the short-term disability benefit for any worker who becomes disabled and cannot perform his or her duties. For FY 2011-12, the short-term disability rate is 0.177 percent of base salaries for the Department. Base salaries are calculated from the FY 2009-10 actual personal services as reported in the Department's November 1, 2010 Budget Request.

Staff's recommendation makes one adjustment. Staff has transferred \$242 from the Health Care Expansion Fund to the General Fund. The Health Care Expansion Fund does not have sufficient revenues to support all of the expenditures from the fund. Therefore, staff has refinanced this cost onto the General Fund.

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Fund Source

Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request*	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	11,715	12,095	380	3.24%
CF - CBHP Trust Fund	564	384	(180)	(31.91)%
CF -Health Care Expansion Fund	355	0	(355)	(100.00)%
CF -Hospital Provider Fee	2,180	1,486	(694)	(31.83)%
CF - Nursing Facility Cash Fund	133	91	(42)	(31.58)%
CF - Comprehensive Primary and Preventative Grant Fund	17	17	0	0.00%
CF - Breast and Cervical Cancer Treatment and Prevention Fund	108	73	(35)	(32.41)%
CF - Autism Treatment Fund	146	99	(47)	(32.19)%
CF - Primary Care Fund	202	138	(64)	(31.68)%
CF -Coordinated Care for People with Disabilities Fund	115	78	(37)	(32.17)%
CF -Short-term Innovative Health Program Grant Fund	153	104	(49)	(32.03)%
RF - Transfer from Department of Human Services	0	0	0	n/a
Federal Funds	20,211	17,008	(3,203)	(15.85)%
TOTAL FUNDS	\$35,899	\$31,573	(\$4,326)	(12.05)%

FY 2011-12 Legislation

Indigent Care Refinance: Staff recommends legislation to eliminate the Comprehensive Primary Care and Preventative Care Grants program. This legislation will reduce \$17 of cash funds from this line item.

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S.B. 04-257 Amortization Equalization Disbursement

Line Item Description: This line item reflects the increase to the effective PERA rate contributions that began on January 1, 2007. For calendar year 2010, the AED rate is 2.60 percent. For calendar year 2010, the AED rate is 3.0 percent. Staff has calculated this line item pursuant to common policy. Staff has included funding related to the annualization of FTE for HB 09-1293. Staff has also made the following adjustments to this line item:

- (1) Staff has included an additional \$26,106 total funds (\$13,053 cash fund and \$13,053 federal funds) for AED associated with the FTE recommended to annualize the impacts of HB 09-1293.
- (2) Staff has eliminated funding from the Health Care Expansion Fund and replaced it with General Fund. The Health Care Expansion Fund has insufficient revenues to support all of the costs for the fund in FY 2011-12.

Fund Source

Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request*	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	185,323	186,960	1,637	0.88%
CF - CBHP Trust Fund	4,239	5,296	1,057	24.94%
CF -Health Care Expansion Fund	2,640	0	(2,640)	(100.00)%
CF -Hospital Provider Fee	51,568	42,083	(9,485)	(18.39)%
CF - Nursing Facility Cash Fund	1,013	1,266	253	24.98%
CF - Comprehensive Primary and Preventative Grant Fund	423	532	109	25.77%
CF - Breast and Cervical Cancer Treatment and Prevention Fund	359	449	90	25.07%
CF - Autism Treatment Fund	550	688	138	25.09%
CF - Primary Care Fund	951	1,188	237	24.92%

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Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request*	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
CF -Coordinated Care for People with Disabilities Fund	530	662	132	24.91%
CF -Short-term Innovative Health Program Grant Fund	578	722	144	24.91%
RF - Transfer from Department of Human Services	0	0	0	??
Federal Funds	319,730	283,526	(36,204)	(11.32)%
TOTAL FUNDS	\$567,904	\$523,372	(\$44,532)	(7.84)%

FY 2011-12 Legislation

Indigent Care Refinance: Staff recommends legislation to eliminate the Comprehensive Primary Care and Preventative Care Grants program. This legislation will reduce \$532 of cash funds from this line item.

S.B. 06-235 Supplemental Amortization Equalization Disbursement

Line Item Description: This line item reflects the increase to the effective PERA rate contributions that began on January 1, 2007. For calendar year 2011, the SAED rate is 2.0 percent. For calendar year 2012, the SAED rate is 2.5 percent. Staff has calculated this line item pursuant to common policy. Staff has included funding related to the annualization of FTE for HB 09-1293. Staff has also made the following adjustments to this line item:

- (1) Staff has included an additional \$26,106 total funds (\$13,053 cash fund and \$13,053 federal funds) for AED associated with the FTE recommended to annualize the impacts of HB 09-1293.
- (2) Staff has eliminated funding from the Health Care Expansion Fund and replaced it with General Fund. The Health Care Expansion Fund has insufficient revenues to support all of the costs for the fund in FY 2011-12.

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Fund Source

Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request*	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	148,921	148,785	(136)	(0.09)%
CF - CBHP Trust Fund	5,687	4,926	(761)	(13.38)%
CF -Health Care Expansion Fund	3,592	0	(3,592)	(100.00)%
CF -Hospital Provider Fee	34,790	31,606	(3,184)	(9.15)%
CF - Nursing Facility Cash Fund	1,343	1,163	(180)	(13.40)%
CF - Comprehensive Primary and Preventative Grant Fund	295	302	7	2.37%
CF - Breast and Cervical Cancer Treatment and Prevention Fund	851	737	(114)	(13.40)%
CF - Autism Treatment Fund	812	703	(109)	(13.42)%
CF - Primary Care Fund	1,457	1,262	(195)	(13.38)%
CF -Coordinated Care for People with Disabilities Fund	817	707	(110)	(13.46)%
CF -Short-term Innovative Health Program Grant Fund	861	745	(116)	(13.47)%
RF - Transfer from Department of Human Services	0	0	0	n/a
Federal Funds	256,926	228,660	(28,266)	(11.00)%
TOTAL FUNDS	\$456,352	\$419,596	(\$36,756)	(8.05)%

FY 2011-12 Legislation

Indigent Care Refinance: Staff recommends legislation to eliminate the Comprehensive Primary Care and Preventative Care Grants program. This legislation will reduce \$302 of cash funds from this line item.

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Salary Survey and Senior Executive Service

Line Item Description: This line item contains the appropriation for the Department's annual salary increases based on the job and wage classification survey performed annually by the Department of Personnel and Administration.

Department Request and Staff Recommendation: The Committee voted on January 24, 2011 not to fund salary survey as requested by the Executive. Staff's recommendation reflects the Committee's common policy action.

Performance-based Pay Awards

Line Item Description: This line item reflects the amount appropriated to the Department for periodic salary increases for State employees based on demonstrated and documented performance that meet or exceed expectations.

Department Request and Staff Recommendation: The Committee voted on January 24, 2011 not to fund performance-based pay awards as requested by the Executive. Staff's recommendation reflects the Committee's common policy action.

Worker's Compensation

Line Item Description: This line item is a statewide allocation to each Department based on historic claims for worker's compensation. This line item provides funding for payments made to the Department of Personnel and Administration to support the State's self-insured program. The request and recommendation reflect the common policy adjustments that are adopted by the Governor and Joint Budget Committee.

Department Request and Staff Recommendation: The Department's request is based on the OSPB calculation of common policy issues. Staff's recommendation is pending the Committee's common policy decision. After the Committee votes on a common policy, staff will apply that policy to that line item. The funding sources for this line item are General Fund and matching federal funds as shown in the number pages.

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Operating Expenses

Line Item Description: This line item contains all of the operating expenses for the Department. Beginning in FY 2003-04, all operating expenses were consolidated into one line item. These expenses include the following items: software/licenses, office supplies, office equipment, utilities, printing, and travel.

TABLE 1: Operating Expenses Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2010-11 Original Appropriation	\$660,958	\$1,587,445	\$660,958	\$1,587,445	\$0
No Supplementals Rec.*	0	0	0	0	0
FY 2010-11 Revised Appropriation	\$660,958	\$1,587,445	\$660,958	\$1,587,445	\$0
Annualize Prior Year Legislation (except for HB 09-1293)	3,563	7,125	3,563	7,125	0
Annualize HB 09-1293 Legislation	0	(76,469)	0	(29,237)	0
Annualize Prior Year Budget Actions	(2,335)	(4,670)	(2,335)	(4,670)	0
FY 2011-12 BASE Funding	\$662,186	\$1,513,431	\$662,186	\$1,560,663	\$0
DI #8: Transfer Prenatal Plus Administration	10,552	21,104	10,552	21,104	0
NP #3: Printing Statewide Warrants	535	1,070	0	0	(535)
School Based Health Program Financing	0	(1,188)	0	(1,188)	0
Health Care Expansion Fund Insolvency	0	0	4,430	0	4,430
FY 2011-12 Request/Recommendation	\$673,273	\$1,534,417	\$677,168	\$1,580,579	\$3,895

*The Department requested a supplemental on printing statewide warrants that was denied by the Committee in January and thus, does not show up on this table.

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Fund Source

Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request*	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	673,273	677,168	3,895	0.58%
CF - CBHP Trust Fund	768	768	0	0.00%
CF -Health Care Expansion Fund	4,430	0	(4,430)	(100.00)%
CF -Hospital Provider Fee	66,192	89,807	23,615	35.68%
CF - Nursing Facility Cash Fund	2,718	2,718	0	0.00%
CF - Breast and Cervical Cancer Treatment and Prevention Fund	166	166	0	0.00%
CF - Autism Treatment Fund	2,405	2,405	0	0.00%
CF - Primary Care Fund	629	629	0	0.00%
CF -Coordinated Care for People with Disabilities Fund	442	442	0	0.00%
CF - HCPF Cash Fund	3,833	3,833	0	0.00%
CF -Short-term Innovative Health Program Grant Fund	480	480	0	0.00%
RF - Transfer from Department of Human Services	13,461	13,461	0	n/a
Federal Funds	765,620	788,702	23,082	3.01%
TOTAL FUNDS	\$1,534,417	\$1,580,579	\$46,162	3.01%

Issue Detail

FY 2011-12 Base Issues

Annualize Prior Year Legislation: The Department requests and staff recommends an increase of \$7,125 total funds (\$3,563 General Fund) to annualize legislation that was passed in the 2010 Legislative Session. The appropriations for SB 10-167 and SB 10-061 were appropriated at the

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division level. When funds are appropriated at the division level instead of the line item level, the Department has greater flexibility in the first year of implementing new legislation to transfer funding between lines. In the second year of implementation, the funding is transferred to the individual line items. This recommendation transfers \$39,815 total funds (\$19,908 General Fund) from the "Bills Appropriated at the Subdivision Level" line item in the number pages to the Operating Expenses line item. The recommendation also includes a decrease of \$32,690 total funds (\$16,345 General Fund) to eliminate one-time capital outlays and expenditures from SB 10-167.

Annualize HB 09-1293: The Department requests a decrease of \$76,469 total funds to annualize the costs for HB 09-1293. Staff recommends a decrease of \$29,237 total funds based on her annualization of HB 09-1293. Staff has assumed the operating and capital outlay costs for new FTE as outlined in the original HB 09-1293 fiscal note estimates for FY 2011-12. Staff has also reduced the appropriation to remove one-time costs for operating and capital outlay in FY 2010-11. The table below shows staff's recommendation.

FY 2011-12 Annualization of HB 09-1293	Cash Funds	Federal Funds	Total Funds
Remove One-Time FY 2010-11 Funding	(51,687)	(51,686)	(103,373)
Add Operating Expenses Associated with New FTE	37,068	37,068	74,136
Total	(\$14,619)	(\$14,618)	(\$29,237)

Annualize Prior Year Budget Actions: The Department requests and staff recommends a decrease to remove one-expenses associated with implementing the payment reform initiative. This initiative was included in FY 2010-11 in order to reduce expenditures in the Medical Services Premiums line item.

FY 2011-12 Policy Issues

Transfer Prenatal Plus Administration: Both the Department of Health Care Policy and Financing and the Department of Public Health and Environment requests that the administration of the Prenatal Plus Program (funded in the Enhanced Prenatal Care Training line item) be transferred from DPHE to HCPF beginning in FY 2011-12. Staff recommends the Department's request to transfer \$21,104 total funds (\$10,552 General Fund) from the "Transfer to Department of Public Health and Environment for Enhanced Prenatal Care Training and Technical Assistance" line item into the Department's "Operating Expenses" line item.

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Printing Statewide Warrants: The Department requests \$1,070 total funds (\$535 General Fund) for the Department of Personnel and Administration's decision item regarding the printing of statewide warrants. Consistent with JBC adopted common policy, staff does not recommend this request.

School Based Health Program Financing: The Department requests to transfer \$1,188 federal funds from the "Operating Expense" line item to the "Public School Health Services Contract Administration" line item in order to consolidate all administrative funding for this program with the exception of personal services. Staff recommends the Department's request.

Health Care Expansion Fund Deficit: In FY 2011-12, revenues and fund balance in the Health Care Expansion Fund will be insufficient to fund any program funding except for that required by the Medical Services Premiums program. Therefore, staff has refinanced Health Care Expansion Fund appropriations in this line item with General Fund.

Legal and Third Party Recovery Legal Services

Line Item Description: This line item represent the legal services provided to the Department of Health Care Policy and Financing by the Department of Law.

Department Request and Staff Recommendation: Staff recommends the Department's request for 12,638 legal hours. The amount of legal hours reflects a continuation of 11,893 from FY 2010-11 plus 745 hours to annualize the impacts of HB 09-1293. Staff's funding estimate for legal services is pending the Committee's common policy decision on the statewide blended legal rate. Once the Committee has made a common policy decision, staff will apply the set rate to this line item. However, in order to calculate other line items in this presentation, staff is estimating the fund sources for this line item as shown in the table below.

Fund Source (estimate -- pending common policy decision)

Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	337,174	337,174	0	0.00%
CF - CBHP Trust Fund	6,633	6,633	0	0.00%

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Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
CF - Estate Recovery	62,556	62,556	0	0.00%
CF - Hospital Provider Fee	57,259	57,259	0	0.00%
Federal Funds	463,622	463,622	0	0.00%
TOTAL FUNDS	\$927,244	\$927,244	\$0	0.00%

Administrative Law Judge Services

Line Item Description: This line item includes funding for services typically provided by administrative law judges and paralegals from the Office of Administrative Courts.

Department Request and Staff Recommendation: The Department's request is based on the OSPB calculation of common policy issues. Staff's recommendation is pending the Committee's common policy decision.

Computer Systems Costs

Line Item Description: This line item represents the portion of the Department's data center services system charges that are billed directly to the Department from the Department of Personnel and Administration. The Department of Personnel and Administration operates a computer center as a services to other State departments. This computer center has the Medicaid Management Information System computer and printing costs and Long-Term Care computer and printing costs.

Department Request and Staff Recommendation: The Department's request is based on the OSPB calculation of common policy issues. Staff's recommendation is pending the Committee's decision on common policy actions.

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Management and Administration of OIT

Line Item Description: This line item contains the Department's funding for the Governor's Office of Information Technology (OIT). The OIT was created in S.B. 08-155 in order to secure and protect the State's IT assets, optimize expenditures for IT projects, and to effectively manage IT project costs and service delivery.

Department Request and Staff Recommendation: The Department's request is based on the OSPB calculation of common policy issues. Staff's recommendation is pending the Committee's common policy actions. Once the common policy decisions have been made, staff will apply them to this line item.

OIT-- MNT of OIT:

Line Item Description: This line item was added in FY 2010-11 to show the Department's contribution to the statewide multi-use network.

Department Request and Staff Recommendation: The Department's request is based on the OSPB calculation of common policy issues. Staff's recommendation is pending the Committee's common policy actions. Once the common policy decisions have been made, staff will apply them to this line item.

Payment to Risk Management and Property Funds

Line Item Description: This line item represents the allocation appropriated to each department based on a statewide risk formula for two programs, the Liability Program and the Property Program.

Department Request and Staff Recommendation: The Department's request reflects common policy adopted by OSPB. Staff's recommendation is pending the Committee's common policy decision on risk management and property funds.

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Leased Space

Line Item Description: This line item provides the funding for the Department's leased space outside of the Capitol Complex.

Department Request and Staff Recommendation: The Department requests and staff recommends continuation funding for this line item in FY 2011-12.

Fund Source

Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request*	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	\$191,619	\$197,119	\$5,500	2.87%
CF - Health Care Expansion Fund	5,500	0	(5,500)	(100.00)%
CF - Hospital Provider Fee Cash Fund	151,164	151,164	0	0.00%
FF - Federal Funds	<u>348,281</u>	<u>348,281</u>	<u>0</u>	<u>0.00%</u>
TOTAL FUNDS	\$696,564	\$696,564	\$0	0.00%

Capitol Complex Leased Space

Line Item Description: This line item is based on the amount of square footage used by each department from building owned by the State. Currently, the Department of Health Care Policy and Financing leases 31,512 square feet at 1570 Grant Street.

Department Request and Staff Recommendation: The Department's request reflects the common policy adopted by OSPB. Staff's recommendation is pending the Committee's common policy decision for capital complex leased space.

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General Professional Services and Special Projects

Line Item Description: This line item contains funding for any special or temporary projects that the General Assembly chooses to fund each year.

TABLE 1: General Professional Services and Special Projects Budget Build					
Incremental Budget Change Issue	Department Request		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2010-11 Original Appropriation	\$1,480,361	\$4,519,565	\$1,480,361	\$4,519,565	\$0
No Supplementals	0	0	0	0	0
FY 2010-11 Revised Appropriation	\$1,480,361	\$4,519,565	\$1,480,361	\$4,519,565	\$0
Annualize HB 09-1293	0	150,000	0	150,000	
Annualize HB 10-1053	0	(75,000)	0	(75,000)	0
Annualize SB 10-061	<u>0</u>	<u>(92,570)</u>	<u>0</u>	<u>(92,570)</u>	<u>0</u>
FY 2011-12 BASE Funding	\$1,480,361	\$4,501,995	\$1,480,361	\$4,501,995	\$0
BA #8: HITECH Provider Incentive Payments	0	2,000,000	0	2,000,000	0
NP BA #7: Personal Service Reduction	<u>(79,443)</u>	<u>(79,443)</u>	<u>(79,443)</u>	<u>(79,443)</u>	<u>0</u>
FY 2011-12 Request/Recommendation	\$1,400,918	\$4,422,552	\$1,400,918	\$4,422,552	\$0

Fund Source

Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request*	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	\$1,400,918	\$1,400,918	\$0	0.00%
CF - Hospital Provider Fee	337,500	337,500	0	0.00%

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Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request*	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
CF - Nursing Facility Cash Fund	75,000	75,000	0	0.00%
CF - Coordinated Care for People with Disabilities Fund	150,000	150,000	0	0.00%
CF - Nursing Facility Penalty Cash Fund	85,000	85,000	0	0.00%
CF - HCPF Cash Fund	17,500	17,500	0	0.00%
Federal Funds	<u>4,356,634</u>	<u>4,356,634</u>	<u>0</u>	<u>0.00%</u>
TOTAL FUNDS	\$6,422,552	\$6,422,552	\$0	0.00%

Issue Detail

FY 2010-11 Base Adjustments

Annualize HB 09-1293: The Department requests and staff recommends an increase of \$150,000 total funds for costs associated with implementing HB 09-1293. Of this amount, \$75,000 is from the Hospital Provider Fee Cash Fund and \$75,000 is matching federal funds. Under the time line implementation of HB 09-1293, Medicaid will be expanded to adults without dependent children beginning in February 2012. The increase funded recommend is for the following activities:

\$100,000	Actuary Contract for Adults without Dependent Children
<u>50,000</u>	Benefit Design Contract for Adults without Dependent Children
\$150,000	Total new contracts to implement HB 09-1293

Annualize HB 10-1053: The Department requests and staff recommends a total fund reduction of \$75,000 to remove one-time costs appropriated to implement HB 10-1053. Of this amount, \$37,500 is from the Department of Health Care Policy and Financing Cash Fund (gifts, grants, and donations) and \$37,500 is matching federal funds. House Bill 10-1053 required the Department to conduct a feasibility study of new payment methodologies that would pay Alternative Living Facilities (ALFs) higher rates to provide services to those clients not typically suited to reside in an ALF. This study is anticipated to be completed during the first calendar quarter of 2011.

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Annualize SB 10-061: The Department requests and staff recommends a total fund reduction of \$92,570 to remove one-time costs appropriated to implement SB 10-061. Of this amount, \$46,285 is from the Department of Health Care Policy and Financing Cash Fund (gifts, grants, and donations) and \$46,285 is matching federal funds. Senate Bill required the Department to seek a Section 1115 waiver (demonstration waiver) regarding the payment for hospice room and board expenses. It was anticipated that seeking this waiver would take up to 18 months.

FY 2010-11 Policy Adjustments

HITECH Provider Incentive Payments: The Department request \$2.0 million federal funds to implement the American Recovery and Reinvestment Act (ARRA) program for Health Information Technology for Economic and Clinical Health (HITECH). Section 4201 of ARRA established incentive payments to eligible professionals, eligible hospitals and critical access hospitals, and Medicare Advantage Organizations to promote the adoption of health information technology and electronic health records. On August 17, 2010, the Centers of Medicare and Medicaid Services (CMS) released guidance on federal funding available for Medicaid HITECH activities. Under the program, the Medicaid and Medicare program will be able to provide incentive payments to providers that participate in the HITECH program and meet objectives to adopt, implement, or upgrade certified EHR technology. Based on the final rules, the Department will receive a 90 percent federal match for expenditures related to implementing HITECH and 100 percent federal match for the provider incentive payments. This request adjusts the Department's funding to reflect the enhanced federal financial participation available for these expenditures.

Staff recommends the Department's request.

Personal Service Reduction: As part of the Executive's Budget Balancing Package, the Department requests and staff recommends a decrease of \$79,443 (a 1.0 percent reduction) to the General Fund appropriations in this line item. Even if the Committee does not adopt this provision as a common policy or applies it differently than the Executive request, staff would recommend this reduction. Several years ago, staff recommended that most contract services be removed from the Department's personal services line item in order to more accurately reflect in the costs associated with the Department's staff and the costs associated with special projects and contracts. This line item was not reduced by the 1.0 percent personal service reduction in FY 2010-11. Staff recommends that the line item be reduced for FY 2011-12. Staff believes the Department can absorb or renegotiate contracts in order to meet this reduction.

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Bills Appropriated at Subdivision Level

Line Item Description: This is a temporary line item that appears in staff's number pages only. Appropriation clauses can appropriate funding at either the line item or division level. If the funding is appropriated at the division level, then the Department has the ability to transfer the funds between line items during the first year of implementation. During the second year of implementation, the impacted line items are appropriated the funding. Therefore, the FY 2010-11 funding has been transferred to the impacted line items in this division's line item detail. The following table shows the bills appropriated at the division level in FY 2010-11.

Bill	General Fund	Cash Fund	Federal Funds	Total Funds
SB 10-167	\$503,705	\$0	\$824,656	\$1,328,361

*The General Fund from this bill is refinanced to cash funds if CMS approves a hospital provider fee waiver by April 1, 2010.

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(B) Transfers to Other Departments

This subdivision contains the appropriations to the Department that is then transferred to other Departments, excluding the Department of Human Services. The Department of Health Care Policy and Financing is the state agency to receive all Medicaid funding for the state. Therefore, any state programs that are eligible for federal Medicaid funding must first be appropriated in this Department and then transferred to the other Departments. Following is summary budget table for this division. After the summary budget table, are the descriptions and budget builds for each line item in the subdivision.

Table 1: -- Subdivision Funding Summary (Long Bill Appropriation Recommendation)				
	FY 2009-10 Actual	FY 2010-11 Appropriation*	FY 2011-12 Dept Request	FY 2011-12 Staff Rec.**
Transfer to DPHE for Facility Survey and Certification	4,523,805	4,880,998	4,919,450	4,944,797
Transfer to DPHE for Nurse Home Visitor Program	426,956	3,010,000	3,010,000	3,010,000
Transfer to DPHE for Prenatal Statistical Information	0	0	6,000	6,000
Transfer to DPHE for Enhanced Prenatal Care Training	108,665	118,227	0	0
Transfer to DORA for Nurse Aide Certification	325,343	325,343	323,173	324,041
Transfer to DORA for Reviews	9,576	14,000	14,000	14,000
Transfer to DOE for Public School Health Services Administration	129,115	150,388	138,314	138,314
Total	<u>\$5,523,460</u>	<u>\$8,498,956</u>	<u>\$8,410,937</u>	<u>\$8,113,111</u>
General Fund	1,494,946	1,675,377	1,685,244	1,548,965
Cash Funds	0	500	500	500
Reappropriated Funds	397,780	1,170,793	1,519,652	1,505,000
Federal Funds	3,630,734	5,652,286	5,205,541	5,058,646

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FY 2010-11 Late Supplementals -- Long Bill Add-Ons

The following table summarizes the supplemental appropriations contained in this subdivision that staff recommends be included as Long Bill Supplemental Add-Ons.

Table 2: FY 2010-11 Late Supplementals Recommended for this Division			
FY 2010-11 Supplementals*	FY 2010-11 Current Appropriation*	FY 2010-11 Staff Revised Recommendation	Difference
Transfer to DPHE for Nurse Home Visitor Program	3,010,000	3,010,000	0
Total	<u>\$3,010,000</u>	<u>\$3,010,000</u>	<u>\$0</u>
Reappropriated Funds	1,156,141	1,212,729	56,588
Federal Funds	1,853,859	1,797,271	(56,588)

Line Item Detail

Transfer to the Department of Public Health and Environment for Facility Survey and Certification:

Line Item Description: This line item funds the survey and certification of nursing facilities, hospices, home health agencies, and Home and Community-Based Services agencies (including Alternative Care Facilities), and pays the Medicaid share to maintain and operate the Minimum Data Set system used for nursing facility case mix reimbursement methodology. The Department contracts with the Department of Public Health and Environment to perform these functions.

TABLE 1: Transfer to the Department of Public Health and Environment for Facility Survey and Certification Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2010-11 Original Appropriation	\$1,475,127	\$4,917,090	\$1,475,127	\$4,917,090	\$0
S.B. 11-139 (HCPF Supplemental Bill)	(12,632)	(36,092)	(12,632)	(36,092)	0
FY 2009-10 Revised Appropriation	\$1,462,495	\$4,880,998	\$1,462,495	\$4,880,998	\$0

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TABLE 1: Transfer to the Department of Public Health and Environment for Facility Survey and Certification Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
Restore FY 2010-11 PS Reduction	12,632	36,092	12,632	36,092	0
Restore FY 2010-11 PERA Reduction	26,738	76,394	26,738	76,394	
FY 2011-12 BASE Funding	\$1,501,865	\$4,993,484	\$1,501,865	\$4,993,484	\$0
NP #6 -- Personal Service Reduction	(26,578)	(75,270)	(23,866)	(76,507)	
NP #12 -- PERA Adjustment	(27,710)	(79,170)	(27,710)	(79,170)	0
NP #11 -- Prorated Benefits	(184)	(375)	0	0	184
Fund Split Allocation/ Match DPHE Figure Setting	81,416	80,781	89,176	106,990	7,760
FY 2011-12 Request/Recommendation	\$1,528,809	\$4,919,450	\$1,539,465	\$4,944,797	\$10,656

Fund Source

Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request*	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	1,528,809	1,539,465	10,656	0.70%
Federal Funds	3,390,641	3,405,332	14,691	0.43%
TOTAL FUNDS	\$4,919,450	\$4,944,797	\$25,347	0.52%

Issue Detail

Department Request and Staff Recommendation: Staff's recommendation reflects the Committee's figure setting actions for the Department of Public Health and Environment. Staff requests permission to adjust this line item if any changes are made the Department of Public Health and Environment's appropriations.

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Transfer to the Department of Public Health and Environment for Nurse Home Visitor Program

Line Item Description: The Nurse Home Visitor Program was created by SB 00-071 with funding from the Tobacco Master Settlement Agreement. The program uses regular in-home, visiting nurse services for low-income (below 200 percent of the federal poverty level), first-time mothers with a baby less than one month old. The nurses offer services during the mother's pregnancy and up to the child's second birthday. This program is administered by the Department of Public Health and Environment. This line item represents the portion of the program that is eligible for Medicaid funding and then is transferred back to the Department of Public Health and Environment to administer.

TABLE 1: Transfer to the Department of Public Health and Environment for Nurse Home Visitor Program					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2010-11 Original Appropriation	\$0	\$3,010,000	\$0	\$3,010,000	\$0
ES #1: FMAP Adjustment	0	0	0	0	0
ES #2: Fee-for-Service Delay	0	(46,456)	0	0	0
FY 2010-11 Revised Appropriation	\$0	\$2,963,544	\$0	\$3,010,000	\$0
Eliminate ARRA Impact	0	0	0	0	0
Annualize Fee-for-Service Delay	0	46,456	0	0	0
FY 2011-12 BASE Funding	\$0	\$3,010,000	\$0	\$3,010,000	\$0
No Policy Adjustments	0	0	0	0	0
FY 2011-12 Request/Recommendation	\$0	\$3,010,000	\$0	\$3,010,000	\$0

Fund Source

Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request*	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	1,505,000	1,505,000	0	0.00%
Federal Funds	1,505,000	1,505,000	0	0.00%

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Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request*	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
TOTAL FUNDS	\$3,010,000	\$3,010,000	\$0	0.00%

Issue Detail

FY 2010-11

LONG BILL SUPPLEMENTAL: The FY 2010-11 state budget passed with the assumption that Congress would extend the full American Recovery and Reinvestment Act (ARRA) Enhanced Federal Medical Assistance Program (FMAP) match rate of 61.59 percent through June 30, 2011. Although Congress extended the ARRA Enhanced FMAP rate through June 30, 2011 in H.R. 1586, Congress did so at an average state fiscal year match rate of 59.71 percent -- which was approximately 1.89 percent lower than originally assumed. On January 19, 2011, the Committee voted to adjust appropriations to reflect the current law FMAP rate. However, this supplemental was a "placeholder" until final Medicaid forecasts were completed during figure setting. Staff recommends that this adjustment be included in the second round supplemental known as a Long Bill Add-On. The supplemental will increase the reappropriated funds (from the DPHE Tobacco Settlement Money transfer) by \$56,588 and will increase federal funds by \$56,588.

As of March 8, 2011, the Committee has not approved the Department's request to delay fee-for-service payments. Currently the Committee has balanced FY 2010-11 without doing payment delays and therefore, staff does not recommend the Department's request for payment delays.

FY 2011-12 Technical Adjustments

Eliminate ARRA Impact: The ARRA Enhanced FMAP rate expires on July 1, 2011. Therefore, the amount of federal funds available for most Medicaid programs will return to an estimated 50 percent match rate. This technical issue adjusts the base appropriation to reflect the current law FMAP available to the State. This recommendation increases the reappropriated funds by \$292,271 and reduces federal funds by \$292,271.

FY 2011-12 Long Bill Policy Adjustments

After making the technical adjustments, the Department requests and staff recommendations continuation funding for this program in FY 2011-12.

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Transfer to the Department of Public Health and Environment for Prenatal Statistical Information

Line Item Description: This is a new line item for FY 2011-12. This line item contains funding to pay for data used to evaluate the effectiveness of the enhanced prenatal care program.

Fund Source

Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request*	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	3,000	3,000	0	0.00%
Federal Funds	3,000	3,000	0	0.00%
TOTAL FUNDS	\$6,000	\$6,000	\$0	0.00%

Issue Detail

Department Request and Staff Recommendation: The Department requests and staff recommends \$6,000 total funds for a new line item to provide contract funding to pay for the costs associated with CPHE staff pulling and evaluating data regarding the effectiveness of the enhanced prenatal care program.

This issue is part of the larger decision item requested by the Executive that would transfer the administration of the Prenatal Plus program from the Department of Public Health and Environment to the Department of Health Care Policy. Staff recommends this decision item. For information regarding the decision item, see the discussion for the Enhanced Prenatal Care Training line item.

Transfer to the Department of Public Health and Environment for Enhanced Prenatal Care Training

Line Item Description: This line item was established in FY 1995-96 to provide training to providers in order to coordinate and evaluate services to at-risk pregnant women, with the goal of reducing low-weight births. The Department of Public Health and Environment is responsible for administration of this program.

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TABLE 1: Transfer to the Department of Public Health and Environment for Enhanced Prenatal Care Training					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2010-11 Original Appropriation	\$58,752	\$119,006	\$58,752	\$119,006	\$0
S.B. 11-131 (HCPF Supplemental)	(390)	(779)	(390)	(779)	0
FY 2010-11 Revised Appropriation	\$58,362	\$118,227	\$58,362	\$118,227	\$0
Restore One-Time Personal Service Reduction	390	779	390	779	0
FY 2011-12 BASE Funding	\$59,142	\$119,785	\$59,142	\$119,785	\$0
DI #8 - Transfer Enhanced Prenatal Care Training Administration to HCPF	(59,142)	(119,785)	(59,142)	(119,785)	0
FY 2011-12 Request/Recommendation	\$0	\$0	\$0	\$0	\$0

Fund Source

The Department's request and the staff recommendation eliminates the funding for this line item in the FY 2011-12 Long Bill.

Issue Detail

FY 2011-12 Base Funding

Restore One-Time Personal Service Reduction: The Department's request and the staff recommendation restores the one-time personal reductions for FY 2010-11, including a 1.0 percent General Fund reduction for certain Personal Services line items.

FY 2011-12 Policy Issues

Transfer Enhanced Prenatal Care Training Administration to HCPF: Both the Department of Health Care Policy and Financing and the Department of Public Health and Environment requests that the administration of the Prenatal Plus Program (funded in the Enhanced Prenatal Care Training line item) be transferred from DPHE to HCPF beginning in FY 2011-12. With this transfer, this line would

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be eliminated and the costs for administering this program will be found in the HCPF's personal services and operating expenses line items.

Currently, HCPF transfers \$119,800 to the DPHE to administer a Medicaid program for pregnant women who are at risk of delivering a low birth weight infant of five pounds and eight ounces or less at birth. This program provides counseling to the woman regarding her lifestyle, behavioral, and non-medical aspects of her life likely to affect her pregnancy. This program complements the medical prenatal care that the woman also receives through her physician. The program serves approximately 2,000 women each fiscal year.

The DPHE provides the training and oversight for the various Prenatal Plus providers. However, at this time DPHE does not believe that the funding provided for the administration of this program is keeping up with needs. Both DPHE and HCPF request that the administrative funding for the program be transferred to HCPF in order to take advantage of the on-line and other support services provided by HCPF to other Medicaid providers. The Departments' request indicates that the HCPF will be able to provide adequate oversight and training for the providers without needing additional administrative resources for the program.

Staff recommends the Department's request.

Transfer to the Department of Regulatory Agencies for Nurse Aide Certification

Line Item Description: This line item provides the necessary funding to certify nurse aides working in any medical facility serving Medicaid or Medicare patients as required by federal statute (42 C.F.R. Section 483.150 (b)). The Department provides the Medicaid funding for this program and the Department of Public Health and Environment provides the Medicare funding. The Department of Regulatory Agencies then oversees and provides the certification for the nurse aid.

TABLE 1: Transfer to the Department of Regulatory Agencies for Nurse Aide Certification					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2010-11 Original Appropriation	\$148,020	\$325,343	\$148,020	\$325,343	\$0
No Supplementals	0	0	0	0	0
FY 2010-11 Revised Appropriation	\$148,020	\$325,343	\$148,020	\$325,343	\$0

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TABLE 1: Transfer to the Department of Regulatory Agencies for Nurse Aide Certification					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
No Base Issues	0	0	0	0	0
FY 2011-12 BASE Funding	\$148,020	\$325,343	\$148,020	\$325,343	\$0
NP #7 - Across the Board Personal Service Reduction	(868)	(1,736)	(651)	(1,302)	
NP-BA #7 - Statewide General Fund Reduction to Personal Service	(217)	(434)	0	0	217
FY 2011-12 Request/Recommendation	\$146,935	\$323,173	\$147,369	\$324,041	\$434

Fund Source

Line Item Fund Split Detail By Fund Source	Department FY 2010-11 Request*	Staff FY 2010-11 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	\$146,935	\$147,369	\$434	0.30%
RF - Transfer from Department of Regulatory Agencies	14,652	14,652	0	0.00%
Federal Funds	<u>161,586</u>	<u>162,020</u>	<u>434</u>	<u>0.27%</u>
TOTAL FUNDS	\$323,173	\$324,041	\$868	0.27%

Issue Detail

FY 2011-12 Base Funding

None.

FY 2011-12 Policy Issues

Across the Board Personal Service Reduction: The Department requested a 2.0 percent General Fund personal service reduction for certain line items. On January 24, 2011, the Committee voted to apply a 1.5 percent personal service reduction for all personal service line items. The staff

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recommendation reflects the Committee's recommendation. However, staff has not applied the 1.5 percent reduction to the reappropriated funds from the Department of Regulatory Agencies Cash Fund. This appropriation reduces the General Fund need. If staff applied this common policy to this cash fund it would actually increase the amount of the General Fund needed for this line item. Staff's calculation assumes that the personal services funded by this line item is \$86,800 in the Department of Regulatory Agencies. The rest of the funding in this line items is for operating or other expenses.

Statewide General Fund Reduction to Personal Service: On February 15, 2011, the Executive Branch asked for another 1.0 percent reduction to personal service line items. At this time, the Committee has not acted on this common policy decision. Once the Committee acts on the policy, staff requests permission to update any impacted line items.

Transfer to DORA for Reviews

Line Item Description: This line item contains the funding transferred to the Department of Regulatory Agencies to conduct sunset reviews.

Department Request and Staff Recommendation: The Department request and staff recommends continuation funding for this line item in FY 2011-12. The following table shows the fund sources for the recommendation.

Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	\$6,500	\$6,500	\$0	0.00%
CF - Local Funds	500	500	0	0.00%
Federal Funds	<u>7,000</u>	<u>7,000</u>	<u>0</u>	<u>0.00%</u>
TOTAL FUNDS	\$14,000	\$14,000	\$0	0.00%

Transfer to the Department of Education for Public Health Services

Line Item Description: This line item funds a portion of the administrative expenses of the Public School Health Services program. Specifically, the line item funds the administrative costs for this

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program in the Colorado Department of Education. The Department of Education receives and reviews all local plans, conducts on-site reviews, submits annual reports, and provides technical assistance to medical staff at participating school districts.

Department Request and Staff Recommendation: The Department request and staff recommends continuation funding for this line item in FY 2011-12. However, staff's recommendation reflects the amount calculated pursuant to common policies in the Department of Education. As all common policies have not been acted upon by the Committee, staff asks for permission to adjust this line item for any impact future common policy decisions may have this line item.

Fund Source

Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request*	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
FF - Federal Funds	138,314	138,314	0	0.00%
TOTAL FUNDS	\$138,314	\$138,314	\$0	0.00%

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(C) Information Technology Contracts and Projects

This subdivision contains funding for the contract costs associated with operating the Medicaid Management Information System (MMIS) and Web Portal. There are three active line items in this subdivision as reflected in the summary table below.

Historical Summary:

Table 1: Subdivision Funding Summary (Long Bill Appropriation Recommendation)				
By Line Item TOTAL FUNDS	FY 2009-10 Actual	FY 2010-11 App.	FY 2011-12 Dept. Req.	FY 2011-12 Staff Rec.
Information Technology Contracts	\$22,767,387	\$33,911,866	\$32,348,389	\$32,412,990
Fraud Detection Software Contract	101,250	250,000	250,000	250,000
Centralized Eligibility Vendor Contract Project	0	760,000	221,482	977,144
Total	\$22,868,637	\$34,921,866	\$32,819,871	\$33,640,134
General Fund	5,377,168	6,036,327	6,341,151	6,644,401
Cash Funds	642,364	2,799,749	2,730,939	1,821,670
Reappropriated Funds	100,328	100,328	100,328	100,328
Federal Funds	16,748,777	25,985,462	25,647,453	25,073,735

Information Technology Contracts

Line Item Description: This line item contains the funding for the Medicaid Management Information System and Web Portal IT contracts. The MMIS processes claims and capitation payments, performs electronic prior authorization reviews for certain medical services, and transmits data so that State warrants (checks) can be issued to providers. The web portal provides a web application front-end for providers and medical assistance sites to access certain functions of the MMIS, CBMS, and Benefits Utilization System.

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TABLE 1: Information Technology Contracts Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2010-11 Original Appropriation	\$5,973,827	\$33,911,866	\$5,973,827	\$33,911,866	\$0
SB 11-139 (HCPF Supplemental Bill)	(96,766)	(211,316)	(96,766)	(211,316)	0
FY 2010-11 Revised Appropriation*	\$5,877,061	\$33,700,550	\$5,877,061	\$33,700,550	\$0
Annualize Prior Year Legislation	216,304	(2,359,684)	216,304	(2,359,684)	0
Annualize Prior Year Budget Actions	54,561	484,623	54,561	484,623	0
FY 2011-12 BASE Funding	\$6,147,926	\$31,825,489	\$6,147,926	\$31,825,489	\$0
BRI #1: Client Overutilization	51,975	207,900	51,975	207,900	0
BRI #5: Medicaid Reductions	47,250	189,000	47,250	189,000	0
BRI #6: Delay Managed Care	31,500	126,000	0	0	(31,500)
BA #3: Implement National Correct Coding Initiative	47,650	190,601	47,650	190,601	0
Health Care Expansion Fund Deficit	0	0	287,100	0	
FY 2011-12 Request/Recommendation	\$6,326,301	\$32,538,990	\$6,581,901	\$32,412,990	\$255,600

*The Department's request reflected system changes in FY 2010-11 related to payment delays that were not approved.

Fund Source

Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request*	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	6,326,301	6,581,901	255,600	4.04%
CF - CBHP Trust Fund	246,755	246,755	0	0.00%
CF - Health Care Expansion Fund	287,100	0	(287,100)	(100.00)%
CF - Hospital Provider Fee Cash Fund	1,231,030	1,231,030	0	0.00%
CF - Autism Treatment Fund	1,885	1,885	0	0.00%
RF - Transfer from DHS for OAP Program	97,981	97,981	0	0.00%

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Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request*	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
RF - Transfer from DPHE for BCCTP Program	2,347	2,347	0	0.00%
Federal Funds	24,345,591	24,251,091	(94,500)	(0.39)%
TOTAL FUNDS	\$32,538,990	\$32,412,990	(\$126,000)	(0.39)%

Issue Detail

FY 2011-12 Base Changes

Annualize Prior Year Legislation: The Department requests and staff recommends a total fund decrease of \$2,359,684 to remove one-time costs and annualize prior year legislation. This decrease reflects an increase of \$216,304 General Fund offset by decreases of \$666,659 cash funds and \$1,909,329 federal funds. The following bills are annualized in this issue.

Bill	GF	CF	FF	TF	Comments
SB 10-167	\$119,538	\$0	\$358,611	\$478,149	Transfers funding and eliminates one-time funding from FY 2010-11.
HB 09-1293	0	(666,659)	(2,382,490)	(3,049,149)	Eliminates one-time funding from FY 2010-11.
SB 11-139	(96,766)	0	114,550	17,784	Restores one-time funding reduction in FY 2010-11.
Total	\$22,772	(\$666,659)	(\$1,909,329)	(\$2,553,216)	

Annualize Prior Year Budget Actions: The Department requests and staff recommends a total fund increase of \$484,623 to annualize prior year budget actions. Of this amount, \$54,561 is General Fund and \$430,062 if matching federal funds. The following tables shows the funding adjustments.

Prior Year Action	GF	FF	TF	Comments
Coordinated Payment Reform	(\$11,466)	(\$34,398)	(\$45,864)	One-time system changes associated with changes made under last year's decision to reduce costs from a coordinated payment reform initiative.

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Prior Year Action	GF	FF	TF	Comments
SMAC	(24,192)	(72,576)	(96,768)	One-time system changes associated with the State Maximum Allowable Cost Pharmacy reimbursement methodology.
Accountable Care Collaborative	(39,501)	(118,503)	(158,004)	One-time system changes associated with implementing the Accountable Care Collaborative pilot project.
Evidence Utilization	78,498	235,494	313,992	Annualizes on-going costs for system changes for the evidence utilization review initiative.
MMIS Contract Adjustment	51,222	420,045	471,267	Annualizes on-going costs for the MMIS Contract Adjustments.
Total	\$54,561	\$430,062	\$484,623	

FY 2011-12 Long Bill Policy Changes

Client Overutilization: The Department requests and staff recommends an increase of \$207,900 total funds for system changes associated with expanding the client overutilization program. Of this amount, \$51,975 is General Fund and \$155,925 is from federal funds. This program locks clients who are high utilizers of services into one provider for primary care and pharmacy care. The increase in administrative costs are offset by decreases of costs in the Medical Services Premiums line item. The Department's estimates that the edit systems needed in the MMIS system to lock the clients into one provider will take 1,650 hours at a rate of \$126.00 per hour.

Medicaid Reductions: The Department requests and staff recommends an increase of \$189,000 total fund for system changes associated with various Medicaid reductions. Of this amount, \$47,250 is General Fund and \$141,750 is federal funds. The Medicaid reductions include several changes to rates and system edits. These policy changes are not within the scope of the existing contract and therefore, the contract will need to be increased to accommodate these changes. The increase in administrative costs will be offset by decreases in the Medical Services Premiums line item. These increases are one-time costs. The Department estimates a total of 1,500 hours at a costs of \$126 per hour will be needed to make the changes.

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Delay Managed Care: The Department requests \$126,000 total funds to make the necessary system changes to delay managed care payments. Of this amount, \$31,500 is General Fund and \$94,500 is federal funds. Staff does not recommend the Department's request. Staff has included the delay of Medicaid payments as an option for the Committee to consider if absolutely necessary to balance after the March revenue forecast is released. If at that the Committee decides to move forward with payment delays, separate legislation will need to be introduced. Please see the proposed legislation section of this document for more information about payment delays.

Implement National Correct Coding Initiative: The Department requests and staff recommends an increase of \$190,601 to implement the National Correct Coding Initiative. Of this amount, \$47,650 is General Fund and \$142,951 is federal funds. In the 2010, the General Assembly passed the Colorado Medicaid False Claims Act (SB 10-167). One of the initiatives under SB 10-167 was the National Correct Coding Initiative. This initiative attempts to reduce improper coding that leads to incorrect payments under the fee-for-service program. After SB 10-167 was enacted, the state received additional federal guidance for implementing this initiative. Based on the new requirements, funding for the project was reduced in SB 11-139 (HCPF supplemental bill) but will need to be increased in FY 2011-12 in order to meet the federal implementation. However, this increase in administrative costs is anticipated to be offset by reductions in the Medical Services Premiums line item.

Health Care Expansion Fund Deficit: In FY 2011-12, revenues and fund balance in the Health Care Expansion Fund will be insufficient to fund any program funding except for that required by the Medical Services Premiums program. Therefore, staff has consolidated all Health Care Expansion Fund moneys to that line item except for a \$1.0 appropriations in any costs that is required to receive funding from the Health Care Expansion fund (i.e. the enabling statute for the Health Care Expansion Fund requires that the fund be used to support the administrative costs of the program).

Fraud Detection Software

Line Item Description: This line item provides funding to the Department to maintain software to enable the Department to detect fraud, abuse, or waste in the Medicaid program. Specifically, the software supports such functions as compliance monitoring, provider referrals, and utilization reviews.

Department Request and Staff Recommendation: For FY 2011-12 the Department requests and staff recommends continuation funding in FY 2011-12. See table below for fund split information.

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JBC WORKING DOCUMENT -- DECISIONS SUBJECT TO CHANGE
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE ACTION

Fund Source

Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	62,500	62,500	0	0.00%
Federal Funds	<u>187,500</u>	<u>187,500</u>	<u>0</u>	<u>0.00%</u>
TOTAL FUNDS	\$250,000	\$250,000	\$0	0.00%

Centralized Eligibility Vendor Contract Project

Line Item Description: This line item was created in the FY 2008-09 Long Bill for the implementation and administration of a centralized eligibility vendor model. Initially, this project would have allowed a single state-level entity for determining Medicaid and Children's Basic Health Plan eligibility. However, due to budget decreases, in FY 2010-11 the project was scaled back to determining eligibility for the Children's Basic Health Plan only.

TABLE 1: Information Technology Contracts Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2010-11 Original Appropriation	\$0	\$760,000	\$0	\$760,000	\$0
No Supplementals	0	0	0	0	0
FY 2010-11 Revised Appropriation	\$0	\$760,000	\$0	\$760,000	\$0
Annualize H.B. 09-1293	0	1,461,482	0	217,144	0
FY 2011-12 BASE Funding	\$0	\$2,221,482	\$0	\$977,144	\$0
No Policy Adjustments	0	0	0	0	0
FY 2011-12 Request/Recommendation	\$0	\$2,221,482	\$0	\$977,144	\$0

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Fund Source

Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request*	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
CF - Hospital Provider Fee Cash Fund	964,169	342,000	(622,169)	(64.53)%
Federal Funds	1,257,313	635,144	(622,169)	(49.48)%
TOTAL FUNDS	\$2,221,482	\$977,144	(\$1,244,338)	(56.01)%

Issue Detail

FY 2011-12 Base Adjustments

Annualize H.B. 09-1293: The Department's request includes a total fund increase of \$1,461,482 in order to annualize the costs of the H.B. 09-1293. This increase includes the following items:

- (1) \$217,144 to annualize the costs for the Children's Basic Health Plan eligibility increase from 205 percent FPL to 250 percent FPL that occurred in FY 2010-11; and
- (2) \$1,244,338 for contract increases for expanded populations in the Medicaid program (i.e. the adults without dependent children and the disable Medicaid buy-in program will become eligible in FY 2011-12).

Staff recommends annualizing the CBHP contract costs as explained above. However, staff does not recommend increasing the contract for the Medicaid program expansions. Instead, staff recommends that the Medicaid eligibility determination increases be provided through the County Administration line item. Staff recommends increased funding for the counties for the following reasons.

- (1) The counties perform most eligibility for the public assistance programs. Staff has always believed that it was somewhat duplicatable for the state to fund the counties and also fund a private vendor to perform eligibility. Most Medicaid clients may also qualify for other public assistance (such as food stamps). Under the Department's proposal, a person with incomes at or below 100% of poverty would need to go to the private vendor to have their Medicaid eligibility determined and would need to go to the county to determine if they qualify for food stamps. In addition, the counties would be checking Medicaid eligibility for individuals who apply for food stamps anyway.

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- (2) After FY 2011-12, the Department should be able to provide information to the General Assembly on how well the private contractor has performed and if having the private contractor perform eligibility is a better system than the current county system. Until after this information is available, staff does not recommend additional populations be added to this contract.
 - (3) The counties are having a difficult time meeting eligibility determination guidelines from the federal government. At this time, staff would rather increase the funding for the counties for all Medicaid related eligibility determinations.
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(D) Eligibility Determinations and Client Services

This subdivision contains funding for the administrative costs associated with determining eligibility for the Department's medical programs and for client services. This subdivision has five active line items.

Historical Summary:

By Line Item TOTAL FUNDS	FY 2009-10 Actual	FY 2010-11 App.	FY 2011-12 Dept. Req.	FY 2011-12 Staff Rec.
Medical Identification Cards	\$116,959	\$120,000	\$120,000	\$120,000
Contracts for Special Eligibility Determinations	2,332,040	5,233,102	7,454,318	7,761,238
County Administration	31,153,170	32,858,207	33,547,878	33,672,216
Administrative Case Management	898,270	869,744	869,744	869,744
Customer Outreach	3,450,508	3,947,598	5,213,157	5,213,157
Total	\$37,950,947	\$43,028,651	\$47,205,097	\$47,636,355
General Fund	12,698,452	13,005,990	13,722,913	14,173,426
Cash Funds	6,022,504	8,301,411	9,672,712	9,437,828
Reappropriated Funds	1,594	1,593	1,593	1,593
Federal Funds	19,228,397	21,719,657	23,807,879	24,023,508

Line Item Detail

Medical Identification Cards

Line Item Description: This line item provides funding to issue medical identification cards to show proof of Medicaid or Old Age Pension Medical Program eligibility.

Department Request and Staff Recommendation: The Department requests and staff recommends continuation funding for this line item in FY 2011-12. The table below shows staff's recommended funding sources.

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Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	48,444	59,203	10,759	22.21%
CF - Health Care Expansion Fund	10,759	0	(10,759)	(100.00)%
RF - OAP Fund Transferred from the Department of Human Services	1,593	1,593	0	0.00%
FF - Federal Funds	59,204	59,204	0	0.00%
TOTAL FUNDS	\$120,000	\$120,000	\$0	0.00%

Contracts for Special Eligibility Determinations

Line Item Description: This line item funds services provided through three Department contracts: (1) Disability Determination Services, (2) Nursing Home Preadmission and Resident Assessments, and (3) out stationing costs.

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2010-11 Original Appropriation	\$828,091	\$5,233,102	\$828,091	\$5,233,102	\$0
No Supplementals	0	0	0	0	0
FY 2010-11 Revised Appropriation	\$828,091	\$5,233,102	\$828,091	\$5,233,102	\$0
Annualize HB 09-1293	0	2,221,216	0	2,528,136	0
FY 2011-12 BASE Funding	\$828,091	\$7,454,318	\$828,091	\$7,761,238	\$0
No Policy Changes	0	0	0	0	0
FY 2011-12 Request/Recommendation LONG BILL	\$828,091	\$7,454,318	\$828,091	\$7,761,238	\$0

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Fund Source

Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request*	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	828,091	828,091	0	0.00%
CF - Hospital Provider Fee Cash Fund	2,647,808	2,801,268	153,460	5.80%
CF - Autism Treatment Cash Fund	5,000	5,000	0	0.00%
Federal Funds	3,973,419	4,126,879	153,460	3.86%
TOTAL FUNDS -- LONG BILL	7,454,318	7,761,238	306,920	4.12%

Issue Detail

FY 2011-12 Base Changes

Annualize HB 09-1293: The Department requests an increase of \$2,221,216 for the Disability Determination Services contract. Of this amount, \$1,110,608 is from the Hospital Provider Fee Cash Fund and \$1,110,608 is matching federal funds. Beginning in FY 2011-12, HB 09-1293 allows disabled individuals up to 450 percent of the poverty level to buy-into Medicaid coverage. Because the buy-in program serves individuals that are traditionally not eligible for Medicaid because of their higher incomes, the buy-in program may provide for premium and cost-sharing charges on a sliding fee scale based upon the families income.

Staff recommends an increase of \$2,528,136. Of this amount, \$1,264,068 is from the Hospital Provider Fee Cash Fund and \$1,264,068 is from federal funds. Staff's recommendation assumes that 4,329 new individuals will need disability determinations at an average cost of \$584 per determination. The Department's request is based on 3,800 clients at an average cost of approximately \$584.53 -- which was the amount in the original HB 09-1293 fiscal note estimates. However, the Department's February 15, 2011 caseload report indicated that there would be 4,329 clients served. At this time, staff is recommending the Department's caseload estimates for any new HB 09-1293 that will be implemented in FY 2011-12 (any caseload that there is no existing trend data for). Therefore, staff has updated the Disability Determination Services contract to reflect this higher caseload estimate.

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Additional Information About the Line Item

By Contract TOTAL FUNDS	FY 2010-11 Appropriation*	FY 2011-12 Dept. Req.	FY 2011-12 Staff Rec.
Disability Determination Services	\$1,173,662	\$3,394,878	\$3,701,798
Nursing Home Preadmission and Resident Assessments	985,040	985,040	985,040
Hospital Out stationing	3,074,400	3,074,400	3,074,400
Total	\$5,233,102	\$7,454,318	\$7,761,238

Disability Determinations: Federal law mandates that disability determinations be performed for clients who are eligible for Medicaid due to a disability. The FY 2011-12 recommendation is the first increase recommended for this contract since FY 2005-06. The entire increase is related to the new eligibility determinations anticipated for HB 09-1293 only. Other caseload growth and inflationary costs are not recommended at this time.

Nursing Home Preadmission and Resident Assessments: This contract funds screenings and reviews mandated by the federal Omnibus Budget Reconciliation Act of 1987 to determine the appropriateness of nursing facility placements for people with major mental illness or developmental disabilities. All admissions to nursing facilities with Medicaid certified beds, irregardless of payer source, are subject to preadmission and annual reviews. For several fiscal years, this contract was funded at \$1,010,040. However, due to the state budget situation, in FY 2009-10, funding was permanently reduced by \$25,000 total funds for the administrative costs associated with training community mental health centers regarding the preadmission screenings. The FY 2011-12 recommendation is continuation funding of \$985,040 total funds. Of this amount, \$246,260 is General Fund and \$738,780 is federal funds.

Hospital Out stationing Costs: Pursuant to H.B. 09-1293, the Department anticipates that 84 hospitals will contract with the Department to provide eligibility services based on new indigent clients being eligible for the expanded Medicaid and Children's Basic Health Plan programs. The original fiscal note for H.B. 09-1293 estimated that beginning in FY 2010-11 the cost for this service would be \$3,074,400 or \$36,600 per participating hospital. The FY 2011-12 recommendation is continuation funding for this activity. If the number of hospital participation is lower than the original estimate, then the extra fee revenue will remain in the Hospital Provider Fee Cash Fund for use in future fiscal years (Section 25.5-4-402.3 (4) (c), C.R.S.).

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County Administration

Line Item Description: This line item provides partial reimbursement to local county departments of social/human services for costs associated with performing Medicaid, Children's Basic Health Plan, and Old Age Pension State Medical Program eligibility determinations.

TABLE 1: County Administration Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2010-11 Original Appropriation	\$9,794,550	\$32,858,207	\$9,794,550	\$32,858,207	\$0
No Supplementals	0	0	0	0	0
FY 2010-11 Revised Appropriation	\$9,794,550	\$32,858,207	\$9,794,550	\$32,858,207	\$0
Annualize HB 09-1293	0	489,671	0	614,009	0
Annualize SB 10-167	100,000	200,000	100,000	200,000	
FY 2011-12 BASE Funding	\$9,894,550	\$33,547,878	\$9,894,550	\$33,672,216	\$0
Health Care Expansion Fund Deficit	0	0	406,240	0	406,240
FY 2011-12 Request/Recommendation LONG BILL	\$9,894,550	\$33,547,878	\$10,300,790	\$33,672,216	\$406,240

Fund Source

Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request*	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	9,894,550	10,300,790	406,240	4.11%
CF - Health Care Expansion Fund	406,240	0	(406,240)	(100.00)%
CF - Hospital Provider Fee Cash Fund	1,180,751	1,242,920	62,169	5.27%
CF - Local Funds	5,332,531	5,332,531	0	0.00%
Federal Funds	16,733,806	16,795,975	62,169	0.37%
TOTAL FUNDS -- LONG BILL	33,547,878	33,672,216	124,338	0.37%

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Issue Detail

FY 2011-12 Base Changes

Annualize HB 09-1293: The Department requests an increase of \$489,671 total funds to annualize the costs associated with implementing HB 09-1293. Of this amount, \$244,836 is from the Hospital Provider Fee Cash Fund and \$244,835 is federal funds. In FY 2011-12, two new Medicaid expansions will occur: (1) adults without dependent children up to 100 percent of the federal poverty level; and (2) Medicaid buy-in for disabled children and adults up to 400 percent of the federal poverty level. These new Medicaid expansions will increase work load at the counties for eligibility determinations.

Staff recommends a total increase of \$614,009 total funds for this issue. Of this amount, \$307,005 is from the Hospital Provider Fee Cash Fund and \$307,004 is matching federal funds. Staff recommends all funding for Medicaid eligibility determinations for HB 09-1293 expansion populations be provided to the counties. The Department had requested that \$124,338 in Medicaid eligibility determinations be funded in the Centralized Eligibility Vendor Contract Project. Staff's recommendation would keep the Centralized Eligibility Vendor Contract Project for the CBHP program only. By the end of FY 2011-12, the Department should be able to assess whether having a state run eligibility system is preferable to having the counties provide most Medicaid eligibility determinations as well as determinations for other public assistance programs. Staff has always had some concerns regarding the duplicity of having another state contractor perform eligibility. In addition, as the Committee is aware, the workload for the counties has increased substantially with this recession. If additional funding is available and necessary for Medicaid determinations, staff recommends increasing appropriations to the counties in an attempt to give needed resources so that the counties can meet federal guidelines for determining eligibility.

The arguments against the staff recommendation are as follows:

- (1) The centralized vendor contract is a better way to serve non-traditional public insurance clients. Clients at higher income levels (such as the disability buy-in) are better served through a centralized state vendor than through the counties. Staff agrees that the higher income eligibility groups do not qualify for other public assistance such as TANF or food stamps. However, staff is not convinced that a duplicatable eligibility system is needed. That is why staff supports the pilot of statewide system being limited to the CBHP program at this time until an evaluation of the effectiveness of the program can be determined.
- (2) The centralized vendor contract can relieve some of the pressure from the counties. Staff agrees with this assessment somewhat. However, staff believes that the counties experience

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as increased caseload due to clients being unclear about how to access eligibility determinations.

Annualize SB 10-167: The Department requests and staff recommends an increase of \$200,000 to include on-going appropriations from SB 10-167 into this line item. Senate Bill 10-167 included an appropriations to expand the use of the Public Assistance Reporting Information System (PARIS). PARIS is a federal data-matching initiative that includes three different types of matches for the purpose of identifying dual Medicaid participation between state lines (i.e. clients enrolled in Medicaid in multiple states). Expanded use of PARIS allows the state to close Medicaid cases when clients are found to be enrolled in another state. This funding was included in the appropriation clause for SB 10-167 -- however, in FY 2010-11 this funding was appropriated at the division level rather than at the line item level. This recommends transfer the funding to the appropriate line item.

FY 2011-12 Policy Changes

Health Care Expansion Fund Deficit: In FY 2011-12, revenues and fund balance in the Health Care Expansion Fund will be insufficient to fund any program funding except for that required by the Medical Services Premiums program. Therefore, staff has consolidated all Health Care Expansion Fund moneys to that line item except for a \$1.0 appropriations in any costs that is required to receive funding from the Health Care Expansion fund (i.e. the enabling statute for the Health Care Expansion Fund requires that the fund be used to support the administrative costs of the program).

Administrative Case Management

Line Item Description: This line item provides Medicaid reimbursement for qualifying administrative case management costs associated with State supervision and county administration for child welfare programs. Based on recent federal rule changes, the primary activity that is reimbursed through this line item is related to the costs associated with completing or assisting a child or family in the child welfare system with Medicaid eligibility.

Department Request and Staff Recommendation: The Department requests and staff recommends continuation funding for this line item in FY 2011-12. The table below shows staff's recommended funding sources.

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Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	434,872	434,872	0	0.00%
FF - Federal Funds	434,872	434,872	0	0.00%
TOTAL FUNDS	\$869,744	\$869,744	\$0	0.00%

Customer Outreach

Line Item Description: This line item provides funding for the Early and Periodic Screening, Diagnosis, and Treatment Program (EPSDT Program) and for the Enrollment Broker Program. The EPSDT Program provides outreach and case management services to promote access to health care services for children. The enrollment broker program provides information to newly eligible Medicaid clients regarding their Medicaid Health Care Plan choices. Both of these programs are required by federal law and regulations.

TABLE 1: Customer Outreach Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2010-11 Original Appropriation	\$1,900,033	\$3,947,598	\$1,900,033	\$3,947,598	\$0
Supplementals -- None	0	0	0	0	0
FY 2010-11 Revised Appropriation	\$1,900,033	\$3,947,598	\$1,900,033	\$3,947,598	\$0
Annualize HB 09-1293	0	31,714	0	31,714	0
Annualize Accountable Care Funding	205,424	410,847	205,424	410,847	0
FY 2011-12 BASE Funding	\$2,105,457	\$4,390,159	\$2,105,457	\$4,390,159	\$0
BA #9 - Medicaid Budget Balancing Reductions	411,499	822,998	411,499	822,998	0
Health Care Expansion Fund Deficit	0	0	33,514	0	0

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TABLE 1: Customer Outreach Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2011-12 Request/Recommendation LONG BILL	\$2,516,956	\$5,213,157	\$2,550,470	\$5,213,157	\$0

Fund Source

Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	2,516,956	2,550,470	33,514	1.33%
CF - Health Care Expansion Fund	33,514	0	(33,514)	(100.00)%
CF - Hospital Provider Fee	56,109	56,109	0	0.00%
Federal Funds	2,606,578	2,606,578	0	0.00%
TOTAL FUNDS -- LONG BILL	5,213,157	5,213,157	0	0.00%

Issue Detail

FY 2010-11 Technical Adjustments

Annualize HB 09-1293: The Department requests and staff recommends \$31,714 total funds to annualize HB 09-1293. Of this amount, \$15,857 is from the Hospital Provider Fee Cash and \$15,857 is from federal funds. This funding is for increased enrollment broker costs (for mailings and customer services costs) due to increasing the eligibility for Medicaid for adult without dependent children to 100 percent of the federal poverty level and for implementing a Medicaid buy-in program for disabled individuals up to 450 percent of the poverty level.

Annualize Accountable Care Funding: Last year the Committee approved implementation of the Accountable Care Collaborative program. This program is anticipated to lower Medicaid medical costs by better managing the care clients receive to ensure it is cost-effective. This item annualizes the \$296,293 provided in FY 2010-11 to a total of \$707,140 -- an increase of \$410,847. This funding is for contract changes necessary to enrollment broker and EPSDTS contracts including: (1) Redesign

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of the Member Handbook and distribution; (2) costs to distribute a quality report card; (3) increased costs associated with customer service calls; and (4) additional costs associated with passive enrollment of children for EPSDT benefits.

FY 2011-12 Policy Issues

Medicaid Budget Balancing Reductions: The Department requests and staff recommends an increase of \$822,998 for increased administrative costs associated with budget reduction items to the Medical Services Premiums line item. As part of the Executive's budget balancing plan presented to the Committee on February 15, 2011, the Department requested expanding the Accountable Care Collaborative initiative from 60,000 clients to 123,000 clients. In addition to increasing the number of clients in the Accountable Care Collaborative, the Department also requested changes to the dental benefits provided through the EPSDT program, limits on physical and occupational therapies, billing changes for home health activities, and provider rate reductions. All of the Medicaid program reductions are anticipated to save \$64.8 million total funds (\$28.6 million General Fund). However, these savings are offset by the need to increase the customer outreach contracts by \$822,998 total funds (\$411,499 General Fund). These benefit changes must be explained to the enrolled clients. Therefore, printing and mailing costs for the EPSDT contractor and enrollment broker contractor are anticipated to increase. Staff recommends this increase in administrative funding because it is necessary in order to achieve savings in the Medical Services Premiums line item. See the Medical Service Premiums line item for more information regarding these changes.

Health Care Expansion Fund Deficit: In FY 2011-12, revenues and fund balance in the Health Care Expansion Fund will be insufficient to fund any program funding except for that required by the Medical Services Premiums program. Therefore, staff has consolidated all Health Care Expansion Fund moneys to that line item except for a \$1.0 appropriations in any costs that is required to receive funding from the Health Care Expansion fund (i.e. the enabling statute for the Health Care Expansion Fund requires that the fund be used to support the administrative costs of the program).

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(E) Utilization and Quality Review Contracts

This subdivision in the Executive Director's Office Division contains only one active line item, Professional Services Contracts. This line item contains the professional contracts related to reviewing acute care utilization, long-term care utilization, external quality review, drug utilization review, and mental health quality review. These contracts ensure that the benefits and services provided to Medicaid clients are medically necessary and appropriate. In addition, this line item contains funding to perform prior authorization reviews for certain Medicaid services.

Historical Summary:

By Line Item TOTAL FUNDS	FY 2009-10 Actual	FY 2010-11 App.	FY 2011-12 Dept. Req.	FY 2011-12 Staff Rec.
Professional Service Contracts	4,524,545	6,462,871	7,670,839	7,670,839
Total	\$4,524,545	\$6,462,871	\$7,670,839	\$7,670,839
General Fund	1,125,802	1,766,994	2,045,421	2,100,370
Cash Funds	60,449	86,596	115,486	60,537
Federal Funds	3,338,294	4,609,281	5,509,932	5,509,932

FY 2010-11 Late Supplementals -- Long Bill Add-Ons

None.

Line Item Detail

Professional Services Contracts

Line Item Description: Contains the contract costs for utilization control and review for Medicaid services as explained in subdivision detail above.

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TABLE 1: Professional Services Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2010-11 Original Appropriation	\$1,766,994	\$6,462,871	\$1,766,994	\$6,462,871	\$0
No Supplementals					0
FY 2010-11 Revised Appropriation	\$1,766,994	\$6,462,871	\$1,766,994	\$6,462,871	\$0
Annualize HB 09-1293	0	94,260	0	94,260	0
Annualize Accountable Care Collaborative	44,375	177,500	44,375	177,500	
Annualize Evidence Guided Utilization Review	134,052	536,208	134,052	536,208	0
FY 2011-12 BASE Funding	\$1,945,421	\$7,270,839	\$1,945,421	\$7,270,839	\$0
BRI #5: Medicaid Reductions	100,000	400,000	100,000	400,000	0
Health Care Expansion Fund Deficit	0	0	54,949	0	54,949
FY 2011-12 Request/Recommendation LONG BILL	\$2,045,421	\$7,670,839	\$2,100,370	\$7,670,839	\$54,949

Fund Source

Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request*	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	2,045,421	2,100,370	54,949	2.69%
CF - Health Care Expansion Fund	54,949	0	(54,949)	(100.00)%
CF - Hospital Provide Fee Cash Fund	60,537	60,537	0	0.00%
Federal Funds	5,509,932	5,509,932	0	0.00%
TOTAL FUNDS -- LONG BILL	7,670,839	7,670,839	0	0.00%

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Issue Detail

FY 2011-12 Base Adjustments

Annualize HB 09-1293: The Department requests and staff recommends \$94,260 total funds for increased costs associated with utilization and quality reviews due to increased eligibility for Medicaid. Of this amount, \$28,890 is from the Hospital Provider Fee and \$65,370 federal funds. In FY 2011-12, Medicaid eligibility will be expanded to adults without dependent children up to 100 percent of poverty and will allow a buy-in program for disabled individuals with incomes up to 450 percent of poverty. Based on this increase in eligibility, these contracts will receive the following increases: (1) \$27,800 for the acute care utilization; (2) \$45,157 for the external quality review; and (3) \$21,303 for the drug utilization review contract

Annualize Accountable Care Collaborative: Beginning in April 2011, the Department will implement the Accountable Care Collaborative pilot program. With this project, seven Regional Care Coordination Organizations (RCCOs) will monitor enrolled clients for appropriateness and effectiveness of care provided in order to control costs and improve health outcomes. The Department requests and staff recommends an increase of \$177,500 for the external quality review contract. This contract monitors managed care programs to ensure the plans are providing appropriate care. With this increase, the total amount of funding to perform external quality reviews for RCCOs will be \$355,000 (\$177,500 in the FY 2010-11 base plus the increase of \$177,500 recommended in this issue).

Annualize Evidence Guided Utilization Review: Last year the Committee approved an increase of \$1.5 million (\$384,052 General Fund) to the acute care utilization review contract for the following components:

	General Fund	Federal Funds	Total Funds
Transfer MMIS PARS to QIO Review	134,052	402,156	536,208
Increase to Utilization Review Contract	<u>250,000</u>	<u>750,000</u>	<u>1,000,000</u>
Total Funding	384,052	1,152,156	1,536,208

The Committee's action consolidated Quality Improvements Reviews from the MMIS contract to the Acute Care Utilization Review Contract. In addition, the Committee's action increased the amount of contract to perform the following: (1) Review Hospital Outlier Days; (2) identify frequent emergency room utilizers; and (3) develop and define appropriate limitations in the amount, duration, quantity, and scope of benefits, for future initiatives.

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For FY 2011-12, the Department requests and staff recommends an increase of \$535,208 to provide full-year funding for the contract increases that the Committee approved last year. Of this amount, \$134,052 is from the General Fund and \$402,156 is federal funds. This administrative cost increase is anticipated to be offset by savings in the Medical Services Premiums line item.

FY 2011-12 Base Adjustments

Medicaid Reductions: The Department requests and the staff recommends an increase of \$400,000 total funds for additional prior authorizations and reviews for a number of the Department's cost saving initiatives. Of this amount, \$100,000 is General Fund and \$300,000 is federal funds. Specifically, the reviews will be necessary in order to limit the oral nutrition benefit, stop claim payments for certain hospital readmissions, increased reviews for radiology services and home health. This increase in administrative funding is offset by decreases in the Medical Services Premiums line item.

Health Care Expansion Fund Deficit: In FY 2011-12, revenues and fund balance in the Health Care Expansion Fund will be insufficient to fund any program funding except for that required by the Medical Services Premiums program. Therefore, staff has consolidated all Health Care Expansion Fund moneys to that line item except for a \$1.0 appropriations in any costs that is required to receive funding from the Health Care Expansion fund (i.e. the enabling statute for the Health Care Expansion Fund requires that the fund be used to support the administrative costs of the program).

Additional Information About the Line Item

By Contract TOTAL FUNDS	FY 2010-11 Appropriation*	FY 2011-12 Dept. Req.	FY 2011-12 Staff Rec.
Acute Care Utilization Contract	\$3,092,124	\$4,056,132	\$4,056,132
Long-Term Care Utilization Review	1,744,966	1,744,966	1,744,966
External Quality Review	1,039,156	1,261,813	1,261,813
Mental Health External Quality Review	352,807	352,807	352,807
Drug Utilization Review	233,818	255,121	255,121
Total	\$6,462,871	\$7,670,839	\$7,670,839

Acute Care Utilization Contract: This contract includes performance of prospective and retrospective reviews for specified services to ensure that requests for benefits are a covered benefit and that the service is medically necessary and appropriate. Prospective reviews are conducted prior to the delivery of the service and include the following service categories: transplants, select procedures; out-of-state

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elective admissions; inpatient mental health services; inpatient substance abuse rehabilitation; some durable medical equipment; select non-emergent medical transportation; EPSDT home health service reviews; and outpatient physical and occupational therapy requests. Retrospective reviews are conducted on inpatient stays after the hospital claims have been paid. By examining the paid claims against the medical records, the contractor ensures the care paid for was medically necessary, required an acute level of care, and was coded and billed correctly.

Long-Term Care Utilization Review: Long-term care utilization reviews include performing prior authorizations reviews for certain services to determine medical necessity, level of care, and target population determinations as well as periodic reevaluation of services. In addition, the Single-Entry Point agencies (case management agencies and community center boards -- funded in the MSP and DHS divisions) perform pre-admission screening for Medicaid clients seeking admittance to nursing facilities and community-based long-term care programs, as well as annual continued stay reviews of these clients. The following items are funded from this contract:

- Uniform Long-Term Care 1002. Form (ULTC 100.2) assessments for needed level of care;
- Pre-Admission Screening and Resident Review (Level 1) to identify clients who need Level II screening;
- Hospital Back-Up Program screening to determine clients that can be moved from hospital care to appropriate nursing facility care;
- Assessments for the Children's Extensive Support waiver which provides Medicaid benefits, services and support for children with developmental disabilities or delays and require special services and provide an alternative to institutional placement;
- Assessments for Private Duty Nursing which provides eligible clients with skilled nursing services in a home setting;
- Data management; and
- Training for case managers.

External Quality Review: This contract monitors performance improvement projects and Healthcare Effectiveness Data and Information Set (HEDIS) measures for managed-care organizations, the Primary Care Physician Program, and fee-for-services Providers.

Mental Health External Quality Review: This contract has the following components: (1) validates performance measures for behavioral health organizations; (2) conducts compliance monitoring for standards and access to services; (3) validates performance-improvement projects; (4) conducts quality of care reviews; and (5) delivers an annual report on each behavioral health organization.

Drug Utilization Review: This contract review the pharmacy benefit to ensure appropriate drug therapy is provided by conducting both prospective and retrospective reviews.

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(F) Provider Audits and Services

This subdivision in the Executive Director's Office Division contains only one active line item. This line item is for contract costs related to auditing providers for rate setting and compliance purposes. Currently, this line item contains the funding for contracts to audit nursing facilities, hospitals, federal qualifying health clinics (FQHCs), and single entry point audits. These audits are required in order to comply with State and federal law.

Historical Summary:

By Line Item TOTAL FUNDS	FY 2009-10 Actual	FY 2010-11 App.	FY 2011-12 Dept. Req.	FY 2011-12 Staff Rec.
Professional Audit Contracts	1,790,216	3,306,813	2,463,406	2,463,406
Total	\$1,790,216	\$3,306,813	\$2,463,406	\$2,463,406
General Fund	895,108	1,256,281	969,283	969,283
Cash Funds	0	352,988	262,420	262,420
Federal Funds	895,108	1,697,544	1,231,703	1,231,703

FY 2010-11 Late Supplementals -- Long Bill Add-Ons

None.

Line Item Detail

Professional Audit Contracts

Line Item Description: Contains the audit and appraisal contract costs Medicaid providers to ensure the state only pays for necessary and eligible services and to comply with the rate setting process for nursing facilities.

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TABLE 1: Professional Audit Contracts Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF	Total Funds	GF	Total Funds	General Fund Only
FY 2010-11 Original Appropriation	\$1,256,281	\$3,306,813	\$1,256,281	\$3,306,813	\$0
No Supplementals	0	0	0	0	0
FY 2010-11 Revised Appropriation	\$1,256,281	\$3,306,813	\$1,256,281	\$3,306,813	\$0
Payment Error Rate Measurement Project	(147,125)	(588,501)	(147,125)	(588,501)	0
Nursing Facility Appraisals	(139,873)	(279,746)	(139,873)	(279,746)	0
FY 2011-12 BASE Funding	\$969,283	\$2,438,566	\$969,283	\$2,438,566	\$0
Nursing Facility Audit Expansion	0	24,840	0	24,840	0
FY 2011-12 Request/Recommendation LONG BILL	\$969,283	\$2,463,406	\$969,283	\$2,463,406	\$0

Fund Source

Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	969,283	969,283	0	0.00%
CF - Nursing Facility Cash Fund	12,420	12,420	0	0.00%
CF - Hospital Provider Fee	250,000	250,000	0	0.00%
Federal Funds	1,231,703	1,231,703	0	0.00%
TOTAL FUNDS -- LONG BILL	2,463,406	2,463,406	0	0.00%

Issue Detail

FY 2011-12 Base Issues

Payment Error Rate Measurement Project: The Department requests and staff recommends an decrease of \$588,501 total funds to remove one-time funding the in the FY 2010-11 appropriation for

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the Payment Error Rate Measurement Project (PERM). This amount includes a reduction of \$147,125 from the General Fund, \$102,988 from the CBHP Trust Fund, and \$338,388 from federal funds. Pursuant to the Improper Payments Information Act of 2002, the Department is required to conduct a study every three years regarding the amount of claims paid in error. Based on the federal regulations this study was conducted in FY 2010-11 and will not need to be conducted again until FY 2013-14.

Nursing Facility Appraisals: The Department requests and staff recommends a decrease of \$279,746 total funds to remove one-time costs associated with nursing facility appraisals. This amount includes a reduction of \$139,873 from the General Fund and \$139,873 from federal funds. Pursuant to Section 25.5-6-201, C.R.S., the Department must conduct nursing facility appraisals every four years. The appraisal results are used in developing rates for nursing homes. The appraisals were done in FY 2010-11 and won't need to be done again until FY 2014-15.

FY 2011-12 Long Bill Policy Adjustments

Nursing Facility Audit Expansion: The Department requests and staff recommends an increase of \$24,840 total funds in order to expand nursing facility audits. Of this amount, \$12,420 is from the Nursing Facility Cash Fund and \$12,420 is from federal funds. House Bill 08-1114 authorized a provider fee for nursing facilities in order provide supplemental payments and cap the growth of General Fund expenditures. The supplemental payments to nursing facilities are use to provide services to high acuity clients, fund nursing facility pay-for-performance programs, preadmission screening and resident reviews, and to offset General Fund losses to facilities due to a cap on General Fund expenditures. The supplemental payments and provider fee are calculated on non-Medicare days reported by the nursing facilities. Currently, this data is not audited. This increase to the administrative funding would allow the Department to contract for the addition of this data into the existing nursing facility audits.

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(G) Estate Recovery

This subdivision in the Executive Director's Office Division contains only one active line item. The current line item is for the Estate Recovery Program's contract costs. This program recovers funds from estates and places liens on real property held by Medicaid clients in nursing facilities or client's who are over the age of 55. The contractor pursues recoveries on a contingency fee basis. Since FY 2003-04, the contingency fee rate has been 10.9 percent with the remainder of recoveries acting as an offset to the Medical Services Premiums line item.

Using the current contingency fee rate of 10.9 percent, the maximum allowable amount of estate recoveries is \$6.4 million per fiscal year. If the contractor does not bring in that amount of recoveries, then the expenditure authority in this line item reverts.

Historical Summary:

By Line Item TOTAL FUNDS	FY 2009-10 Actual	FY 2010-11 App.	FY 2011-12 Dept. Req.	FY 2011-12 Staff Rec.
Estate Recovery	428,619	700,000	700,000	700,000
Total	\$394,534	\$700,000	\$700,000	\$700,000
Cash Funds -- Estate Recoveries	214,310	350,000	350,000	350,000
Federal Funds	214,309	350,000	350,000	350,000

Issue Detail

The Department requests and staff recommends continuation funding for the Estate Recovery contract in FY 2011-12.

Additional Information Regarding this Line Item

In FY 2009-10 the Department recovered \$3.7 million in net estate recoveries and liens, which was slightly higher by an amount of \$184,400 as compared to the amount collected in FY 2008-09. The Department primarily recovers residential real estate and sells the property, but it has been difficult to sell these properties and convert them into cash recoveries due to the value of the state's residential real estate market. The Department anticipates to continue to face challenges in selling the properties until the real estate market more fully recovers.

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Additional Decision Item Impacting the CBMS Line Item (Not Shown In Number Pages)

CBMS Compliance with Low Income Subsidy and Disability Determination Services: The Department requests and staff recommends an increase of \$214,920 total funds (\$107,460 General Fund) for CBMS changes that are necessary to come into compliance with federal rules and guidelines. Specifically, the funding will go to address the following issues:

- (1) Develop an interface that helps to identify Medicare clients who are eligible for premium subsidies under the Medicare Part D prescription drug benefit. These system changes are necessary to help the State meet the federal application processing time limits for determining eligibility for these programs.
- (2) Develop an interface that would allow CBMS to match Social Security number data related to Supplemental Security Income (SSI) in order to assist the vendor that performs disability determinations for the elderly, blind, and disabled clients. This issue will allow the State to more easily identify those clients who are already SSI eligible with the Social Security Administration. A client who is already eligible for SSI is automatically eligible for Medicaid, so the Medicaid application can be processed immediately.

Currently, the State is missing the application determination deadlines for determining Medicaid eligibility for disabled clients in about 30 percent of the cases. If the Department can verify that the client has already been qualified through the SSA, the Department could conclude the disability determination had already been done and would therefore not need to request a second disability determination for Medicaid purposes. This could speed up some applications by six weeks and thus, help bring the State into compliance with federal law.

The following tables show line items impacted by this decision item. Please note that these line item are not part of staff's regular budget assignment and therefore are not shown in the number pages.

Table 1: HCPF Budget Line Item			
Line Item	General Fund	Federal Funds	Total Funds
DHS-Funded Programs, Office of Information Technology Services - Medicaid Funding, Colorado Benefits Management System	\$107,460	\$107,460	\$214,920

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Table 2: DHS Budget Line Item	
Line Item	Reappropriated Funds
Office of Information Technology Services - Medicaid Funding, Colorado Benefits Management System	\$214,920

Table 3: Governor's Office of Information Technology	
Line Item	Reappropriated Funds
Statewide Information Technology Services, Colorado Benefits Management System	\$214,920

Joint Budget Committee - Staff Document
FY 2011-12 HCPF Figure Setting -- Caseload History Exhibit

Item	Adults 65 and Older	Disabled Adults 60 to 64	Disabled Individuals to 59	Categorically Eligible Low-Income Adults	Expansion Adults	Breast & Cervical Cancer Program	Eligible Children	Foster Care	Baby Care Adults	Non-Citizens	Partial Dual Eligibles	TOTAL
FY 1995-96 Actuals	31,321	4,261	44,736	36,690	-	-	113,439	8,376	7,223	4,100	3,937	254,083
FY 1996-97 Actuals	32,080	4,429	46,090	33,250	-	-	110,586	9,261	5,476	4,610	4,316	250,098
FY 1997-98 Actuals	32,664	4,496	46,003	27,179	-	-	103,912	10,453	4,295	5,032	4,560	238,594
Percent Change	1.82%	1.51%	-0.19%	-18.26%	-	-	-6.04%	12.87%	-21.57%	9.15%	5.65%	-4.60%
FY 1998-99 Actuals	33,007	4,909	46,310	22,852	-	-	102,074	11,526	5,017	5,799	6,104	237,598
Percent Change	1.05%	9.19%	0.67%	-15.92%	-	-	-1.77%	10.26%	16.81%	15.24%	33.86%	-0.42%
FY 1999-00 Actuals	33,135	5,092	46,386	23,515	-	-	109,816	12,474	6,174	9,065	7,597	253,254
Percent Change	0.39%	3.73%	0.16%	2.90%	-	-	7.58%	8.22%	23.06%	56.32%	24.46%	6.59%
FY 2000-01 Actuals	33,649	5,157	46,046	27,081	-	-	123,221	13,076	6,561	12,451	8,157	275,399
Percent Change	1.55%	1.28%	-0.73%	15.16%	-	-	12.21%	4.83%	6.27%	37.35%	7.37%	8.74%
FY 2001-02 Actuals	33,916	5,184	46,349	33,347	-	-	143,909	13,121	7,131	4,028	8,428	295,413
Percent Change	0.79%	0.52%	0.66%	23.14%	-	-	16.79%	0.34%	8.69%	-67.65%	3.32%	7.27%
FY 2002-03 Actuals	34,704	5,431	46,647	40,798	-	47	169,311	13,967	7,823	4,084	8,988	331,800
Percent Change	2.32%	4.76%	0.64%	22.34%	-	-	17.65%	6.45%	9.70%	1.39%	6.64%	12.32%
FY 2003-04 Actuals	34,329	5,548	46,789	47,562	-	105	195,279	14,914	8,398	4,793	9,842	367,559
Percent Change	-1.08%	2.15%	0.30%	16.58%	-	123.40%	15.34%	6.78%	7.35%	17.36%	9.50%	10.78%
FY 2004-05 Actuals	35,780	6,082	47,929	57,140	-	87	222,472	15,795	6,034	5,150	9,605	406,074
Percent Change	4.23%	9.63%	2.44%	20.14%	-	-17.14%	13.93%	5.91%	-28.15%	7.45%	-2.41%	10.48%
FY 2005-06 Actuals	36,207	6,042	47,855	58,885	-	188	214,158	16,460	5,119	6,212	11,092	402,218
Percent Change	1.19%	-0.66%	-0.15%	3.05%	-	116.09%	-3.74%	4.21%	-15.16%	20.62%	15.48%	-0.95%
FY 2006-07 Actuals	35,888	6,059	48,799	50,687	5,162	228	205,390	16,724	5,182	5,201	12,908	392,228
Percent Change	-0.88%	0.28%	1.97%	-13.92%	-	21.28%	-4.09%	1.60%	1.23%	-16.27%	16.37%	-2.48%
FY 2007-08 Actuals	36,284	6,146	49,933	44,555	8,918	270	204,022	17,141	6,288	4,191	14,214	391,962
Percent Change	1.10%	1.44%	2.32%	-12.10%	72.76%	18.42%	-0.67%	2.49%	21.34%	-19.42%	10.12%	-0.07%
FY 2008-09 Actuals	37,619	6,447	51,355	49,147	12,727	317	235,129	18,033	6,976	3,987	15,075	436,812
Percent Change	3.68%	4.90%	2.85%	10.31%	42.71%	17.41%	15.25%	5.20%	10.94%	-4.87%	6.06%	11.44%
FY 2009-10 Actuals	38,487	7,049	53,264	57,661	20,416	425	275,672	18,381	7,830	3,693	15,919	498,797
Percent Change	2.31%	9.34%	3.72%	17.32%	60.41%	34.07%	17.24%	1.93%	12.24%	-7.37%	5.60%	14.19%
Average 10 Year Growth Rate	1.52%	3.36%	1.40%	10.20%	17.59%	31.35%	9.99%	3.97%	3.45%	-3.14%	7.80%	7.17%

Joint Budget Committee - Staff Document
FY 2011-12 HCPF Figure Setting -- Caseload Comparison Exhibit

Item	Adults 65 and Older	Disabled Adults 60 to 64	Disabled Individuals to 59	Categorically Eligible Low-Income Adults	Expansion Adults	Breast & Cervical Cancer Program	Eligible Children	Foster Care	Pregnant-Adults	Non-Citizens	Partial Dual Eligibles	TOTAL
FY 2009-10 Actuals	38,487	7,049	53,264	57,661	20,416	425	275,672	18,381	7,830	3,693	15,919	498,797
Percent Change	2.31%	9.34%	3.72%	17.32%	60.41%	34.07%	17.24%	1.93%	12.24%	-7.37%	5.60%	14.19%
FY 2010-11 Original Appropriation	38,978	7,171	54,103	66,766	32,597	473	306,488	18,890	7,256	3,415	17,270	553,407
Percent Change	1.28%	1.73%	1.58%	15.79%	59.66%	11.29%	11.18%	2.77%	-7.33%	-7.53%	8.49%	10.95%
FY 2010-11 Dept. Final Request	38,937	7,743	55,996	59,362	47,700	527	299,573	18,568	7,905	3,073	17,044	556,428
Percent Change (to FY 10-11 Actual)	1.17%	9.85%	5.13%	2.95%	133.64%	24.00%	8.67%	1.02%	0.96%	-16.79%	7.07%	11.55%
FY 2010-11 Staff Revised Estimate	38,942	7,706	56,032	60,881	47,036	524	300,625	18,502	7,867	3,098	17,094	558,307
Percent Change (to FY 10-11 Actual)	1.18%	9.32%	5.20%	5.58%	130.39%	23.29%	9.05%	0.66%	0.47%	-16.11%	7.38%	11.93%
FY 2010-11 Staff-Dept	5	(37)	36	1,519	(664)	(3)	1,052	(66)	(38)	25	50	1,879
Percent Difference	0.01%	-0.48%	0.06%	2.56%	-1.39%	-0.57%	0.35%	-0.36%	-0.48%	0.81%	0.29%	0.34%
FY 2011-12 Dept. Current Request	39,544	8,292	62,419	65,773	71,983	598	326,592	19,238	7,828	2,947	18,172	623,386
Percent Change (to FY 10-11 Department Estimate)	1.56%	7.09%	11.47%	10.80%	50.91%	13.47%	9.02%	3.61%	-0.97%	-4.10%	6.62%	12.03%
FY 2011-12 Staff Recommendation	39,556	8,098	62,170	64,432	74,078	595	316,392	18,878	7,657	3,082	18,210	613,148
Percent Change (to Staff FY 10-11 Estimate)	1.58%	5.09%	10.95%	5.83%	57.49%	13.55%	5.24%	2.03%	-2.67%	-0.52%	6.53%	9.82%
FY 2011-12 Staff-Dept	12	(194)	(249)	(1,341)	2,095	(3)	(10,200)	(360)	(171)	135	38	(10,238)
Percent Difference	0.03%	-2.34%	-0.40%	-2.04%	2.91%	-0.50%	-3.12%	-1.87%	-2.18%	4.58%	0.21%	-1.64%

Joint Budget Committee - Staff Document
FY 2011-12 Figure Setting -- Caseload by Funding Sources for Department & Staff Estimates

Item	Adults 65 and Older	Disabled Adults 60 to 64	Disabled Individuals to 59	Categorically Eligible Low-Income Adults	Expansion Adults	Breast & Cervical Cancer Program	Eligible Children	Foster Care	Pregnant-Adults	Non-Citizens	Partial Dual Eligibles	TOTAL
FY 2009-10 Actuals	38,487	7,049	53,264	57,661	20,416	425	275,672	18,381	7,830	3,693	15,919	498,797
Percent Change	2.31%	9.34%	3.72%	17.32%	60.41%	34.07%	17.24%	1.93%	12.24%	-7.37%	5.60%	14.19%
FY 2010-11 Original Appropriation	38,978	7,171	54,103	66,766	32,597	473	306,488	18,890	7,256	3,415	17,270	553,407
Percent Change	1.28%	1.73%	1.58%	15.79%	59.66%	11.29%	11.18%	2.77%	-7.33%	-7.53%	8.49%	10.95%
FY 2010-11 Dept Request	<u>38,937</u>	<u>7,743</u>	<u>55,996</u>	<u>59,362</u>	<u>47,700</u>	<u>527</u>	<u>299,573</u>	<u>18,568</u>	<u>7,905</u>	<u>3,073</u>	<u>17,044</u>	<u>556,428</u>
-- Traditional & TT Caseload*	38,937	7,743	55,996	59,362	20,103	527	299,573	18,568	7,905	3,073	17,044	528,831
-- H.B. 09-1293 Hospital Fee Exp.	0	0	0	0	27,597	0	0	0	0	0	0	27,597
FY 2011-12 Dept Request	<u>39,544</u>	<u>8,292</u>	<u>62,419</u>	<u>65,773</u>	<u>71,983</u>	<u>598</u>	<u>326,592</u>	<u>19,238</u>	<u>7,828</u>	<u>2,947</u>	<u>18,172</u>	<u>623,386</u>
-- Traditional & TT Caseload*	39,544	8,292	58,090	65,773	21,607	598	318,626	18,858	7,828	2,947	18,172	560,335
-- H.B. 09-1293 Hospital Fee Exp.	0	0	4,329	0	50,376	0	7,966	380	0	0	0	63,051
FY 2010-11 Staff Revised Estimate	<u>38,942</u>	<u>7,706</u>	<u>56,032</u>	<u>60,881</u>	<u>47,036</u>	<u>524</u>	<u>300,625</u>	<u>18,502</u>	<u>7,867</u>	<u>3,098</u>	<u>17,094</u>	<u>558,307</u>
-- Traditional Caseload	38,377	7,610	54,485	52,232	0	384	268,938	17,094	7,867	3,098	16,755	466,840
-- Tobacco Tax Caseload	565	96	1,548	8,649	20,095	140	31,687	1,408	0	0	339	64,527
-- H.B. 09-1293 Hospital Fee Exp.	0	0	0	0	26,940	0	0	0	0	0	0	26,940
FY 2011-12 Staff Estimate	<u>39,556</u>	<u>8,098</u>	<u>62,170</u>	<u>64,432</u>	<u>74,078</u>	<u>595</u>	<u>316,392</u>	<u>18,878</u>	<u>7,657</u>	<u>3,082</u>	<u>18,210</u>	<u>613,148</u>
-- Traditional Caseload	38,991	8,002	56,294	55,891	0	455	277,626	17,058	7,657	3,082	17,871	482,927
-- Tobacco Tax Caseload	565	96	1,548	8,541	23,628	140	31,266	1,440	0	0	339	67,563
-- H.B. 09-1293 Hospital Fee Exp.	0	0	4,328	0	50,450	0	7,500	380	0	0	0	62,658

* The Department does not do an estimate for caseload attributed to the removal of the Medicaid asset test for low-income adults and children (therefore, this caseload estimate is contained in Department's traditional caseload funding. Rather the Department uses an "allocation" methodology to assign Amendment 35 Funding for this caseload. Staff has included all Tobacco Tax Caseloads in this number.

* Staff "backs" into an estimated caseload amount related to the removal of the Medicaid asset test based on the Department's "allocation" methodology, original fiscal assumption regarding the number of child and adults, and current estimated cost per client information. Because this caseload can not be tracked separately, staff's estimate is an approximation and is used by staff to consistently assign fund splits.

*Staff has included the H.B. 09-1293 Adults without Dependent Children in her forecast in the "expansion adult" aid category. The Department requested this population in the Indigent Care Program. Staff revised the Department's caseload estimate to show their estimate of the Adults without Dependent Children in the MSP caseload estimate.

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Figure Setting Presentation -- FY 2009-10 Actual Expenditures By Service Area and Aid Category

FY 2009-10 Actual -- Acute Care Services	Adults 65 and Older	Disabled Adults 60 to 64	Disabled Individuals to 59	Categorically			Breast & Cervical Cancer Program	Eligible Children	Foster Care	Pregnant-Adults	Non-Citizens	Partial Dual Eligibles	TOTAL	
				Eligible Low-Income Adults	Expansion Adults	Income Adults								
Physician Services & EPSDT	4,644,233	6,088,859	46,749,044	50,890,397	8,996,467	-	-	100,673,872	10,102,008	16,999,107	6,991,912	553	252,136,452	
Emergency Transportation	135,675	219,816	1,715,328	1,071,466	190,466	-	-	1,604,042	210,924	189,910	92,127	-	5,429,754	
Non-emergency Medical Transportation	2,250,142	881,642	4,609,047	347,306	21,950	-	-	976,900	103,821	45,337	1,244	-	9,237,389	
Dental Services	815,475	244,934	4,352,134	3,747,235	865,201	-	-	76,650,059	5,510,341	370,427	2,724	43	92,558,573	
Family Planning	-	24	12,420	114,135	45,997	-	-	114,009	30,897	17,434	-	-	334,916	
Health Maintenance Organizations	6,690,235	6,808,868	45,687,847	17,679,255	3,678,474	-	-	35,072,631	902,745	1,131,694	-	-	117,651,749	
Inpatient Hospitals	15,822,984	11,626,366	99,034,203	56,272,985	6,696,268	-	-	85,902,848	6,206,952	30,629,066	39,618,658	(833)	351,809,497	
Outpatient Hospitals	2,586,214	4,061,576	35,876,257	34,148,589	10,909,918	-	-	54,117,957	4,860,761	5,029,450	1,066,582	521	152,657,825	
Lab & X-Ray	564,758	733,232	5,613,057	10,271,962	1,958,029	-	-	6,852,876	1,693,335	3,589,272	152,136	638	31,429,295	
Durable Medical Equipment	18,847,335	4,155,984	42,281,065	2,452,124	733,894	-	-	8,456,254	4,040,219	185,251	559	2,908	81,155,593	
Prescription Drugs	8,059,382	14,076,616	101,424,097	34,928,739	8,619,215	618	-	46,186,239	19,361,739	2,266,055	-	462	234,923,162	
Drug Rebate	(3,418,708)	(5,981,643)	(43,107,160)	(14,786,250)	(3,647,251)	(273)	-	(19,705,779)	(8,241,293)	(966,767)	-	(204)	(99,855,328)	
Rural Health Centers	42,647	152,354	945,902	1,314,556	370,778	-	-	4,711,474	418,503	308,458	29,366	142	8,294,180	
Federally Qualified Health Centers	943,051	829,861	6,305,622	12,037,090	2,463,126	-	-	48,664,174	2,029,256	5,276,198	472,284	154	79,020,816	
Co-Insurance (Title XVIII-Medicare)	10,164,073	1,546,536	7,014,431	(59,373)	357,602	-	-	22,284	18,450	24,953	32	3,107,054	22,196,042	
Breast and Cervical Cancer Treatment Program	-	-	-	-	-	-	9,005,795	-	-	-	-	-	-	9,005,795
Prepaid Inpatient Health Plan Services	2,417,306	1,643,809	12,846,454	6,416,877	2,372,654	-	-	15,116,294	1,774,938	2,115,488	-	-	44,703,820	
Other Medical Services	3,033	1,762	15,618	8,354	-	-	271	14,457	2,022	2,008	1,457	158	49,140	
Home Health	24,453,284	6,729,768	113,570,849	419,291	95,623	-	-	3,798,833	11,064,772	50,413	-	217,237	160,400,070	
Presumptive Eligibility	-	-	-	-	-	-	-	-	-	-	-	-	-	
Subtotal of Acute Care	95,021,119	53,820,364	484,946,215	217,274,738	44,728,411	9,006,411	469,229,424	60,090,390	67,263,754	48,429,081	3,328,833	1,553,138,740		
FY 2009-10 Actual - Community Based Long Term Care Services	Adults 65 and Older	Disabled Adults 60 to 64	Disabled Individuals to 59	Categorically			Breast & Cervical Cancer Program	Eligible Children	Foster Care	Pregnant-Adults	Non-Citizens	Partial Dual Eligibles	TOTAL	
HCBS - Elderly, Blind, and Disabled	103,386,211	14,626,539	71,841,260	8,554	4,831	-	-	-	79,147	-	-	149,360	190,095,902	
HCBS - Mental Illness	3,473,457	2,391,039	17,109,979	80	-	-	-	-	23,600	-	-	42,459	23,040,614	
HCBS - Disabled Children	-	-	1,840,542	-	-	-	-	-	471	-	-	-	1,841,013	
HCBS - Persons Living with AIDS	20,536	28,470	549,511	-	-	-	-	-	-	-	-	25	598,542	
HCBS - Consumer Directed Attendant Support	1,910,755	270,269	1,331,531	161	-	-	-	-	1,469	-	-	2,733	3,516,918	
HCBS - Brain Injury	144,343	532,868	10,913,491	2,859	2,859	-	-	-	-	-	-	-	11,596,420	
HCBS - Children with Autism	-	-	1,594,735	-	-	-	-	-	-	-	-	-	1,594,735	
HCBS - Pediatric Hospice	-	-	101,725	-	-	-	-	-	485	-	-	-	102,210	
Private Duty Nursing	1,035,252	240,541	15,137,079	-	-	-	-	604,720	6,648,963	-	-	-	23,666,555	
Hospice	34,017,386	3,025,452	6,115,615	180,778	23,084	-	-	231,678	34,952	-	1,279	6,603	43,636,827	
Subtotal of Community Based Long Term Care	143,987,940	21,115,178	126,535,468	192,432	30,774	-	836,398	6,789,087	1,279	201,180	299,689,736			
FY 2009-10 Actuals - Institutional and Managed Care Long Term Care & Insurance Premiums	Adults 65 and Older	Disabled Adults 60 to 64	Disabled Individuals to 59	Categorically			Breast & Cervical Cancer Program	Eligible Children	Foster Care	Pregnant-Adults	Non-Citizens	Partial Dual Eligibles	TOTAL	
Class I Nursing Facilities	393,028,828	28,956,277	73,847,716	5,285	-	-	-	-	-	-	-	62,685	495,900,791	
Class II Nursing Facilities	(38,446)	264,098	989,694	-	-	-	-	-	-	-	-	-	1,215,346	
Program of All-Inclusive Care for the Elderly	61,924,560	4,986,130	2,345,339	-	-	-	-	-	-	-	-	-	69,256,029	
Subtotal Long Term Care	454,914,942	34,206,505	77,182,749	5,285	-	-	-	-	-	-	-	62,685	566,372,166	
Supplemental Medicare Insurance Benefit	54,965,748	3,205,285	28,812,261	180,219	-	-	-	-	-	-	-	15,905,077	103,068,590	
Health Insurance Buy-In Program	3,552	8,332	993,385	3,197	-	-	-	11,314	210	-	-	-	1,019,990	
Subtotal Insurance	54,969,300	3,213,617	29,805,646	183,416	-	-	11,314	210	-	-	-	15,905,077	104,088,580	
Subtotal of Long Term Care and Insurance	509,884,242	37,420,122	106,988,395	188,701	-	-	11,314	210	-	-	-	15,967,762	670,460,746	
FY 2009-10 Actuals - Administrative Services/Case Management Costs	Adults 65 and Older	Disabled Adults 60 to 64	Disabled Individuals to 59	Categorically			Breast & Cervical Cancer Program	Eligible Children	Foster Care	Pregnant-Adults	Non-Citizens	Partial Dual Eligibles	TOTAL	
Single Entry Points	11,622,897	2,068,951	9,956,430	2,637	-	-	-	1,458	8,329	-	41,435	5,414	23,707,551	
Disease Management	4,570	2,655	23,534	12,589	-	-	409	21,785	3,047	3,027	-	-	71,616	
Prepaid Inpatient Health Plan Administration	342,188	83,637	550,414	767,669	128,100	-	-	2,921,522	224,118	94,105	-	-	5,111,753	
Subtotal of Service Management	11,969,655	2,155,243	10,530,378	782,895	128,100	409	2,944,765	235,494	97,132	41,435	5,414	28,890,920		
FY 2009-10 COFRS Total	760,862,956	114,510,907	729,000,456	218,438,766	44,887,285	9,006,820	473,021,901	67,115,181	67,360,886	48,471,795	19,503,189	2,552,180,142		

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Figure Setting Presentation -- Original FY 2010-11 Appropriation By Service Area and Bill Source

FY 2010-11 Current Appropriation	Adults 65 and Older	Disabled Adults 60 to 64	Disabled Individuals to 59	Categorically Eligible Low-Income Adults	Expansion Adults	Breast & Cervical Cancer Program	Eligible Children	Foster Care	Pregnant-Adults	Non-Citizens	Partial Dual Eligibles	TOTAL
Original Appropriated Caseload	38,978	7,171	54,103	66,766	32,597	473	306,488	18,890	7,256	3,415	17,270	553,407
Acute Care												
Long Bill Estimate (base per capita)	\$2,527.75	\$7,870.77	\$9,437.14	\$3,714.42	\$2,488.18	\$20,768.02	\$1,655.80	\$3,382.93	\$8,756.43	\$16,578.84	\$224.56	\$3,071.68
H.B. 10-1376 (Long Bill Base Estimate)	98,526,812	56,441,275	510,577,662	247,996,648	81,107,305	9,823,274	507,481,999	63,903,528	63,536,682	56,616,744	3,878,132	1,699,890,061
H.B. 10-1376 (Long Bill DI Estimates)	8,349,758	958,290	5,066,366	990,056	256,052	45,878	2,194,020	460,494	2,278,276	405,048	18,155	21,022,392
S.B. 10-167	(138,559)	(79,374)	(718,030)	(348,760)	(114,062)	(13,815)	(713,676)	(89,868)	(89,352)	(79,621)	(5,454)	(2,390,570)
H.B. 10-1033	50,435	28,892	261,359	126,947	41,518	5,028	259,774	32,712	32,524	28,981	1,985	870,155
H.B. 10-1382	(2,499,337)	(1,431,750)	(12,951,861)	(6,290,949)	(2,057,455)	(249,188)	(12,873,333)	(1,621,045)	(1,611,740)	(1,436,201)	(98,377)	(43,121,235)
	104,289,109	55,917,333	502,235,496	242,473,942	79,233,358	9,611,178	496,348,785	62,685,820	64,146,390	55,534,952	3,794,441	1,676,270,803
Community Long Term Care												
Long Bill Estimate (base per capita)	\$3,835.46	\$3,323.97	\$2,585.85	\$1.22	\$0.80	\$0.00	\$1.61	\$368.71	\$0.00	\$0.00	\$22.59	\$580.39
H.B. 10-1376 (Long Bill Estimate)	149,498,739	23,836,192	139,902,102	81,438	25,942	0	492,370	6,964,839	0	0	390,124	321,191,745
H.B. 10-1005	57,376	9,148	53,693	31	10	0	189	2,673	0	0	150	123,270
	149,556,115	23,845,340	139,955,795	81,469	25,952	0	492,559	6,967,512	0	0	390,273	321,315,015
Class 1 Nursing Facilities												
Long Bill Estimate (base per capita)	\$11,420.65	\$4,550.49	\$1,485.90	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$15.27	\$1,009.10
H.B. 10-1376 (Long Bill Estimate)	450,124,111	32,995,908	81,289,079	0	0	0	0	0	0	0	266,725	564,675,823
H.B. 10-1379	(4,969,903)	(364,314)	(897,528)	0	0	0	0	0	0	0	(2,945)	(6,234,689)
	445,154,208	32,631,594	80,391,551	0	0	0	0	0	0	0	263,780	558,441,134
Class 2 Nursing Facilities												
Long Bill Estimate (base per capita)	\$0.00	\$52.40	\$35.45	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4.14
H.B. 10-1376 (Long Bill Estimate)	0	375,733	1,917,696	0	0	0	0	0	0	0	0	2,293,429
PACE												
Long Bill Estimate (base per capita)	\$1,750.36	\$152.64	\$67.86	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,970.86
H.B. 10-1376 (Long Bill Estimate)	68,225,345	5,949,494	2,645,185	0	0	0	0	0	0	0	0	76,820,025
Medicare Premiums												
Long Bill Estimate (base per capita)	\$1,512.72	\$492.36	\$575.84	\$3.95	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,135.60	\$205.14
H.B. 10-1376 (Long Bill Estimate)	58,962,765	3,530,736	31,154,665	263,554	0	0	0	0	0	0	19,611,803	113,523,523
Health Care Buy In												
Long Bill Estimate (base per capita)	\$0.10	\$0.10	\$29.39	\$0.14	\$0.00	\$0.00	\$0.47	\$0.04	\$0.08	\$0.00	\$0.00	\$30.32
H.B. 10-1376 (Long Bill Estimate)	3,814	3,996	1,145,547	5,562	0	0	18,294	1,467	3,302	0	0	1,181,982
Single Entry Point												
Long Bill Estimate (base per capita)	\$310.11	\$299.84	\$197.46	\$0.05	\$0.00	\$0.00	\$0.01	\$0.41	\$0.00	\$18.06	\$0.43	\$45.18
H.B. 10-1376 (Long Bill Estimate)	12,087,654	2,150,138	10,683,057	3,500	0	0	1,636	7,688	0	61,659	7,352	25,002,683
H.B. 10-1146	(340,555)	(60,578)	(300,982)	(99)	0	0	(46)	(217)	0	(1,737)	(207)	(704,421)
	11,747,098	2,089,560	10,382,075	3,401	0	0	1,590	7,471	0	59,922	7,145	24,298,262
Disease Management												

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Figure Setting Presentation -- Original FY 2010-11 Appropriation By Service Area and Bill Source

FY 2010-11 Current Appropriation	Adults 65 and Older	Disabled Adults 60 to 64	Disabled Individuals to 59	Categorically Eligible Low-Income Adults	Expansion Adults	Breast & Cervical Cancer Program	Eligible Children	Foster Care	Pregnant-Adults	Non-Citizens	Partial Dual Eligibles	TOTAL
Long Bill Estimate (base per capita)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
H.B. 10-1376 (Long Bill Estimate)	0	0	0	0	0	0	0	0	0	0	0	0
Prepaid Inpatient Hospitals												
Long Bill Estimate (base per capita)	\$15.59	\$17.41	\$17.24	\$12.59	\$11.59	\$0.00	\$11.96	\$16.57	\$17.98	\$0.00	\$0.00	\$12.63
H.B. 10-1376 (Long Bill Estimate)	607,518	124,877	932,835	840,433	377,664	0	3,664,384	313,095	130,480	0	0	6,991,286
Bottom Line Financing												
H.B. 10-1376 (UPL)	3,083,154	476,608	2,881,546	889,896	190,238	34,138	1,920,576	266,868	230,772	221,122	87,177	10,282,095
H.B. 10-1376 (Denver Outstationing)	891,180	137,763	832,906	257,223	54,988	9,868	555,139	77,138	66,704	63,915	25,198	2,972,022
H.B. 10-1376 (Hospital Payments)	18,443,557	10,565,428	95,576,708	46,423,307	9,443,293	1,838,851	94,997,221	11,962,311	11,893,640	10,598,274	725,960	312,468,550
	22,417,891	11,179,799	99,291,161	47,570,425	9,688,518	1,882,857	97,472,936	12,306,317	12,191,117	10,883,311	838,335	325,722,667
Total Medicaid Medical Services Premiums												
H.B. 10-1376 (Long Bill Estimate)	868,804,407	137,546,437	884,605,355	297,751,616	91,455,482	11,752,009	611,325,638	83,957,428	78,139,857	67,966,763	25,010,627	3,158,315,617
S.B. 10-167	(138,559)	(79,374)	(718,030)	(348,760)	(114,062)	(13,815)	(713,676)	(89,868)	(89,352)	(79,621)	(5,454)	(2,390,570)
S.B. 10-169 (Fund Split Issue Only)	0	0	0	0	0	0	0	0	0	0	0	0
H.B. 10-1005	57,376	9,148	53,693	31	10	0	189	2,673	0	0	150	123,270
H.B. 10-1033	50,435	28,892	261,359	126,947	41,518	5,028	259,774	32,712	32,524	28,981	1,985	870,155
H.B. 10-1146	(340,555)	(60,578)	(300,982)	(99)	0	0	(46)	(217)	0	(1,737)	(207)	(704,421)
H.B. 10-1378 (Fund Split Issue Only)	0	0	0	0	0	0	0	0	0	0	0	0
H.B. 10-1379	(4,969,903)	(364,314)	(897,528)	0	0	0	0	0	0	0	(2,945)	(6,234,689)
H.B. 10-1380 (Fund Split Issue Only)	0	0	0	0	0	0	0	0	0	0	0	0
H.B. 10-1381 (Fund Split Issue Only)	0	0	0	0	0	0	0	0	0	0	0	0
H.B. 10-1382	(2,499,337)	(1,431,750)	(12,951,861)	(6,290,949)	(2,057,455)	(249,188)	(12,873,333)	(1,621,045)	(1,611,740)	(1,436,201)	(98,377)	(43,121,235)
TOTAL Medical Services Premiums	860,963,864	135,648,461	870,052,006	291,238,787	89,325,493	11,494,035	597,998,546	82,281,682	76,471,289	66,478,185	24,905,779	3,106,858,127
Current Appropriation Per Capitas (Without Bottom Line Payments)												
Acute Care	\$2,675.59	\$7,797.70	\$9,282.95	\$3,631.70	\$2,430.69	\$20,319.61	\$1,619.47	\$3,318.47	\$8,840.46	\$16,262.07	\$219.71	\$3,029.00
Community Long Term Care	\$3,836.94	\$3,325.25	\$2,586.84	\$1.22	\$0.80	\$0.00	\$1.61	\$368.85	\$0.00	\$0.00	\$22.60	\$580.61
Class 1 Nursing Facilities	\$11,420.65	\$4,550.49	\$1,485.90	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$15.27	\$1,009.10
Class 2 Nursing Facilities	\$0.00	\$52.40	\$35.45	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4.14
PACE	\$1,750.36	\$829.66	\$48.89	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$138.81
Medicare Premiums	\$1,512.72	\$492.36	\$575.84	\$3.95	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,135.60	\$205.14
Health Care Buy In	\$0.10	\$0.56	\$21.17	\$0.08	\$0.00	\$0.00	\$0.06	\$0.08	\$0.46	\$0.00	\$0.00	\$2.14
Single Entry Point	\$301.38	\$291.39	\$191.89	\$0.05	\$0.00	\$0.00	\$0.01	\$0.40	\$0.00	\$17.55	\$0.41	\$43.91
Disease Management	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Prepaid Inpatient Hospitals	\$15.59	\$17.41	\$17.24	\$12.59	\$11.59	\$0.00	\$11.96	\$16.57	\$17.98	\$0.00	\$0.00	\$12.63
Total Per Capitas -- Service Costs	\$21,513.31	\$17,357.23	\$14,246.18	\$3,649.59	\$2,443.08	\$20,319.61	\$1,633.10	\$3,704.36	\$8,858.90	\$16,279.61	\$1,393.60	\$5,025.48
Check	\$21,513.31	\$17,357.23	\$14,246.18	\$3,649.59	\$2,443.08	\$20,319.61	\$1,633.10	\$3,704.36	\$8,858.90	\$16,279.61	\$1,393.60	\$5,025.48
Bottom Line Finance Per Capita Adj.	\$575.14	\$1,559.03	\$1,835.22	\$712.49	\$297.22	\$3,980.67	\$318.03	\$651.47	\$1,680.14	\$3,186.91	\$48.54	\$588.58
Total Per Capitas -- Original Appropriation	\$22,088.46	\$18,916.25	\$16,081.40	\$4,362.08	\$2,740.30	\$24,300.28	\$1,951.13	\$4,355.83	\$10,539.04	\$19,466.53	\$1,442.14	\$5,614.06
Check	\$22,088.46	\$18,916.25	\$16,081.40	\$4,362.08	\$2,740.30	\$24,300.28	\$1,951.13	\$4,355.83	\$10,539.04	\$19,466.53	\$1,442.14	\$5,614.06

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FY 2010-11 Department's Final Supplemental Estimate By Service Area And Aid Category

FY 2010-11 Department Revised Request	Adults 65 and Older	Disabled Adults 60 to 64	Disabled Individuals to 59	Categorically Eligible Low-Income Adults	Expansion Adults	Breast & Cervical Cancer Program	Eligible Children	Foster Care	Pregnant-Adults	Non-Citizens	Partial Dual Eligibles	TOTAL
Appropriated Caseload	38,978	7,171	54,103	66,766	32,597	473	306,488	18,890	7,256	3,415	17,270	553,407
Department February 2011 Estimate	38,937	7,743	55,996	59,362	20,103	527	299,573	18,568	7,905	3,073	17,044	528,831
Department HB 09-1293 Estimate	0	0	0	0	27,597	0	0	0	0	0	0	27,597
Total FY 2010-11 Dept Estimate	38,937	7,743	55,996	59,362	47,700	527	299,573	18,568	7,905	3,073	17,044	556,428
Acute Care Appropriation (Estimate with all Bills)	104,289,109	55,917,333	502,235,496	242,473,942	79,233,358	9,611,178	496,348,785	62,685,820	64,146,390	55,534,952	3,794,441	1,676,270,803
Acute Care Department's February 2011 Estimate	94,939,176	60,536,039	510,125,983	220,028,321	115,041,509	10,477,995	496,820,101	62,389,326	67,348,708	43,441,841	3,672,130	1,684,821,129
ACUTE CARE BASE SUPPLEMENTAL	(9,349,933)	4,618,706	7,890,487	(22,445,621)	35,808,151	866,817	471,316	(296,494)	3,202,318	(12,093,111)	(122,311)	8,550,326
Community Long Term Care Appropriation (Estimate with all Bills)	149,556,115	23,845,340	139,955,795	81,469	25,952	0	492,559	6,967,512	0	0	390,273	321,315,015
Community LTC Department's February 2011 Estimate	145,754,790	23,139,405	138,197,944	211,806	90,249	0	778,244	8,064,465	0	1,054	65,112	316,303,069
Community LTC BASE SUPPLEMENTAL	(3,801,325)	(705,935)	(1,757,851)	130,337	64,297	0	285,685	1,096,953	0	1,054	(325,161)	(5,011,946)
Class I Nursing Facility Appropriation Est.	445,154,208	32,631,594	80,391,551	0	0	0	0	0	0	0	263,780	558,441,134
Class I NF Department's February 2011 Estimate	448,495,336	33,042,755	84,269,535	6,031	0	0	0	0	0	0	71,531	565,885,188
Class I NF BASE SUPPLEMENTAL	3,341,128	411,161	3,877,984	6,031	0	0	0	0	0	0	(192,249)	7,444,054
Class II Nursing Facility Appropriation Est.	0	375,733	1,917,696	0	0	0	0	0	0	0	0	2,293,429
Class II NF Department's February 2011 Estimate	0	608,119	2,574,988	0	0	0	0	0	0	0	0	3,183,107
Class II NF BASE SUPPLEMENTAL	0	232,386	657,292	0	0	0	0	0	0	0	0	889,678
PACE Appropriation Estimate	68,225,345	5,949,494	2,645,185	0	0	0	0	0	0	0	0	76,820,025
PACE Department's February 2011 Estimate	74,877,681	7,965,760	3,401,281	0	0	0	0	0	0	0	0	86,244,722
PACE BASE SUPPLEMENTAL	6,652,336	2,016,266	756,096	0	0	0	0	0	0	0	0	9,424,697
Sup Medicaid Insurance Appropriation	58,962,765	3,530,736	31,154,665	263,554	0	0	0	0	0	0	19,611,803	113,523,523
SMI Department's February 2011 Estimate	62,561,016	3,728,098	33,150,194	212,138	0	0	0	0	0	0	18,405,080	118,056,526
SMI BASE SUPPLEMENTAL	3,598,251	197,362	1,995,529	(51,416)	0	0	0	0	0	0	(1,206,723)	4,533,003
Health Insurance Buy-In Appropriation Est.	3,814	3,996	1,145,547	5,562	0	0	18,294	1,467	3,302	0	0	1,181,982
HIBI Department's February 2011 Estimate	3,672	8,615	1,105,749	12,562	0	0	32,592	210	3,360	0	0	1,166,760
HIBI BASE SUPPLEMENTAL	(142)	4,619	(39,798)	7,000	0	0	14,298	(1,257)	58	0	0	(15,222)
Single Entry Point Appropriation Est. (Not necessarily contract amount)	11,747,098	2,089,560	10,382,075	3,401	0	0	1,590	7,471	0	59,922	7,145	24,298,262
SEP Department's February 2011 Estimate	11,825,920	2,006,400	10,109,995	4,035	0	0	1,345	8,069	0	59,171	6,724	24,021,659
SEP BASE SUPPLEMENTAL	78,822	(83,160)	(272,080)	634	0	0	(245)	598	0	(751)	(421)	(276,603)
Disease Management Appropriation	0	0	0	0	0	0	0	0	0	0	0	0
DM Department's February 2011 Estimate	0	0	0	0	0	0	0	0	0	0	0	0
DM BASE SUPPLEMENTAL	0	0	0	0	0	0	0	0	0	0	0	0

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FY 2010-11 Department's Final Supplemental Estimate By Service Area And Aid Category

FY 2010-11 Department Revised Request	Adults 65 and Older	Disabled Adults 60 to 64	Disabled Individuals to 59	Categorically Eligible Low-Income Adults	Expansion Adults	Breast & Cervical Cancer Program	Eligible Children	Foster Care	Pregnant-Adults	Non-Citizens	Partial Dual Eligibles	TOTAL
Prepaid Inpatient Health Plan App. Est.	607,518	124,877	932,835	840,433	377,664	0	3,664,384	313,095	130,480	0	0	6,991,286
PIHP Department's February 2011 Estimate	461,130	246,020	2,048,252	1,055,153	386,024	0	4,379,292	380,263	157,345	0	0	9,113,479
PIHP BASE SUPPLEMENTAL	(146,388)	121,143	1,115,417	214,720	8,360	0	714,908	67,168	26,865	0	0	2,122,193
Upper Payment Limit Appropriation Est.	3,083,154	476,608	2,881,546	889,896	190,238	34,138	1,920,576	266,868	230,772	221,122	87,177	10,282,095
UPL Department's February 2011 Estimate	4,027,878	622,648	3,764,495	1,162,573	248,529	44,599	2,509,068	348,640	301,484	288,877	113,889	13,432,681
UPL BASE SUPPLEMENTAL	944,724	146,040	882,948	272,677	58,292	10,461	588,493	81,772	70,712	67,755	26,712	3,150,586
Other Supplemental Payments	891,180	137,763	832,906	257,223	54,988	9,868	555,139	77,138	66,704	63,915	25,198	2,972,022
Department's February 2011 Estimate	2,665,075	411,981	2,490,807	769,225	164,441	29,509	1,660,144	230,680	199,480	191,138	75,356	8,887,837
Other Supplemental Payments BASE SUPPLEMENTAL	1,773,895	274,218	1,657,901	512,003	109,453	19,642	1,105,005	153,543	132,775	127,223	50,157	5,915,815
Hospital Provider Fee Supplemental Payments	18,443,557	10,565,428	95,576,708	46,423,307	9,443,293	1,838,851	94,997,221	11,962,311	11,893,640	10,598,274	725,960	312,468,550
Department's February 2011 Estimate	26,877,075	15,396,585	139,280,201	67,650,870	13,761,342	2,679,686	138,435,737	17,432,208	17,332,137	15,444,451	1,057,913	455,348,204
Hospital Provider Fee BASE SUPPLEMENTAL	8,433,518	4,831,157	43,703,493	21,227,563	4,318,049	840,835	43,438,516	5,469,897	5,438,497	4,846,176	331,953	142,879,654
Total FY 2010-11 Appropriation (SERVICE COSTS ONLY)	838,545,973	124,468,663	770,760,845	243,668,362	79,636,974	9,611,178	500,525,611	69,975,366	64,280,172	55,594,874	24,067,442	2,781,135,460
Total Department FY 2010-11 Revised Estimate SERVICE COSTS ONLY	838,918,721	131,281,211	784,983,921	221,530,046	115,517,782	10,477,995	502,011,574	70,842,333	67,509,413	43,502,066	22,220,577	2,808,795,639
BASE SUPPLEMENTAL	372,748	6,812,548	14,223,076	(22,138,316)	35,880,808	866,817	1,485,963	866,967	3,229,241	(12,092,808)	(1,846,865)	27,660,179
Total FY 2010-11 Appropriation (TOTAL MEDICAL SERVICE PREMIUMS)	860,963,864	135,648,461	870,052,006	291,238,787	89,325,493	11,494,035	597,998,546	82,281,682	76,471,289	66,478,185	24,905,778	3,106,858,126
Total Department FY 2010-11 Revised Estimate TOTAL MSP LINE ITEM	872,488,750	147,712,424	930,519,424	291,112,714	129,692,094	13,231,789	644,616,524	88,853,862	85,342,514	59,426,532	23,467,735	3,286,464,361
BASE SUPPLEMENTAL	11,524,886	12,063,962	60,467,418	(126,073)	40,366,601	1,737,754	46,617,977	6,572,180	8,871,225	(7,051,653)	(1,438,043)	179,606,235
Total Department FY 2010-11 Adjusted to Add In FY 2009-10 Payment Delay	891,134,031	150,869,072	950,404,835	297,333,859	132,463,643	13,514,555	658,392,124	90,752,689	87,166,302	60,696,490	23,969,246	3,356,696,847
REAL BASE SUPPLEMENTAL NEED INDICATED IN DEPARTMENT REQUEST	30,170,167	15,220,610	80,352,828	6,095,072	43,138,151	2,020,520	60,393,578	8,471,007	10,695,014	(5,781,695)	(936,532)	249,838,721

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FY 2010-11 Department's Final Supplemental Estimate By Service Area And Aid Category

FY 2010-11 Department Revised Request	Adults 65 and Older	Disabled Adults 60 to 64	Disabled Individuals to 59	Categorically Eligible Low-Income Adults	Expansion Adults	Breast & Cervical Cancer Program	Eligible Children	Foster Care	Pregnant-Adults	Non-Citizens	Partial Dual Eligibles	TOTAL
Department's FINAL FY 2010-11 Supplemental Request By Issue												
Supplemental #1 as amended												
Base Acute Care	94,939,176	60,536,039	510,125,983	220,028,321	115,041,509	10,477,995	496,820,101	62,389,326	67,348,708	43,441,841	3,672,130	1,684,821,129
Base Community Care	145,754,790	23,139,405	138,197,944	211,806	90,249	0	778,244	8,064,465	0	1,054	65,112	316,303,069
Base Nursing Facility I	448,495,336	33,042,755	84,269,535	6,031	0	0	0	0	0	0	71,531	565,885,188
Base Nursing Facility II	0	608,119	2,574,988	0	0	0	0	0	0	0	0	3,183,107
Base PACE	74,877,681	7,965,760	3,401,281	0	0	0	0	0	0	0	0	86,244,722
Base SMIB	62,561,016	3,728,098	33,150,194	212,138	0	0	0	0	0	0	18,405,080	118,056,526
Base Buy-In	3,672	8,615	1,105,749	12,562	0	0	32,592	210	3,360	0	0	1,166,760
Base SEP	11,825,920	2,006,400	10,109,995	4,035	0	0	1,345	8,069	0	59,171	6,724	24,021,659
Base PIHP	461,130	246,020	2,048,252	1,055,153	386,024	0	4,379,292	380,263	157,345	0	0	9,113,479
Base Supplemental Payments	<u>33,570,029</u>	<u>16,431,213</u>	<u>145,535,503</u>	<u>69,582,668</u>	<u>14,174,312</u>	<u>2,753,794</u>	<u>142,604,950</u>	<u>18,011,529</u>	<u>17,833,101</u>	<u>15,924,466</u>	<u>1,247,158</u>	<u>477,668,722</u>
	872,488,750	147,712,424	930,519,424	291,112,714	129,692,094	13,231,789	644,616,524	88,853,862	85,342,514	59,426,532	23,467,735	3,286,464,361
Supplemental ES #1 (FMAP -- Adjusts Fund Splits Only)												
Supplemental ES #2 (Payment Delay as Amended)												
Acute Care	(1,724,891)	(1,099,842)	(9,268,162)	(3,997,558)	(2,090,118)	(190,368)	(9,026,415)	(1,133,513)	(1,223,617)	(789,268)	(66,717)	(30,610,467)
Community Care	(2,648,128)	(420,405)	(2,510,832)	(3,848)	(1,640)	0	(14,139)	(146,518)	0	(19)	(1,183)	(5,746,714)
Nursing Facility I	(8,148,433)	(600,333)	(1,531,041)	(110)	0	0	0	0	0	0	(1,300)	(10,281,216)
Nursing Facility II	0	(11,049)	(46,783)	0	0	0	0	0	0	0	0	(57,832)
PACE	(1,360,406)	(144,725)	(61,796)	0	0	0	0	0	0	0	0	(1,566,927)
SMIB	(1,136,632)	(67,733)	(602,285)	(3,854)	0	0	0	0	0	0	(334,390)	(2,144,896)
Buy-In	(67)	(157)	(20,090)	(228)	0	0	(592)	(4)	(61)	0	0	(21,198)
SEP	(214,858)	(36,453)	(183,682)	(73)	0	0	(24)	(147)	0	(1,075)	(122)	(436,435)
PIHP	(8,378)	(4,470)	(37,213)	(19,170)	(7,013)	0	(79,565)	(6,909)	(2,859)	0	0	(165,577)
Total	(15,241,792)	(2,385,167)	(14,261,884)	(4,024,842)	(2,098,771)	(190,368)	(9,120,736)	(1,287,090)	(1,226,537)	(790,362)	(403,712)	(51,031,260)
Supplemental ES #3 (MCO Payment Delay as Amended)												
Acute Care	(680,137)	(433,675)	(3,654,501)	(1,576,265)	(824,148)	(75,064)	(3,559,179)	(446,952)	(482,481)	(311,214)	(26,307)	(12,069,922)
Total	(680,137)	(433,675)	(3,654,501)	(1,576,265)	(824,148)	(75,064)	(3,559,179)	(446,952)	(482,481)	(311,214)	(26,307)	(12,069,922)
TOTAL DEPARTMENT REQUEST WITH ALL SUPPLEMENTALS												
Acute Care	92,534,149	59,002,522	497,203,320	214,454,498	112,127,243	10,212,563	484,234,507	60,808,861	65,642,611	42,341,359	3,579,107	1,642,140,740
Community Care	143,106,662	22,719,000	135,687,112	207,958	88,609	0	764,105	7,917,947	0	1,035	63,929	310,556,355
Nursing Facility I	440,346,903	32,442,422	82,738,494	5,921	0	0	0	0	0	0	70,231	555,603,972
Nursing Facility II	0	597,070	2,528,205	0	0	0	0	0	0	0	0	3,125,275
PACE	73,517,275	7,821,035	3,339,485	0	0	0	0	0	0	0	0	84,677,795
SMIB	61,424,384	3,660,365	32,547,909	208,284	0	0	0	0	0	0	18,070,690	115,911,630
Buy-In	3,605	8,458	1,085,659	12,334	0	0	32,000	206	3,299	0	0	1,145,562
SEP	11,611,062	1,969,947	9,926,313	3,962	0	0	1,321	7,922	0	58,096	6,602	23,585,224
PIHP	452,752	241,550	2,011,039	1,035,983	379,011	0	4,299,727	373,354	154,486	0	0	8,947,902
Supplemental Payments	<u>33,570,029</u>	<u>16,431,213</u>	<u>145,535,503</u>	<u>69,582,668</u>	<u>14,174,312</u>	<u>2,753,794</u>	<u>142,604,950</u>	<u>18,011,529</u>	<u>17,833,101</u>	<u>15,924,466</u>	<u>1,247,158</u>	<u>477,668,722</u>
Total	856,566,821	144,893,582	912,603,039	285,511,608	126,769,175	12,966,357	631,936,609	87,119,820	83,633,496	58,324,956	23,037,716	3,223,363,179

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FY 2011-12 JBC Figure Setting -- FY 2011-12 Department Request By Service Area And Aid Category

FY 2011-12 Budget Request	Adults 65 and Older	Disabled Adults 60 to 64	Disabled Individuals to 59	Categorically Eligible Low-Income Adults	Expansion Adults	Breast & Cervical Cancer Program	Eligible Children	Foster Care	Pregnant-Adults	Non-Citizens	Partial Dual Eligibles	TOTAL
FY 2010-11 Revised Caseload												
Department February Estimate	38,937	7,743	55,996	59,362	20,103	527	299,573	18,568	7,905	3,073	17,044	528,831
Department HB 09-1293 Estimate	0	0	0	0	27,597	0	0	0	0	0	0	27,597
Total FY 2009-10 Dept Estimate	38,937	7,743	55,996	59,362	47,700	527	299,573	18,568	7,905	3,073	17,044	556,428
FY 2011-12 Caseload Forecast												
Department February Estimate	39,544	8,292	58,090	65,773	21,607	598	318,626	18,858	7,828	2,947	18,172	560,335
Department HB 09-1293 Estimate	0	0	4,329	0	50,376	0	7,966	380	0	0	0	63,051
Total FY 2010 - 11 Dept Estimate	39,544	8,292	62,419	65,773	71,983	598	326,592	19,238	7,828	2,947	18,172	623,386
Increase To Traditional & Tob Tax	607	549	2,094	6,411	1,504	71	19,053	290	(77)	(126)	1,128	31,504
Increase To HB 09-1293	0	0	4,329	0	22,779	0	7,966	380	0	0	0	35,454

FY 2010-11 Total Department Request with All Supplemental Submitted to Date

Acute Care	92,534,149	59,002,522	497,203,320	214,454,498	112,127,243	10,212,563	484,234,507	60,808,861	65,642,611	42,341,359	3,579,107	1,642,140,740
Community Long Term Care	143,106,662	22,719,000	135,687,112	207,958	88,609	0	764,105	7,917,947	0	1,035	63,929	310,556,355
Institutional Long Term Care	513,864,178	40,860,527	88,606,184	5,921	0	0	0	0	0	0	70,231	643,407,043
Insurance	61,427,989	3,668,823	33,633,568	220,618	0	0	32,000	206	3,299	0	18,070,690	117,057,192
Administrative	12,063,814	2,211,497	11,937,351	1,039,944	379,011	0	4,301,048	381,277	154,486	58,096	6,602	32,533,126
Supplemental Payments	33,570,029	16,431,213	145,535,503	69,582,668	14,174,312	2,753,794	142,604,950	18,011,529	17,833,101	15,924,466	1,247,158	477,668,722
Total Costs	856,566,821	144,893,582	912,603,039	285,511,608	126,769,175	12,966,357	631,936,609	87,119,820	83,633,496	58,324,956	23,037,716	3,223,363,179

FY 2010-11 OVERALL PER CAPITA COST

Acute Care	\$2,376.51	\$7,620.11	\$8,879.26	\$3,612.66	\$2,350.68	\$19,378.68	\$1,616.42	\$3,274.93	\$8,303.94	\$13,778.51	\$209.99	\$2,951.22
Community Long Term Care	\$3,675.34	\$2,934.13	\$2,423.16	\$3.50	\$1.86	\$0.00	\$2.55	\$426.43	\$0.00	\$0.34	\$3.75	\$558.12
Institutional Long Term Care	\$13,197.32	\$5,277.09	\$1,582.37	\$0.10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4.12	\$1,156.32
Insurance	\$1,577.63	\$473.82	\$600.64	\$3.72	\$0.00	\$0.00	\$0.11	\$0.01	\$0.42	\$0.00	\$1,060.24	\$210.37
Administrative	\$309.83	\$285.61	\$213.18	\$17.52	\$7.95	\$0.00	\$14.36	\$20.53	\$19.54	\$18.91	\$0.39	\$58.47
Supplemental Payments	\$862.16	\$2,122.07	\$2,599.03	\$1,172.18	\$297.16	\$5,225.42	\$476.03	\$970.03	\$2,255.93	\$5,182.06	\$73.17	\$858.46
Total Costs	\$21,998.79	\$18,712.85	\$16,297.65	\$4,809.67	\$2,657.63	\$24,604.09	\$2,109.46	\$4,691.93	\$10,579.82	\$18,979.81	\$1,351.66	\$5,792.96

FY 2011-12 DEPARTMENT BASE REQUEST

Acute Care	95,348,790	64,222,426	555,797,453	239,826,404	157,752,714	11,479,222	537,697,925	64,465,191	67,385,711	43,178,996	4,043,264	1,841,198,096
Community Long Term Care	152,131,859	24,952,153	156,611,576	254,881	133,998	0	790,591	9,984,183	0	998	69,152	344,929,391
Long Term Care	529,731,434	41,692,924	90,442,471	6,110	0	0	0	0	0	0	72,467	661,945,406
Long Term Care Supplemental Pay.	(43,917,924)	(3,456,594)	(7,498,225)	(507)	0	0	0	0	0	0	(6,008)	(54,879,258)
Insurance Base	66,754,860	4,289,267	38,010,292	310,755	0	0	130,798	210	19,090	0	20,939,942	130,455,214
Administrative	12,817,601	2,716,823	15,159,258	4,096,351	1,844,230	2,856	8,743,671	1,339,097	548,269	62,626	7,118	47,337,900
Supplemental Payments	189,779,356	26,928,586	153,229,678	41,623,945	27,193,049	1,954,742	93,184,628	12,902,480	11,568,523	7,361,746	4,284,540	570,011,273
Total Department Base Request	1,002,645,976	161,345,585	1,001,752,503	286,117,939	186,923,991	13,436,820	640,547,613	88,691,161	79,521,593	50,604,366	29,410,475	3,540,998,022

FY 2011-12 BASE PER CAPITA COST

Acute Care	\$2,411.21	\$7,745.11	\$8,904.30	\$3,646.27	\$2,191.53	\$19,196.02	\$1,646.39	\$3,350.93	\$8,608.29	\$14,651.85	\$222.50	\$2,953.54
Community Long Term Care	\$3,847.15	\$3,009.18	\$2,509.04	\$3.88	\$1.86	\$0.00	\$2.42	\$518.98	\$0.00	\$0.34	\$3.81	\$553.32
Institutional Long Term Care	\$13,396.00	\$5,028.09	\$1,448.96	\$0.09	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3.99	\$1,061.85
Insurance	\$1,688.12	\$517.28	\$608.95	\$4.72	\$0.00	\$0.00	\$0.40	\$0.01	\$2.44	\$0.00	\$1,152.32	\$209.27
Administrative	\$324.14	\$327.64	\$242.86	\$62.28	\$25.62	\$4.78	\$26.77	\$69.61	\$70.04	\$21.25	\$0.39	\$75.94
Supplemental Payments	\$4,799.19	\$3,247.54	\$2,454.86	\$632.84	\$377.77	\$23,268.80	\$285.32	\$670.68	\$1,477.84	\$2,498.05	\$235.78	\$914.38
Total Costs	\$25,355.20	\$19,457.98	\$16,048.84	\$4,350.08	\$2,596.78	\$22,469.60	\$1,961.31	\$4,610.21	\$10,158.61	\$17,171.48	\$1,618.45	\$5,680.27

ANALYSIS OF WHAT IS DRIVING THE BASE COSTS												
Caseload Growth	607	549	6,423	6,411	24,283	71	27,019	670	(77)	(126)	1,128	66,958
Per Capita Change (Service Categories Only)	\$529.99	\$36.53	\$15.50	\$79.75	(\$141.47)	(\$177.88)	\$42.55	\$217.63	\$356.87	\$875.69	\$104.52	(\$80.58)
Cost Associated with Caseload Growth	12,829,932	9,108,335	87,986,192	23,319,976	57,319,519	1,375,886	44,133,657	2,493,675	(640,940)	(1,738,517)	1,442,135	237,629,851
Cost Associated with Per Capita Change	20,636,118	282,835	867,784	4,734,290	(6,748,123)	(93,742)	12,747,913	4,040,905	2,821,094	2,690,983	1,781,357	43,761,412
Compounding Change	<u>321,702</u>	<u>20,054</u>	<u>99,539</u>	<u>511,296</u>	<u>(3,435,318)</u>	<u>(12,629)</u>	<u>1,149,756</u>	<u>145,810</u>	<u>(27,479)</u>	<u>(110,336)</u>	<u>117,893</u>	<u>(1,219,713)</u>
Total Service Change	33,787,752	9,411,224	88,953,515	28,565,562	47,136,079	1,269,515	58,031,326	6,680,390	2,152,674	842,130	3,341,385	280,171,550
Change for Supplemental Payments	<u>156,209,327</u>	<u>10,497,374</u>	<u>7,694,175</u>	<u>(27,958,724)</u>	<u>13,018,737</u>	<u>(799,052)</u>	<u>(49,420,322)</u>	<u>(5,109,049)</u>	<u>(6,264,578)</u>	<u>(8,562,720)</u>	<u>3,037,382</u>	<u>92,342,551</u>
Total CHANGE	189,997,079	19,908,597	96,647,689	606,838	60,154,816	470,463	8,611,004	1,571,341	(4,111,903)	(7,720,590)	6,378,767	372,514,101
Check	146,079,155	16,452,003	89,149,464	606,331	60,154,816	470,463	8,611,004	1,571,341	(4,111,903)	(7,720,590)	6,372,759	317,634,843

DEPARTMENT'S FY 2011-12 BUDGET REQUEST WITH ALL DECISION ITEMS

Acute Care Base	95,348,790	64,222,426	555,797,453	239,826,404	157,752,714	11,479,222	537,697,925	64,465,191	67,385,711	43,178,996	4,043,264	1,841,198,096
NP #8/ NP BA #6: DPHE Refinancing	0	0	0	0	0	0	0	0	0	0	0	0
BRI #1: Client Overutilization	(7,074)	(4,765)	(41,235)	(17,793)	(11,704)	(852)	(39,892)	(4,783)	(4,999)	(3,203)	(300)	(136,600)
BRI #2/BA #8, 8a: Delay Medicaid FS	(309,358)	(208,369)	(1,803,276)	(778,113)	(511,826)	(37,244)	(1,744,552)	(209,156)	(218,632)	(140,094)	(13,118)	(5,973,738)
BRI #3/BA #10: ICP Refinancing	0	0	0	0	0	0	0	0	0	0	0	0
BRI #5/BA #10: Medicaid Reductions	(2,644,842)	(1,781,440)	(15,417,045)	(6,652,450)	(4,375,840)	(318,418)	(14,914,990)	(1,788,174)	(1,869,186)	(1,197,725)	(112,154)	(51,072,264)
BRI #6/BA #7/BA #7a: Delay MCO	(338,383)	(227,919)	(1,972,468)	(851,119)	(559,848)	(40,739)	(1,908,234)	(228,780)	(239,145)	(153,238)	(14,349)	(6,534,222)
Total Acute Care	92,049,133	61,999,933	536,563,429	231,526,929	152,293,496	11,081,970	519,090,256	62,234,297	65,053,749	41,684,736	3,903,342	1,777,481,272

Community Long Term Care Base	152,131,859	24,952,153	156,611,576	254,881	133,998	0	790,591	9,984,183	0	998	69,152	344,929,391
BRI #2/BA #8, 8a: Delay Medicaid FS	(493,589)	(80,957)	(508,124)	(827)	(435)	0	(2,565)	(32,394)	0	(3)	(224)	(1,119,118)
BRI #5/BA #10: Medicaid Reductions	(1,663,644)	(272,865)	(1,712,632)	(2,787)	(1,465)	0	(8,646)	(109,182)	0	(11)	(756)	(3,771,989)
Total Community Long Term Care	149,974,625	24,598,331	154,390,820	251,126	132,098	0	779,380	9,842,607	0	984	68,171	340,038,284

Long Term Care Base	529,731,434	41,692,924	90,442,471	6,110	0	0	0	0	0	0	72,467	661,945,406
BA #5 Nursing Facility Audits	(19,687)	(1,450)	(3,699)	(0)	0	0	0	0	0	0	(3)	(24,840)
BRI #5/BA #10: Medicaid Reduction	(495,213)	(37,237)	(84,020)	(6)	0	0	0	0	0	0	(68)	(616,544)
BRI #2/BA #8, 8a: Delay Medicaid FS	(1,718,705)	(135,272)	(293,439)	(20)	0	0	0	0	0	0	(235)	(2,147,671)
BRI #6/BA #7/BA #7a: Delay MCO	(1,879,962)	(147,964)	(320,971)	(22)	0	0	0	0	0	0	(257)	(2,349,176)
Total Long Term Care	525,617,866	41,371,001	89,740,342	6,062	0	0	0	0	0	0	71,903	656,807,175

Insurance Base	66,754,860	4,289,267	38,010,292	310,755	0	0	130,798	210	19,090	0	20,939,942	130,455,214
BRI #2/BA #8, 8a: Delay Medicaid FS	(216,585)	(13,916)	(123,324)	(1,008)	0	0	(424)	(1)	(62)	0	(67,939)	(423,260)
Total Insurance	66,538,275	4,275,351	37,886,968	309,747	0	0	130,374	209	19,028	0	20,872,003	130,031,954

Administrative Base	12,817,601	2,716,823	15,159,258	4,096,351	1,844,230	2,856	8,743,671	1,339,097	548,269	62,626	7,118	47,337,900
BRI #5/BA #10: Medicaid Reduction	(51,087)	(9,199)	(44,944)	(3,341)	(547)	(2)	(12,568)	(1,005)	(415)	(177)	(23)	(123,309)
BRI #2/BA #8, 8a: Delay Medicaid FS	(41,587)	(8,815)	(49,184)	(13,291)	(5,984)	(9)	(28,369)	(4,345)	(1,779)	(203)	(23)	(153,587)
Total Administration	12,724,927	2,698,810	15,065,130	4,079,719	1,837,700	2,845	8,702,734	1,333,747	546,076	62,246	7,072	47,061,004

Supplemental Payments	189,779,356	26,928,586	153,229,678	41,623,945	27,193,049	1,954,742	93,184,628	12,902,480	11,568,523	7,361,746	4,284,540	570,011,273
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Total BASE FUNDING - Services	856,784,544	137,873,593	856,021,050	244,494,501	159,730,942	11,482,078	547,362,985	75,788,681	67,953,070	43,242,620	25,131,943	3,025,866,007
Total BASE FUNDING - Supplemental Payments	189,779,356	26,928,586	153,229,678	41,623,945	27,193,049	1,954,742	93,184,628	12,902,480	11,568,523	7,361,746	4,284,540	570,011,273
NP #8/ NP BA #6: DPHE Refinancing	0	0	0	0	0	0	0	0	0	0	0	0
BRI #1: Client Overutilization	(7,074)	(4,765)	(41,235)	(17,793)	(11,704)	(852)	(39,892)	(4,783)	(4,999)	(3,203)	(300)	(136,600)
BRI #2/BA #8, 8a: Delay Medicaid FS	(2,779,824)	(447,329)	(2,777,347)	(793,258)	(518,244)	(37,253)	(1,775,910)	(245,895)	(220,473)	(140,300)	(81,540)	(9,817,374)
BRI #3/BA #10: ICP Refinancing	0	0	0	0	0	0	0	0	0	0	0	0
BRI #5/BA #10: Medicaid Reductions	(4,854,787)	(2,100,741)	(17,258,642)	(6,658,584)	(4,377,852)	(318,419)	(14,936,204)	(1,898,362)	(1,869,600)	(1,197,913)	(113,002)	(55,584,106)
BRI #6/BA #7/BA #7a: Delay MCO	(2,218,345)	(375,883)	(2,293,439)	(851,141)	(559,848)	(40,739)	(1,908,234)	(228,780)	(239,145)	(153,238)	(14,606)	(8,883,398)
BA #5: Nursing Facility Audits	(19,687)	(1,450)	(3,699)	(0)	0	0	0	0	0	0	(3)	(24,840)
TOTAL FY 2011-12 PREMIUMS	1,036,684,183	161,872,012	986,876,367	277,797,669	181,456,343	13,039,557	621,887,372	86,313,341	77,187,376	49,109,712	29,207,031	3,521,430,962

Joint Budget Committee - Staff Document
FY 2011-12 JBC Figure Setting -- FY 2011-12 Staff Recommendation By Service Area And Aid Category

FY 2011-12 Budget Request	Adults 65 and Older	Disabled Adults 60 to 64	Disabled Individuals to 59	Categorically Eligible Low-Income Adults	Expansion Adults	Breast & Cervical Cancer Program	Eligible Children	Foster Care	Pregnant-Adults	Non-Citizens	Partial Dual Eligibles	TOTAL
FY 2010-11 Revised Caseload												
Staff's February Estimate												
Traditional Medicaid	38,377	7,610	54,485	52,232	0	384	268,938	17,094	7,867	3,098	16,755	466,838
Legal Immigrants	565	96	771	1,090	0	0	2,854	193	0	0	339	5,908
Amendment 35 Expansion	0	0	777	7,559	20,095	140	28,833	1,215	0	0	0	58,620
HB 1293 Expansion	0	0	0	0	26,941	0	0	0	0	0	0	26,941
HB 1293 Childless Adults	0	0	0	0	0	0	0	0	0	0	0	0
Total Staff FY 2010-11 Recommendation	38,942	7,706	56,032	60,881	47,036	524	300,625	18,502	7,867	3,098	17,094	558,307
FY 2011-12 Caseload Forecast												
Staff's February Estimate												
Traditional Medicaid	38,991	8,002	56,294	55,890	0	455	277,626	17,058	7,657	3,082	17,871	482,924
Legal Immigrants	565	96	771	1,090	0	0	2,854	193	0	0	339	5,908
Amendment 35 Expansion	0	0	777	7,451	23,628	140	28,412	1,248	0	0	0	61,656
HB 1293 Expansion	0	0	4,329	0	34,050	0	7,500	380	0	0	0	46,259
HB 1293 Childless Adults	0	0	0	0	16,400	0	0	0	0	0	0	16,400
Total FY 2010 - 11 Dept Estimate	39,556	8,098	62,170	64,432	74,078	595	316,392	18,878	7,657	3,082	18,210	613,147
Increase To Traditional & Tob Tax	614	392	1,809	3,551	3,533	71	8,267	(3)	(210)	(16)	1,117	19,122
Increase To HB 09-1293	0	0	4,329	0	23,510	0	7,500	380	0	0	0	35,719

FY 2010-11 Total Staff Recommendation												
Acute Care	100,768,747	57,772,325	518,486,688	221,102,160	88,355,614	9,871,678	486,854,271	63,670,761	70,907,462	49,726,910	3,582,631	1,671,099,247
Community Long Term Care	149,985,415	22,263,075	132,884,248	209,485	33,455	0	887,310	7,065,836	0	1,290	212,673	313,542,788
Class I Nursing Facility	452,764,218	33,357,264	85,071,631	6,088	0	0	0	0	0	0	72,212	571,271,413
Class II Nursing Facility	0	449,690	1,972,309	0	0	0	0	0	0	0	0	2,421,999
PACE	68,407,717	5,508,150	2,590,883	0	0	0	0	0	0	0	0	76,506,750
Insurance	62,167,413	3,658,942	33,638,951	239,886	0	0	12,286	228	0	0	19,246,872	118,964,577
Administrative	12,208,228	2,335,580	12,430,327	1,058,554	386,024	0	4,380,882	387,734	157,345	59,922	7,145	33,411,741
Supplemental Payments	37,654,981	16,796,904	145,876,733	69,915,574	14,237,219	2,767,560	143,234,210	18,077,704	17,916,939	15,991,090	1,214,120	483,683,032
Total Costs FY 2010-11 Costs	883,956,719	142,141,930	932,951,769	292,531,747	103,012,312	12,639,238	635,368,957	89,202,263	88,981,746	65,779,213	24,335,653	3,270,901,548
FY 2009-10 Payment Rollovers	18,980,234	3,052,058	20,032,251	6,281,214	2,211,871	271,389	13,642,582	1,915,342	1,910,608	1,412,405	522,533	70,232,486
Total Forecasted Costs for FY 2010-11	902,936,953	145,193,988	952,984,021	298,812,960	105,224,183	12,910,627	649,011,539	91,117,606	90,892,353	67,191,617	24,858,186	3,341,134,034

FY 2010-11 OVERALL PER CAPITA COST												
Acute Care	\$2,587.65	\$7,496.72	\$9,253.35	\$3,631.70	\$1,878.48	\$18,854.93	\$1,619.47	\$3,441.34	\$9,013.70	\$16,051.78	\$209.59	\$2,993.16
Community Long Term Care	\$3,851.49	\$2,888.93	\$2,371.56	\$3.44	\$0.71	\$0.00	\$2.95	\$381.90	\$0.00	\$0.42	\$12.44	\$561.60
Institutional Long Term Care	\$13,383.22	\$5,101.65	\$1,599.70	\$0.10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4.22	\$1,164.59
Insurance	\$1,596.40	\$474.80	\$600.35	\$3.94	\$0.00	\$0.00	\$0.04	\$0.01	\$0.00	\$0.00	\$1,125.95	\$213.08
Administrative	\$313.50	\$303.07	\$221.84	\$17.39	\$8.21	\$0.00	\$14.57	\$20.96	\$20.00	\$19.34	\$0.42	\$59.84
Supplemental Payments	\$966.95	\$2,179.62	\$2,603.44	\$1,148.39	\$302.69	\$5,286.05	\$476.45	\$977.08	\$2,277.59	\$5,161.90	\$71.03	\$866.34
Total Costs	\$22,699.20	\$18,444.78	\$16,650.25	\$4,804.96	\$2,190.09	\$24,140.98	\$2,113.49	\$4,821.29	\$11,311.28	\$21,233.44	\$1,423.64	\$5,858.61

FY 2011-12 Staff BASE REQUEST												
Acute Care	103,802,485	59,565,350	583,192,465	225,544,923	147,608,347	10,336,048	507,605,464	65,264,615	70,099,247	56,614,861	3,791,769	1,833,425,574
Community Long Term Care	156,429,634	24,151,515	157,102,980	327,372	55,418	0	1,020,675	7,942,777	0	1,316	222,977	347,254,664
Class I Nursing Facility	410,865,907	30,270,418	77,199,195	5,525	0	0	0	0	0	0	65,530	518,406,575
Class II Nursing Facility	0	467,678	2,051,201	0	0	0	0	0	0	0	0	2,518,879
PACE	76,454,591	6,039,806	2,854,906	0	0	0	0	0	0	0	0	85,349,303
Insurance Base	67,762,614	4,124,673	40,276,780	324,497	0	0	130,798	210	19,090	0	22,002,915	134,641,576
Administrative	12,692,528	2,769,261	16,168,546	4,095,763	1,844,230	2,856	8,743,960	1,338,357	548,269	61,001	7,793	48,272,565
Supplemental Payments	75,566,150	20,709,234	165,561,841	76,104,599	15,487,055	3,013,772	155,800,587	19,635,668	19,499,701	17,386,354	1,246,313	570,011,273
Total Staff Base Request	903,573,910	148,097,935	1,044,407,915	306,402,679	164,995,050	13,352,676	673,301,484	94,181,627	90,166,306	74,063,532	27,337,296	3,539,880,409

FY 2011-12 BASE PER CAPITA COST												
Acute Care	\$2,624.20	\$7,355.54	\$9,380.57	\$3,500.53	\$1,992.60	\$17,381.80	\$1,604.36	\$3,457.12	\$9,155.52	\$18,372.27	\$208.22	\$2,990.19
Community Long Term Care	\$3,954.66	\$2,982.40	\$2,526.98	\$5.08	\$0.75	\$0.00	\$3.23	\$420.74	\$0.00	\$0.43	\$12.24	\$566.35
Institutional Long Term Care	\$12,319.82	\$4,541.59	\$1,320.65	\$0.09	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3.60	\$988.79

Joint Budget Committee - Staff Document
FY 2011-12 JBC Figure Setting -- FY 2011-12 Staff Recommendation By Service Area And Aid Category

FY 2011-12 Budget Request	Adults 65 and Older	Disabled Adults 60 to 64	Disabled Individuals to 59	Categorically Eligible Low-Income Adults	Expansion Adults	Breast & Cervical Cancer Program	Eligible Children	Foster Care	Pregnant-Adults	Non-Citizens	Partial Dual Eligibles	TOTAL
Insurance	\$1,713.09	\$509.34	\$647.85	\$5.04	\$0.00	\$0.00	\$0.41	\$0.01	\$2.49	\$0.00	\$1,208.26	\$219.59
Administrative	\$320.88	\$341.97	\$260.07	\$63.57	\$24.90	\$4.80	\$27.64	\$70.89	\$71.61	\$19.80	\$0.43	\$78.73
Supplemental Payments	<u>\$1,910.37</u>	<u>\$2,557.32</u>	<u>\$2,663.04</u>	<u>\$1,181.17</u>	<u>\$209.06</u>	<u>\$5,068.16</u>	<u>\$492.43</u>	<u>\$1,040.12</u>	<u>\$2,546.81</u>	<u>\$5,642.10</u>	<u>\$68.44</u>	<u>\$929.65</u>
Total Costs	\$22,843.01	\$18,288.16	\$16,799.16	\$4,755.46	\$2,227.31	\$22,454.76	\$2,128.06	\$4,988.87	\$11,776.43	\$24,034.60	\$1,501.18	\$5,773.30

ANALYSIS OF WHAT IS DRIVING THE BASE COSTS												
Caseload Growth	614	392	6,138	3,551	27,042	71	15,767	377	(210)	(16)	1,117	54,840
Per Capita Change (Service Categories Only)	(\$799.61)	(\$534.32)	\$89.31	(\$82.27)	\$130.85	(\$1,468.33)	(\$1.40)	\$104.55	\$195.92	\$2,320.96	\$80.13	(\$148.62)
Cost Associated with Caseload Growth	13,335,091	6,370,581	86,218,558	12,982,720	51,039,764	1,340,364	25,810,492	1,447,695	(1,898,260)	(263,068)	1,510,285	197,894,223
Cost Associated with Per Capita Change	(31,138,424)	(4,117,630)	5,004,294	(5,008,711)	6,154,633	(768,757)	(422,200)	1,934,332	1,541,227	7,190,114	1,369,696	(18,261,426)
Compounding Change	<u>(490,645)</u>	<u>(209,276)</u>	<u>548,185</u>	<u>(292,102)</u>	<u>3,538,504</u>	<u>(104,381)</u>	<u>(22,143)</u>	<u>39,372</u>	<u>(41,169)</u>	<u>(37,991)</u>	<u>89,468</u>	<u>3,017,823</u>
Total Service Change	(18,293,979)	2,043,675	91,771,037	7,681,907	60,732,901	467,226	25,366,149	3,421,399	(398,201)	6,889,055	2,969,450	182,650,620
Change for Supplemental Payments	<u>37,911,169</u>	<u>3,912,330</u>	<u>19,685,108</u>	<u>6,189,026</u>	<u>1,249,836</u>	<u>246,212</u>	<u>12,566,377</u>	<u>1,557,964</u>	<u>1,582,762</u>	<u>1,395,264</u>	<u>32,193</u>	<u>86,328,241</u>
Total CHANGE	19,617,190	5,956,005	111,456,145	13,870,933	61,982,738	713,437	37,932,527	4,979,364	1,184,561	8,284,319	3,001,643	268,978,861
Check	19,617,190	5,956,005	111,456,145	13,870,933	61,982,738	713,437	37,932,527	4,979,364	1,184,561	8,284,319	3,001,643	268,978,861

STAFF'S FY 2011-12 BUDGET REQUEST WITH ALL DECISION ITEMS

Acute Care Base	103,802,485	59,565,350	583,192,465	225,544,923	147,608,347	10,336,048	507,605,464	65,264,615	70,099,247	56,614,861	3,791,769	1,833,425,574
NP #8/ NP BA #6: DPHE Refinancing	0	0	0	0	0	0	0	0	0	0	0	0
BRI #1: Client Overutilization	(7,734)	(4,438)	(43,451)	(16,804)	(10,998)	(770)	(37,819)	(4,863)	(5,223)	(4,218)	(283)	(136,600)
BRI #2/BA #8, 8a: Delay Medicaid FS	0	0	0	0	0	0	0	0	0	0	0	0
BRI #3/BA #10: ICP Refinancing	0	0	0	0	0	0	0	0	0	0	0	0
BRI #5/BA #9: Medicaid Reductions												
-- 0.75% Provider Rate Reduction	(663,071)	(380,492)	(3,725,323)	(1,440,738)	(942,894)	(66,025)	(3,242,487)	(416,898)	(447,781)	(361,645)	(24,221)	(11,711,574)
-- Estimated ACC Savings	(469,837)	(269,608)	(2,639,679)	(1,020,874)	(668,113)	(46,784)	(2,297,553)	(295,404)	(317,287)	(256,253)	(17,163)	(8,298,555)
-- Limit Floride Application Benefit	0	0	0	0	0	0	(33,798)	0	0	0	0	(33,798)
-- Limit Dental Prophylaxis Benefit	0	0	0	(176,657)	0	0	0	0	0	0	0	(176,657)
-- Limit Oral Hygiene Instruction	0	0	0	0	0	0	(4,626,574)	0	0	0	0	(4,626,574)
-- Limit Physical and Occupational	(46,792)	(26,851)	(262,891)	(101,671)	(66,539)	0	0	0	0	0	0	(504,744)
-- Home Health Billing Changes	(253,988)	(145,747)	(1,426,976)	(551,871)	(361,173)	0	0	0	0	0	0	(2,739,755)
-- State Allowable Cost Expansion	(62,895)	(109,853)	(791,510)	(272,583)	(67,264)	(5)	(360,436)	(151,098)	(17,684)	0	(4)	(1,833,333)
-- Restrict Nutrition for >5	(769,985)	(169,788)	(1,727,341)	(100,179)	(29,982)	0	(345,470)	(165,058)	(7,568)	(23)	(119)	(3,315,512)
-- Reduce Rates for Diabetes Supplies	(213,505)	(47,079)	(478,964)	(27,778)	(8,314)	0	(95,793)	(45,768)	(2,099)	(6)	(33)	(919,339)
-- Reduce Payment for Uncomplicated C-Section	0	0	0	(3,089,229)	(2,021,752)	0	0	0	(960,131)	(775,439)	0	(6,846,550)
-- Reduce Payments for Renal Dialysis	(40,099)	(62,974)	(556,258)	(529,471)	(169,157)	0	(839,094)	(75,366)	(77,981)	(16,537)	(8)	(2,366,947)
-- Deny Payment of Hospital Readmissions 48 hrs	(121,456)	(89,243)	(760,177)	(431,946)	(51,400)	0	(659,382)	(47,644)	(235,106)	(304,109)	6	(2,700,456)
-- Prior Authorize Certain Radiology	(11,387)	(17,883)	(157,959)	(150,353)	(48,035)	0	(238,276)	(21,401)	(22,144)	(4,696)	(2)	(672,136)
-- Reduce Rates Paid Above 95% Medicare	(58,622)	(33,204)	(299,182)	(134,045)	(27,595)	(5,556)	(289,486)	(37,072)	(41,498)	(29,878)	(2,054)	(958,192)
-- Reduce FQHC Rates	0	0	0	0	0	0	0	0	0	0	0	0
-- Limit Acute Home Health Services	(188,190)	(51,792)	(874,031)	(3,227)	(736)	0	(29,235)	(85,153)	(388)	0	(1,672)	(1,234,424)
-- HMO Impact to Rates	(153,971)	(156,702)	(1,051,477)	(406,877)	(84,658)	0	(807,174)	(20,776)	(26,045)	0	0	(2,707,680)
BRI #6/BA #7/BA #7a: Delay MCO	0	0	0	0	0	0	0	0	0	0	0	0
Total Acute Care	100,740,955	57,999,696	568,397,245	217,090,621	143,049,737	10,216,908	493,702,886	63,898,113	67,938,312	54,862,056	3,746,218	1,781,642,748

Community Long Term Care Base	156,429,634	24,151,515	157,102,980	327,372	55,418	0	1,020,675	7,942,777	0	1,316	222,977	347,254,664
BRI #2/BA #8, 8a: Delay Medicaid FS	0	0	0	0	0	0	0	0	0	0	0	0
BRI #5/BA #9: Medicaid Reductions												
-- 0.50 % Rate Reduction	(1,018,448)	(157,240)	(1,022,832)	(2,131)	(361)	0	(6,645)	(51,712)	0	(9)	(1,452)	(2,260,830)
-- Cap CDAS Wage Rates	(698,167)	(107,792)	(701,173)	(1,461)	(247)	0	(4,555)	(35,450)	0	(6)	(995)	(1,549,846)
-- Clients Moved from Nursing Home	86,208	13,310	86,579	180	31	0	562	4,377	0	1	123	191,372
Total Community Long Term Care	154,799,227	23,899,793	155,465,555	323,960	54,840	0	1,010,037	7,859,992	0	1,302	220,653	343,635,360

Long Term Care Base	487,320,498	36,777,902	82,105,303	5,525	0	0	0	0	0	0	65,530	606,274,757
BA #5 Nursing Facility Audits	(19,687)	(1,450)	(3,699)	(0)	0	0	0	0	0	0	(3)	(24,840)
BRI #5/BA #9: Medicaid Reduction												0

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FY 2011-12 JBC Figure Setting -- FY 2011-12 Staff Recommendation By Service Area And Aid Category

FY 2011-12 Budget Request	Adults 65 and Older	Disabled Adults 60 to 64	Disabled Individuals to 59	Categorically Eligible Low-Income Adults	Expansion Adults	Breast & Cervical Cancer Program	Eligible Children	Foster Care	Pregnant-Adults	Non-Citizens	Partial Dual Eligibles	TOTAL
-- Clients Moved From Nursing Home	(656,760)	(49,565)	(110,653)	(7)	0	0	0	0	0	0	(88)	(817,075)
-- Class I Nursing Facility Rate Reduction	(6,654,766)	(502,233)	(1,121,216)	(75)	0	0	0	0	0	0	(895)	(8,279,185)
-- PACE Reimbursement Reduction	(471,542)	(35,587)	(79,447)	(5)	0	0	0	0	0	0	(63)	(586,645)
BRI #2/BA #8, 8a: Delay Medicaid FS	0	0	0	(3)	0	0	0	0	0	0	(30)	0
BRI #6/BA #7/BA #7a: Delay MCO	0	0	0	(4)	0	0	0	0	0	0	(43)	0
Total Long Term Care	479,517,742	36,189,066	80,790,287	5,430	0	0	0	0	0	0	64,408	596,567,013
Insurance Base	67,762,614	4,124,673	40,276,780	324,497	0	0	130,798	210	19,090	0	22,002,915	134,641,576
BRI #2/BA #8, 8a: Delay Medicaid FS	0	0	0	0	0	0	0	0	0	0	0	0
Total Insurance	67,762,614	4,124,673	40,276,780	324,497	0	0	130,798	210	19,090	0	22,002,915	134,641,576
Administrative Base	12,692,528	2,769,261	16,168,546	4,095,763	1,844,230	2,856	8,743,960	1,338,357	548,269	61,001	7,793	48,272,565
BRI #5/BA #9: Medicaid Reduction	0	0	0	0	0	0	0	0	0	0	0	0
-- Additional ACC	555,517	135,779	893,557	1,246,254	207,961	0	4,742,876	363,839	152,773	0	0	8,298,555
BRI #2/BA #8, 8a: Delay Medicaid FS	0	0	0	0	0	0	0	0	0	0	0	0
Total Administration	13,248,045	2,905,040	17,062,103	5,342,017	2,052,191	2,856	13,486,836	1,702,196	701,042	61,001	7,793	56,571,120
Supplemental Payments	75,566,150	20,709,234	165,561,841	76,104,599	15,487,055	3,013,772	155,800,587	19,635,668	19,499,701	17,386,354	1,246,313	570,011,273
Total BASE FUNDING - Services	828,007,760	127,388,701	878,846,074	230,298,080	149,507,995	10,338,904	517,500,897	74,545,958	70,666,606	56,677,178	26,090,983	2,969,869,136
Total BASE FUNDING - Supplemental Payments	75,566,150	20,709,234	165,561,841	76,104,599	15,487,055	3,013,772	155,800,587	19,635,668	19,499,701	17,386,354	1,246,313	570,011,273
NP #8/ NP BA #6: DPHE Refinancing	0	0	0	0	0	0	0	0	0	0	0	0
BRI #1: Client Overutilization	(7,734)	(4,438)	(43,451)	(16,804)	(10,998)	(770)	(37,819)	(4,863)	(5,223)	(4,218)	(283)	(136,600)
BRI #2/BA #8, 8a: Delay Medicaid FS	0	0	0	(3)	0	0	0	0	0	0	(30)	0
BRI #3/BA #10: ICP Refinancing	0	0	0	0	0	0	0	0	0	0	0	0
BRI #5/BA #10: Medicaid Reductions	(11,911,755)	(2,264,544)	(16,806,953)	(7,194,744)	(4,340,229)	(118,370)	(9,132,521)	(1,080,585)	(2,002,939)	(1,748,600)	(48,639)	(56,649,880)
BRI #6/BA #7/BA #7a: Delay MCO	0	0	0	(4)	0	0	0	0	0	0	(43)	0
BA #5: Nursing Facility Audits	(19,687)	(1,450)	(3,699)	(0)	0	0	0	0	0	0	(3)	(24,840)
TOTAL FY 2011-12 PREMIUMS	891,634,733	145,827,502	1,027,553,811	299,191,124	160,643,823	13,233,536	664,131,144	93,096,179	88,158,145	72,310,713	27,288,299	3,483,069,089

Staff's FY 2010-11 & FY 2011-12 Budget Builds Adjusted -- MEDICAL SERVICES PREMIUMS

Fiscal Year	LINE ITEM/Desc.	Dept Priority #	GF	GFE	GF total	CF Total	RF Total	FF Total	Total Funds
FY 2010-11	Original MSP FY 10-11 App.		700,606,421	161,444,485	862,050,906	339,633,220	7,595,243	1,897,578,758	3,106,858,127
FY 2010-11	Supplemental Bill		(51,000,000)	0	(51,000,000)	51,000,000	0	0	0
FY 2010-11	Revised MSP FY 2010-11 App.		649,606,421	161,444,485	811,050,906	390,633,220	7,595,243	1,897,578,758	3,106,858,127
FY 2010-11	FMAP Adj.	ES #1	53,119,493	0	53,119,493	2,151,422	0	(55,270,915)	0
FY 2010-11	Fee-For-Service Delay	ES #2	0	0	0	0	0	0	0
FY 2010-11	Managed Care Payment Delay	ES #3	0	0	0	0	0	0	0
FY 2010-11	Change to Forecast	S #1	(14,731,284)	0	(14,731,284)	84,975,358	(180,916)	93,980,264	164,043,422
	FY 09-10 Payment Roll Over	S #1	25,179,593	0	25,179,593	1,839,587	0	43,213,306	70,232,486
			4,000,000	0	4,000,000	(4,000,000)	0	0	0
FY 2010-11	Final Revised MSP FY 2010-11 App.		717,174,223	161,444,485	878,618,708	475,599,587	7,414,327	1,979,501,413	3,341,134,035
FY 2011-12	Annualize FY 10-11 BA #5 ACC		(7,136,459)	0	(7,136,459)	0	0	(7,136,459)	(14,272,918)
	Annualize FY 10-11 BA #12 Evidence								
FY 2011-12	Utilization		0	0	0	0	0	0	0
FY 2011-12	Annualize FY 10-11 BRI #3		0	0	0	0	0	0	0
	Annualize FY 10-11 BA #16 Family								
FY 2011-12	Waiver		0	0	0	0	190,350	1,713,150	1,903,500
	Annualize FY 10-11 BRI #6 Medicaid								
FY 2011-12	Reductions		0	0	0	0	0	0	0
	Previous Year Budget Reductions with								
	delayed implementation and not in trend		(1,291,540)	0	(1,291,540)	0	0	(1,291,540)	(2,583,080)
FY 2011-12	Annualize SB 10-167		(1,437,204)	0	(1,437,204)	0	0	(1,437,204)	(2,874,408)
FY 2011-12	Annualize HB 10-1005		0	0	0	108,940	0	80,366	189,306
FY 2011-12	Annualize HB 10-33		280,916	0	280,916	0	0	79,214	360,130
FY 2011-12	Annualize HB 10-1146		615,142	0	615,142	0	0	615,143	1,230,285
FY 2011-12	Annualize HB 10-1324		4,021,832	0	4,021,832	(4,021,832)	0	0	0
FY 2011-12	Annualize HB 10-1378		12,800,000	0	12,800,000	(12,800,000)	0	0	0
FY 2011-12	Annualize HB 10-1379		8,211,333	0	8,211,333	(5,806,343)	0	3,829,699	6,234,689
FY 2011-12	Annualize HB 10-1380		1,850,000	0	1,850,000	(1,850,000)	0	0	0
FY 2011-12	Annualize HB 10-1381		25,691,418	0	25,691,418	(21,200,983)	(4,490,435)	0	0
FY 2011-12	Annualize SB 10-169		46,329,388	0	46,329,388	(46,329,388)	0	0	0
FY 2011-12	Main ARRA Adj.		236,715,861	0	236,715,861	58,634,100	0	(295,349,961)	0
FY 2011-12	FY 2011-12 BASE FUNDING		1,043,824,910	161,444,485	1,205,269,395	442,334,081	3,114,242	1,680,603,821	3,331,321,539
FY 2011-12	Common Policy								
FY 2011-12	FY 2011-12 Base + Common Policy		1,043,824,910	161,444,485	1,205,269,395	442,334,081	3,114,242	1,680,603,821	3,331,321,539
FY 2011-12	DI / BA #1 Medicaid Forecast	BA #1	90,585,067	0	90,585,067	54,517,550	(12,534)	63,468,788	208,558,871
FY 2011-12	FY 2011-12 Base + Common Policy		1,134,409,977	161,444,485	1,295,854,462	496,851,631	3,101,708	1,744,072,609	3,539,880,410
FY 2011-12	Client Overutilization	BRI #1	(68,300)	0	(68,300)	0	0	(68,300)	(136,600)
FY 2011-12	Medicaid Reductions	BRI #5/BA #9							

Staff's FY 2010-11 & FY 2011-12 Budget Builds Adjusted -- MEDICAL SERVICES PREMIUMS

Fiscal Year	LINE ITEM/Desc.	Dept Priority #	GF	GFE	GF total	CF Total	RF Total	FF Total	Total Funds
FY 2011-12	-- 0.75% Provider Rate Reduction		(5,075,042)	0	(5,075,042)	(708,675)	0	(5,927,857)	(11,711,574)
FY 2011-12	-- Estimated ACC Savings		(4,149,278)	0	(4,149,278)	0	0	(4,149,278)	(8,298,555)
FY 2011-12	-- Limit Floride Application		(16,899)	0	(16,899)	0	0	(16,899)	(33,798)
FY 2011-12	-- Limit Dental Prophylaxis Benefit		(88,329)	0	(88,329)	0	0	(88,329)	(176,658)
FY 2011-12	-- Limit Oral Hygiene Instruction		(2,313,287)	0	(2,313,287)	0	0	(2,313,287)	(4,626,574)
FY 2011-12	-- Limit Physical and Occupational		(252,372)	0	(252,372)	0	0	(252,372)	(504,744)
FY 2011-12	-- Home Health Billing Changes		(1,369,878)	0	(1,369,878)	0	0	(1,369,878)	(2,739,756)
FY 2011-12	-- State Allowable Cost Expansion		(916,667)	0	(916,667)	0	0	(916,667)	(1,833,334)
FY 2011-12	-- Restrict Nutrition for >5		(1,657,756)	0	(1,657,756)	0	0	(1,657,756)	(3,315,512)
FY 2011-12	-- Reduce Rates for Diabetes		(459,670)	0	(459,670)	0	0	(459,670)	(919,340)
FY 2011-12	-- Reduce Payment for		(3,423,275)	0	(3,423,275)	0	0	(3,423,275)	(6,846,550)
FY 2011-12	-- Reduce Payments for Renal		(1,183,474)	0	(1,183,474)	0	0	(1,183,474)	(2,366,947)
FY 2011-12	-- Deny Payment of Hospital		(1,350,228)	0	(1,350,228)	0	0	(1,350,228)	(2,700,456)
FY 2011-12	-- Prior Authorize Certain		(336,068)	0	(336,068)	0	0	(336,068)	(672,136)
FY 2011-12	-- Reduce Rates Paid Above 95%		(479,096)	0	(479,096)	0	0	(479,096)	(958,192)
FY 2011-12	-- Reduce FQHC Rates		0	0	0	0	0	0	0
FY 2011-12	-- Limit Acute Home Health		(617,212)	0	(617,212)	0	0	(617,212)	(1,234,424)
FY 2011-12	-- HMO Impact to Rates		(1,277,921)	0	(1,277,921)	(75,920)	0	(1,353,840)	(2,707,680)
FY 2011-12	-- 0.50 % CLT Rate Reduction		(1,103,322)	0	(1,103,322)	(24,283)	0	(1,133,225)	(2,260,830)
FY 2011-12	-- Cap CDAS Wage Rates		(774,923)	0	(774,923)	0	0	(774,923)	(1,549,846)
FY 2011-12	-- Clients Moved from Nursing Home		95,686	0	95,686	0	0	95,686	191,372
FY 2011-12	-- Clients Moved From Nursing Home		(408,538)	0	(408,538)	0	0	(408,538)	(817,076)
FY 2011-12	-- PACE Reimbursement Reduction		(293,323)	0	(293,323)	0	0	(293,323)	(586,646)
FY 2011-12	-- Additional ACC		4,149,278	0	4,149,278	0	0	4,149,278	8,298,555
FY 2011-12	Nursing Facilities Audit	BA #4	0	0	0	(12,420)	0	(12,420)	(24,840)
FY 2011-12	Health Care Expansion Fund Deficit		16,000,000	0	16,000,000	(16,000,000)	0	0	0
FY 2011-12	Staff's Recommendation		1,127,040,084	161,444,485	1,288,484,569	480,030,334	3,101,708	1,719,731,659	3,491,348,269
		NP							
FY 2011-12	DPHE Fund Refinancing	#8/BA #6	(33,000,000)	0	(33,000,000)	29,713,649	3,286,351	0	0
FY 2011-12	Medicaid Fee-For-Service Delay	BRI #2	0	0	0	0	0	0	0
FY 2011-12	Medicaid Fee-For-Service Delay	BA #6	0	0	0	0	0	0	0
FY 2011-12	Medicaid Fee-For-Service Delay	BA #6a	0	0	0	0	0	0	0
FY 2011-12	Indigent Care Refinance	BRI #3	(17,530,670)	0	(17,530,670)	17,530,670	0	0	0
FY 2011-12	-- Class I Nursing Facility Rate Reduction		(4,139,592)	0	(4,139,592)	0	0	(4,139,592)	(8,279,184)
FY 2011-12	Hospital Provider Fee Bill		(50,000,000)	0	(50,000,000)	50,000,000	0	0	0
	TOTAL STAFF RECOMMENDATION		1,022,369,822	161,444,485	1,183,814,307	577,274,653	6,388,059	1,715,592,067	3,483,069,085

Joint Budget Committee - Staff Document
FY 2010-11 HCPF Supplemental Recommendation -- Staff Recommendation for the Children's Basic Health Plan

	FY 2010-11 Current Appropriation				FY 2010-11 Department November 2010 Request				FY 2010-11 Staff March Supplemental Rec.			
	CBHP Trust Caseload	HCE Fund Caseload	Hospital Fee Caseload	Total Caseload	CBHP Trust Caseload	HCE Fund Caseload	Hospital Fee Caseload	Total Caseload	CBHP Trust Caseload	HCE Fund Caseload	Hospital Fee Caseload	Total Caseload
Children's Medical Program -- Premiums												
Caseload Estimate	42,976	21,056	4,235	68,267	43,290	26,591	6,860	76,741	42,984	21,171	4,293	68,448
Up to 185% FPL	41,786	16,922	0	58,708	41,786	22,228	0	64,014	41,786	16,977	0	58,763
185% to 200% FPL	0	4,134	0	4,134	0	4,363	0	4,363	0	4,194	0	4,194
200% to 205% FPL	1,190	0	0	1,190	1,504	0	0	1,504	1,198	0	0	1,198
205% to 250% FPL	0	0	4,235	4,235	0	0	6,860	6,860	0	0	4,293	4,293
Estimated Per Capita	\$2,168.15	\$2,168.15	\$2,168.15	\$2,168.15	\$2,324.41	\$2,324.41	\$2,324.41	\$2,324.41	\$2,165.00	\$2,165.00	\$2,165.00	\$2,165.00
Annual Cost	\$93,178,414	\$45,652,566	\$9,182,115	\$148,013,096	\$100,623,709	\$61,808,386	\$15,945,453	\$178,377,548	\$93,060,360	\$45,835,215	\$9,294,345	\$148,189,920
Fund Splits												
Est. Enrollment Fee in CHBP Trust				\$370,690				\$416,704				\$359,352
CHBP Trust Enrollment Fees	\$370,690	\$0	\$0	\$370,690	\$416,704	\$0	\$0	\$416,704	\$359,352	\$0	\$0	\$359,352
CBHP Trust Fund	\$32,241,755	\$0	\$0	\$32,241,755	\$35,324,054	\$0	\$0	\$35,324,054	\$32,211,774	\$0	\$0	\$32,211,774
Health Care Expansion Fund	\$0	\$15,978,398	\$0	\$15,978,398	\$0	\$21,357,120	\$0	\$21,357,120	\$0	\$16,042,325	\$0	\$16,042,325
Hospital Provider Fee	\$0	\$0	\$3,213,740	\$3,213,740	\$0	\$0	\$5,605,121	\$5,605,121	\$0	\$0	\$3,253,021	\$3,253,021
Federal Funds	\$60,565,969	\$29,674,168	\$5,968,375	\$96,208,512	\$65,252,619	\$40,081,598	\$10,340,332	\$115,674,549	\$60,489,234	\$29,792,890	\$6,041,324	\$96,323,448
Total Funds	\$93,178,414	\$45,652,566	\$9,182,115	\$148,013,096	\$100,993,377	\$61,438,718	\$15,945,453	\$178,377,548	\$93,060,360	\$45,835,215	\$9,294,345	\$148,189,920
Adult Prenatal Program												
Caseload Estimate	164	1,369	500	2,033	177	1,358	858	2,393	164	1,369	500	2,033
Up to 185% FPL	101	1,184	0	1,285	101	1,161	0	1,262	101	1,184	0	1,285
185% to 200% FPL	0	185	0	185	0	197	0	197	0	185	0	185
200% to 205% FPL	63	0	0	63	76	0	0	76	63	0	0	63
205% to 250% FPL	0	0	500	500	0	0	858	858	0	0	500	500
Estimated Per Capita	\$14,794.32	\$14,794.32	\$14,794.32	\$14,794.32	\$14,794.32	\$14,794.32	\$14,794.32	\$14,794.32	\$14,084.74	\$14,084.74	\$14,084.74	\$14,084.74
Annual Cost	\$2,426,268	\$20,253,424	\$7,397,160	\$30,076,853	\$2,618,595	\$20,090,687	\$12,693,527	\$35,402,808	\$2,309,897	\$19,282,009	\$7,042,370	\$28,634,276
CBHP Trust Fund	\$849,194	\$0	\$0	\$849,194	\$916,508	\$0	\$0	\$916,508	\$808,464	\$0	\$0	\$808,464
Health Care Expansion Fund	\$0	\$7,088,698	\$0	\$7,088,698	\$0	\$7,031,740	\$0	\$7,031,740	\$0	\$6,748,703	\$0	\$6,748,703
Hospital Provider Fee	\$0	\$0	\$2,589,006	\$2,589,006	\$0	\$0	\$4,442,734	\$4,442,734	\$0	\$0	\$2,464,830	\$2,464,830
Federal Funds	\$1,577,075	\$13,164,726	\$4,808,154	\$19,549,954	\$1,702,087	\$13,058,946	\$8,250,792	\$23,011,825	\$1,501,433	\$12,533,306	\$4,577,541	\$18,612,280
Total Funds	\$2,426,268	\$20,253,424	\$7,397,160	\$30,076,853	\$2,618,595	\$20,090,687	\$12,693,527	\$35,402,808	\$2,309,897	\$19,282,009	\$7,042,370	\$28,634,276
Total CBHP Medical Premiums												
Fund Splits												
Est. Enrollment Fee in CBHP Trust	\$370,690	\$0	\$0	\$370,690	\$416,704	\$0	\$0	\$416,704	\$359,352	\$0	\$0	\$359,352
CBHP Trust Fund	\$32,531,347	\$0	\$0	\$32,531,347	\$35,680,959	\$0	\$0	\$35,680,959	\$32,558,539	\$0	\$0	\$32,558,539
Offset to CBHP Trust Fund - Immunization	\$559,603	\$0	\$0	\$559,603	\$559,603	\$0	\$0	\$559,603	\$461,700	\$0	\$0	\$461,700
Health Care Expansion Fund	\$0	\$23,067,097	\$0	\$23,067,097	\$0	\$28,388,860	\$0	\$28,388,860	\$0	\$22,791,028	\$0	\$22,791,028
Hospital Provider Fee	\$0	\$0	\$5,802,746	\$5,802,746	\$0	\$0	\$10,047,855	\$10,047,855	\$0	\$0	\$5,717,850	\$5,717,850
Federal Funds	\$62,143,044	\$42,838,894	\$10,776,529	\$115,758,467	\$66,954,706	\$53,140,544	\$18,591,124	\$138,686,374	\$61,990,667	\$42,326,196	\$10,618,865	\$114,935,728
Total Funds	\$95,604,684	\$65,905,990	\$16,579,275	\$178,089,950	\$103,611,972	\$81,529,405	\$28,638,979	\$213,780,355	\$95,370,258	\$65,117,224	\$16,336,715	\$176,824,197

Joint Budget Committee - Staff Document
FY 2010-11 HCPF Supplemental Recommendation -- Staff Recommendation for the Children's Basic Health Plan

Children's Dental Program				
Caseload Estimate	42,976	21,056	4,235	68,267
Up to 185% FPL	41,786	16,922	0	58,708
185% to 200% FPL	0	4,134	0	4,134
200% to 205% FPL	1,190	0	0	1,190
205% to 250% FPL	0	0	4,235	4,235
Estimated Per Capita	\$163.67	\$163.67	\$163.67	\$163.67
Annual Cost	\$7,033,882	\$3,446,236	\$693,142	\$11,173,260
Fund Splits				
CBHP Trust Fund	\$2,461,859	\$0	\$0	\$2,461,859
Health Care Expansion Fund	\$0	\$1,206,182	\$0	\$1,206,182
Provider Fee	\$0	\$0	\$242,600	\$242,600
Federal Funds	<u>\$4,572,023</u>	<u>\$2,240,053</u>	<u>\$450,543</u>	<u>\$7,262,619</u>
Total Funds	\$7,033,882	\$3,446,236	\$693,142	\$11,173,260

43,290	26,591	6,860	76,741
41,786	22,228	0	64,014
0	4,363	0	4,363
1,504	0	0	1,504
0	0	6,860	6,860
\$152.32	\$152.32	\$152.32	\$152.32
\$6,593,933	\$4,050,341	\$1,044,915	\$11,689,189
\$2,307,876	\$0	\$0	\$2,307,876
\$0	\$1,417,619	\$0	\$1,417,619
\$0	\$0	\$365,720	\$365,720
<u>\$4,286,056</u>	<u>\$2,632,722</u>	<u>\$679,195</u>	<u>\$7,597,973</u>
\$6,593,933	\$4,050,341	\$1,044,915	\$11,689,189

42,984	21,171	4,293	68,448
41,786	16,977	0	58,763
0	4,194	0	4,194
1,198	0	0	1,198
0	0	4,293	4,293
\$164.46	\$164.46	\$164.46	\$164.46
\$7,069,149	\$3,481,783	\$706,027	\$11,256,958
\$2,474,202	\$0	\$0	\$2,474,202
\$0	\$1,218,624	\$0	\$1,218,624
\$0	\$0	\$247,109	\$247,109
<u>\$4,594,947</u>	<u>\$2,263,159</u>	<u>\$458,917</u>	<u>\$7,317,023</u>
\$7,069,149	\$3,481,783	\$706,027	\$11,256,958

\$370,690	\$0	\$0	\$370,690
\$34,993,206	\$0	\$0	\$34,993,206
\$559,603	\$0	\$0	\$559,603
\$0	\$24,273,279	\$0	\$24,273,279
\$0	\$0	\$6,045,346	\$6,045,346
<u>\$66,715,067</u>	<u>\$45,078,947</u>	<u>\$11,227,072</u>	<u>\$123,021,086</u>
\$102,638,566	\$69,352,226	\$17,272,418	\$189,263,210

TOTAL PROGRAM COSTS				
Does Not Include Administration				
Est. Enrollment Fee in CBHP Trust	\$370,690	\$0	\$0	\$370,690
CBHP Trust Fund	\$34,993,206	\$0	\$0	\$34,993,206
Offset to CBHP Trust Fund - Immunization	\$559,603	\$0	\$0	\$559,603
Health Care Expansion Fund	\$0	\$24,273,279	\$0	\$24,273,279
Hospital Provider Fee	\$0	\$0	\$6,045,346	\$6,045,346
Federal Funds	<u>\$66,715,067</u>	<u>\$45,078,947</u>	<u>\$11,227,072</u>	<u>\$123,021,086</u>
Total Funds	\$102,638,566	\$69,352,226	\$17,272,418	\$189,263,210

\$416,704	\$0	\$0	\$416,704
\$37,988,836	\$0	\$0	\$37,988,836
\$559,603	\$0	\$0	\$559,603
\$0	\$29,806,480	\$0	\$29,806,480
\$0	\$0	\$10,413,576	\$10,413,576
<u>\$71,240,762</u>	<u>\$55,773,266</u>	<u>\$19,270,319</u>	<u>\$146,284,347</u>
\$110,205,904	\$85,579,746	\$29,683,894	\$225,469,544

\$359,352	\$0	\$0	\$359,352
\$35,032,741	\$0	\$0	\$35,032,741
\$461,700	\$0	\$0	\$461,700
\$0	\$24,009,652	\$0	\$24,009,652
\$0	\$0	\$5,964,960	\$5,964,960
<u>\$66,585,614</u>	<u>\$44,589,354</u>	<u>\$11,077,782</u>	<u>\$122,252,750</u>
\$102,439,407	\$68,599,007	\$17,042,742	\$188,081,156

\$416,704	\$0	\$0	\$416,704
\$37,988,836	\$0	\$0	\$37,988,836
\$559,603	\$0	\$0	\$559,603
\$0	\$29,806,480	\$0	\$29,806,480
\$0	\$0	\$10,413,576	\$10,413,576
<u>\$71,240,762</u>	<u>\$55,773,266</u>	<u>\$19,270,319</u>	<u>\$146,284,347</u>
\$110,205,904	\$85,579,746	\$29,683,894	\$225,469,544

Joint Budget Committee - Staff Document
FY 2011-12 HCPF Figure Setting Recommendation -- Staff Recommendation for the Children's Basic Health Plan

	FY 2011-12 Department Request (November)				FY 2011-12 Staff Recommendation				Staff - Department			
	CBHP Trust Caseload	HCE Fund Caseload	Hospital Fee Caseload	Total Caseload	CBHP Trust Caseload	HCE Fund Caseload	Hospital Fee Caseload	Total Caseload	CBHP Trust Caseload	HCE Fund Caseload	Hospital Fee Caseload	Total Caseload
Children's Medical Program -- Premiums												
Caseload Estimate	43,477	29,914	13,125	86,516	43,028	23,052	9,731	75,811	(449)	(6,862)	(3,394)	(10,705)
Up to 185% FPL	41,786	25,277	0	67,063	41,786	18,487	0	60,273	0	(6,790)	0	(6,790)
185% to 200% FPL	0	4,637	0	4,637	0	4,565	0	4,565	0	(72)	0	(72)
200% to 205% FPL	1,691	0	0	1,691	1,242	0	0	1,242	(449)	0	0	(449)
205% to 250% FPL	0	0	13,125	13,125	0	0	9,731	9,731	0	0	(3,394)	(3,394)
Estimated Per Capita Annual Cost	\$2,422.04	\$2,422.04	\$2,422.04	\$2,422.04	\$2,288.21	\$2,288.21	\$2,288.21	\$2,288.21	-\$133.83	-\$133.83	-\$133.83	-\$133.83
Fund Splits												
Est. Enrollment Fee in CHBP Trust				\$492,276				\$398,008				(\$94,268)
CHBP Trust Enrollment Fees	\$492,276	\$0	\$0	\$492,276	\$398,008	\$0	\$0	\$398,008	(\$94,268)	\$0	\$0	(\$94,268)
CBHP Trust Fund	\$36,963,419	\$0	\$0	\$36,963,419	\$34,061,977	\$0	\$0	\$34,061,977	(\$2,901,442)	\$0	\$0	(\$2,901,442)
Health Care Expansion Fund	\$0	\$25,030,321	\$0	\$25,030,321	\$0	\$18,461,736	\$0	\$18,461,736	\$0	(\$6,568,585)	\$0	(\$6,568,585)
Hospital Provider Fee	\$0	\$0	\$11,174,789	\$11,174,789	\$0	\$0	\$7,793,300	\$7,793,300	\$0	\$0	(\$3,381,489)	(\$3,381,489)
Federal Funds	\$67,847,338	\$47,422,584	\$20,614,486	\$135,884,408	\$63,997,115	\$34,286,081	\$14,473,271	\$112,756,467	(\$3,850,223)	(\$13,136,503)	(\$6,141,215)	(\$23,127,940)
Total Funds	\$105,303,033	\$72,452,905	\$31,789,275	\$209,545,213	\$98,457,100	\$52,747,817	\$22,266,572	\$173,471,488	(\$6,845,933)	(\$19,705,088)	(\$9,522,703)	(\$36,073,724)
Adult Prenatal Program												
Caseload Estimate	183	1,370	1,750	3,303	164	1,369	858	2,391	(19)	(1)	(892)	(912)
Up to 185% FPL	101	1,161	0	1,262	101	1,184	0	1,285	0	23	0	23
185% to 200% FPL	0	209	0	209	0	185	0	185	0	(24)	0	(24)
200% to 205% FPL	82	0	0	82	63	0	0	63	(19)	0	0	(19)
205% to 250% FPL	0	0	1,750	1,750	0	0	858	858	0	0	(892)	(892)
Estimated Per Capita Annual Cost	\$15,452.67	\$15,452.67	\$15,452.67	\$15,452.67	\$14,711.52	\$14,711.52	\$14,711.52	\$14,711.52	(\$741.15)	(\$741.15)	(\$741.15)	(\$741.15)
Fund Splits												
CBHP Trust Fund	\$989,744	\$0	\$0	\$989,744	\$844,441	\$0	\$0	\$844,441	(\$145,302)	\$0	\$0	(\$145,302)
Health Care Expansion Fund	\$0	\$7,409,555	\$0	\$7,409,555	\$0	\$7,049,025	\$0	\$7,049,025	\$0	(\$360,530)	\$0	(\$360,530)
Hospital Provider Fee	\$0	\$0	\$9,464,760	\$9,464,760	\$0	\$0	\$4,417,869	\$4,417,869	\$0	\$0	(\$5,046,891)	(\$5,046,891)
Federal Funds	\$1,838,095	\$13,760,603	\$17,577,412	\$33,176,110	\$1,568,248	\$13,091,046	\$8,204,615	\$22,863,909	(\$269,847)	(\$669,557)	(\$9,372,797)	(\$10,312,201)
Total Funds	\$2,827,839	\$21,170,158	\$27,042,173	\$51,040,169	\$2,412,689	\$20,140,071	\$12,622,484	\$35,175,244	(\$415,149)	(\$1,030,087)	(\$14,419,688)	(\$15,864,925)
Total CBHP Medical Premiums												
Fund Splits												
Est. Enrollment Fee in CBHP Trust	\$492,276	\$0	\$0	\$492,276	\$398,008	\$0	\$0	\$398,008	(\$94,268)	\$0	\$0	(\$94,268)
CBHP Trust Fund	\$37,370,064	\$0	\$0	\$37,370,064	\$34,444,718	\$0	\$0	\$34,444,718	(\$3,508,444)	\$0	\$0	(\$3,508,444)
Offset to CBHP Trust Fund - Immunization	\$583,099	\$0	\$0	\$583,099	\$461,700	\$0	\$0	\$461,700	\$461,700	\$0	\$0	\$461,700
Health Care Expansion Fund	\$0	\$32,439,876	\$0	\$32,439,876	\$0	\$25,510,761	\$0	\$25,510,761	\$0	(\$6,929,116)	\$0	(\$6,929,116)
Hospital Provider Fee	\$0	\$0	\$20,639,549	\$20,639,549	\$0	\$0	\$12,211,169	\$12,211,169	\$0	\$0	(\$8,428,380)	(\$8,428,380)
Federal Funds	\$69,685,433	\$61,183,186	\$38,191,898	\$169,060,517	\$65,565,363	\$47,377,127	\$22,677,886	\$135,620,376	(\$4,120,070)	(\$13,806,059)	(\$15,514,012)	(\$33,440,141)
Total Funds	\$108,130,873	\$93,623,062	\$58,831,448	\$260,585,383	\$100,869,789	\$72,887,888	\$34,889,056	\$208,646,733	(\$7,261,083)	(\$20,735,175)	(\$23,942,392)	(\$51,938,649)

Joint Budget Committee - Staff Document
FY 2011-12 HCPF Figure Setting Recommendation -- Staff Recommendation for the Children's Basic Health Plan

Children's Dental Program				
Caseload Estimate	43,477	29,914	13,125	86,516
Up to 185% FPL	41,786	25,277	0	67,063
185% to 200% FPL	0	4,637	0	4,637
200% to 205% FPL	1,691	0	0	1,691
205% to 250% FPL	0	0	13,125	13,125
Estimated Per Capita	\$155.46	\$155.46	\$155.46	\$155.46
Annual Cost	\$6,758,934	\$4,650,430	\$2,040,413	\$13,449,777
Fund Splits				
CBHP Trust Fund	\$2,365,627	\$0	\$0	\$2,365,627
Health Care Expansion Fund	\$0	\$1,627,651	\$0	\$1,627,651
Provider Fee	\$0	\$0	\$714,144	\$714,144
Federal Funds	<u>\$4,393,307</u>	<u>\$3,022,780</u>	<u>\$1,326,268</u>	<u>\$8,742,355</u>
Total Funds	\$6,758,934	\$4,650,430	\$2,040,413	\$13,449,777

43,028	23,052	9,731	75,811
41,786	18,487	0	60,273
0	4,565	0	4,565
1,242	0	0	1,242
0	0	9,731	9,731
\$171.04	\$171.04	\$171.04	\$171.04
\$7,359,509	\$3,942,814	\$1,664,390	\$12,966,713
\$2,575,828	\$0	\$0	\$2,575,828
\$0	\$1,379,985	\$0	\$1,379,985
\$0	\$0	\$582,537	\$582,537
<u>\$4,783,681</u>	<u>\$2,562,829</u>	<u>\$1,081,854</u>	<u>\$8,428,364</u>
\$7,359,509	\$3,942,814	\$1,664,390	\$12,966,713

(449)	(6,862)	(3,394)	(10,705)
0	(6,790)	0	(6,790)
0	(72)	0	(72)
(449)	0	0	(449)
0	0	(3,394)	(3,394)
\$15.58	\$15.58	\$15.58	\$15.58
\$600,575	(\$707,616)	(\$376,022)	(\$483,064)
\$210,201	\$0	\$0	\$210,201
\$0	(\$247,666)	\$0	(\$247,666)
\$0	\$0	(\$131,608)	(\$131,608)
<u>\$390,374</u>	<u>(\$459,951)</u>	<u>(\$244,414)</u>	<u>(\$313,992)</u>
\$600,575	(\$707,616)	(\$376,022)	(\$483,064)

\$398,008	\$0	\$0	\$398,008
\$37,020,547	\$0	\$0	\$37,020,547
\$461,700	\$0	\$0	\$461,700
\$0	\$26,890,746	\$0	\$26,890,746
\$0	\$0	\$12,793,706	\$12,793,706
<u>\$70,349,044</u>	<u>\$49,939,956</u>	<u>\$23,759,740</u>	<u>\$144,048,740</u>
\$108,229,298	\$76,830,702	\$36,553,446	\$221,613,446
(\$94,268)	\$0	\$0	(\$94,268)
(\$2,715,145)	\$0	\$0	(\$2,715,145)
(\$121,399)	\$0	\$0	(\$121,399)
\$0	(\$7,176,781)	\$0	(\$7,176,781)
\$0	\$0	(\$8,559,988)	(\$8,559,988)
<u>(\$3,729,697)</u>	<u>(\$14,266,010)</u>	<u>(\$15,758,426)</u>	<u>(\$33,754,133)</u>
(\$6,660,509)	(\$21,442,791)	(\$24,318,414)	(\$52,421,714)

TOTAL PROGRAM COSTS				
Does Not Include Administration				
Est. Enrollment Fee in CBHP Trust	\$492,276	\$0	\$0	\$492,276
CBHP Trust Fund	\$39,735,692	\$0	\$0	\$39,735,692
Offset to CBHP Trust Fund - Immunization	\$583,099	\$0	\$0	\$583,099
Health Care Expansion Fund	\$0	\$34,067,527	\$0	\$34,067,527
Hospital Provider Fee	\$0	\$0	\$21,353,694	\$21,353,694
Federal Funds	<u>\$74,078,741</u>	<u>\$64,205,966</u>	<u>\$39,518,166</u>	<u>\$177,802,873</u>
Total Funds	\$114,889,807	\$98,273,493	\$60,871,860	\$274,035,160

\$398,008	\$0	\$0	\$398,008
\$37,020,547	\$0	\$0	\$37,020,547
\$461,700	\$0	\$0	\$461,700
\$0	\$26,890,746	\$0	\$26,890,746
\$0	\$0	\$12,793,706	\$12,793,706
<u>\$70,349,044</u>	<u>\$49,939,956</u>	<u>\$23,759,740</u>	<u>\$144,048,740</u>
\$108,229,298	\$76,830,702	\$36,553,446	\$221,613,446

(\$94,268)	\$0	\$0	(\$94,268)
(\$2,715,145)	\$0	\$0	(\$2,715,145)
(\$121,399)	\$0	\$0	(\$121,399)
\$0	(\$7,176,781)	\$0	(\$7,176,781)
\$0	\$0	(\$8,559,988)	(\$8,559,988)
<u>(\$3,729,697)</u>	<u>(\$14,266,010)</u>	<u>(\$15,758,426)</u>	<u>(\$33,754,133)</u>
(\$6,660,509)	(\$21,442,791)	(\$24,318,414)	(\$52,421,714)

(\$94,268)	\$0	\$0	(\$94,268)
(\$2,715,145)	\$0	\$0	(\$2,715,145)
(\$121,399)	\$0	\$0	(\$121,399)
\$0	(\$7,176,781)	\$0	(\$7,176,781)
\$0	\$0	(\$8,559,988)	(\$8,559,988)
<u>(\$3,729,697)</u>	<u>(\$14,266,010)</u>	<u>(\$15,758,426)</u>	<u>(\$33,754,133)</u>
(\$6,660,509)	(\$21,442,791)	(\$24,318,414)	(\$52,421,714)

JBC Staff - March Supplemental Children's Basic Health Plan Trust Fund

PROGRAM REVENUES	FY 2010-11	FY 2010-11	FY 2010-11	Difference Staff - Department
	Current App. With January Supplemental	Department November Estimate	Staff March Estimate	
Beginning Balance	\$599,735	\$599,735	\$599,735	\$0
General Fund Appropriations/Request	\$9,411,482	\$9,411,482	\$9,411,482	\$0
Health Care Expansion Fund Transfer	\$1,500,000	\$0	\$1,500,000	
Tobacco Master Settlement Funds to Trust	\$26,925,764	\$26,925,764	\$26,983,547	\$57,783
Annual Enrollment Fees	\$370,690	\$416,705	359,352	(\$57,353)
Interest Earnings	\$287,000	\$287,000	(\$215,250)	(\$502,250)
Colorado Immunization Fund	\$559,603	\$559,603	<u>\$461,700</u>	(\$97,903)
Total Revenues	\$39,654,274	\$38,200,289	\$39,100,566	(\$599,723)
PROGRAM EXPENDITURES				
Estimated Program Expenditures from Trust Fund *	\$35,923,499	\$39,111,599	35,853,793	(3,257,806)
Internal Admin- Trust Fund	\$563,709	\$563,709	\$625,591	\$61,882
External Admin- Trust Fund	\$1,939,762	\$1,939,762	\$1,939,762	\$0
Total Expenditures	\$38,426,970	\$41,615,070	\$38,419,146	(\$3,195,924)
Remaining Balance in Trust Fund	\$1,227,304	(\$3,414,781)	\$681,420	\$4,096,201

JBC Staff - March Figure Setting Children's Basic Health Plan Trust Fund

PROGRAM REVENUES	FY 2011-12	FY 2011-12	Difference
	Department November Estimate	Staff March Estimate	Staff - Department
Beginning Balance	\$0	\$681,420	\$681,420
General Fund Appropriations/Request	\$0	\$0	\$0
Health Care Expansion Fund Transfer	\$0	\$0	
Tobacco Master Settlement Funds to Trust	\$26,208,640	\$25,663,735	(\$544,905)
Annual Enrollment Fees	\$492,277	398,008	(\$94,269)
Interest Earnings	\$204,428	(\$153,321)	(\$357,749)
Colorado Immunization Fund	\$583,099	<u>\$461,700</u>	(\$121,399)
Total Revenues	\$27,488,444	\$27,051,542	(\$436,902)
PROGRAM EXPENDITURES			
Estimated Program Expenditures from Trust Fund *	\$40,796,962	37,880,254	(2,916,708)
Internal Admin- Trust Fund	\$625,591	\$527,694	(\$97,897)
External Admin- Trust Fund	\$1,939,762	\$1,939,762	\$0
Total Expenditures	\$43,362,315	\$40,347,710	(\$3,014,605)
Remaining Balance in Trust Fund	(\$15,873,871)	(\$13,296,168)	\$2,577,703

JBC Staff Figure Setting Document for FY 2011-12

Health Care Expansion Fund Balance Analysis -- With Staff Recommendation			
	FY 2009-10	FY 2010-11 Rev.	FY 2011-12
A. Tobacco Tax Revenues			
Tax Revenue ¹	\$148,454,086	\$151,642,013	\$142,551,006
B. Health Care Expansion Fund			
Transfer (46%)	\$68,288,880	\$69,736,000	\$68,402,000
Less 10% Reserve Requirement			N/A
Interest Earned (transferred to General Fund)	\$2,788,748	\$2,830,815	\$0
Health Care Expansion Funds Available	\$71,077,628	\$72,566,815	\$68,402,000
C. Health Care Expansion Fund Reserve Balance			
Previous Year's Reserve Fund Ending Balance	\$119,601,623	\$79,234,954	\$653,343
Previous Year's Unspent Health Care Expansion Fund Balance			\$0
Beginning Health Care Expansion Fund Reserve Balance	\$119,601,623	\$79,234,954	\$653,343
10% of Yearly Appropriation to the Health Care Expansion Fund			\$0
Fund Required from the Reserve Balance in the Current Year ⁴	\$40,366,669	\$78,581,611	\$438,309
Interest Earned ³			\$0
Health Care Expansion Fund Year-End Reserve Balance	\$79,234,954	\$653,343	\$215,034
D. Health Care Expansion Fund Expenditures			
(1) Executive Director's Office	\$964,806	\$953,481	\$1
(2) Medical Service Premiums	\$65,813,605	\$116,966,384	\$84,840,305
(2) Supplemental Adjustment to MSP	\$0	(\$4,000,000)	(\$16,000,000)
(3) Medicaid Mental Health Community Programs	\$6,047,643	\$8,031,783	\$1
(4) Children's Basic Health Plan	\$30,037,096	\$25,782,146	\$1
(6) Department of Human Services Medicaid Funded Programs	\$541,738	\$583,817	\$1
(7) General Fund Transfer (includes all transfers)*	\$8,039,409	\$2,830,815	\$0
E. Total Health Care Expansion Fund Expenditures	\$111,444,297	\$151,148,426	\$68,840,309
F. Health Care Expansion Fund Populations Funding Shortfall			
	\$0	\$0	\$0
G. Health Care Expansion Fund Reserve Balance - Increase / (Decrease)			
	(\$40,366,669)	(\$78,581,611)	(\$438,309)

*This transfer includes: (1) the interest transfer of \$2,830,815; (2) \$1,500,000 recommended for CBHP Trust Fund; (3) \$51,000,000 budget balancing.

PROPOSED JBC BILL #1 -- Old Age Pension Supplemental Medical Fund Transfer

Following are options on how to write the OAP Supplemental Medical Fund Transfer Bill

Temporary Solution Option (1) -- Introduce a stand alone bill that makes the following statutory change.

25.5-2-101. Old age pension health and medical care fund - supplemental old age pension health and medical care fund - cash system of accounting - legislative declaration - rules - repeal. (3) (b) (IV) Notwithstanding any provision of paragraph (a) of this subsection (3) to the contrary, for fiscal year 2011-12, up to ~~three million dollars~~ FIVE MILLION FIVE HUNDRED THOUSAND DOLLARS from the supplemental old age pension health and medical care fund may be used to offset general fund costs for persons sixty-five years of age or older who are served through the state medicaid program.

Under this option, the Supplemental OAP Health and Medical Care Fund would offset medical costs for OAP clients in the Medicaid program. Current law already authorizes \$3.0 million be used for this purpose in FY 2011-12 and this bill would increase that amount to \$5.5 million. This option was used in the past in order to guarantee that the Supplemental OAP Health and Medical Care Fund is used to serve OAP clients -- even if those clients receive their health care through the Medicaid program.

Temporary Solution Option (2) (in lieu of Option 1) -- If there is another cash fund transfer bill (similar to S.B. 11-164) the following transfer could be made:

25.5-2-101. Old age pension health and medical care fund - supplemental old age pension health and medical care fund - cash system of accounting - legislative declaration - rules - repeal. (3) (b) (VII) NOTWITHSTANDING THE PROVISIONS OF PARAGRAPH (a) OF THIS SUBSECTION (3), ON JUNE 30, 2012, THE STATE TREASURER SHALL DEDUCT TWO MILLION FIVE HUNDRED THOUSAND DOLLARS FROM THE SUPPLEMENTAL OLD AGE PENSION HEALTH AND MEDICAL CARE FUND AND TRANSFER SUCH SUM TO THE GENERAL FUND.

Under this option, \$2.5 million of the fund balance would be transferred to the General Fund at the end of FY 2011-12. If a another cash fund transfer bill is introduced in FY 2011-12, this option reduces the number of budget balancing bills that the JBC members have to introduce.

Either option will result in the following impact to the program's funding as shown in Table 3 below.

Table 3: OAP Medical Program (with Staff Estimated Expenditures and Proposed Temporary Legislation)				
	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
Cash in Beginning Fund Balance	\$5,534,617	\$4,612,087	\$1,886,087	\$432,087

**Table 3: OAP Medical Program
(with Staff Estimated Expenditures and Proposed Temporary Legislation)**

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
Revenues from Article XXIV	10,000,000	10,000,000	10,000,000	10,000,000
Supplemental Revenues	5,077,469	5,124,000	5,046,000	4,950,000
Program Expenditures*	(9,999,999)	(11,000,000)	(11,000,000)	0
Transfer to Offset General Fund Revenue in Medicaid Program (SB 09- 261 and HB 10-1380)	(6,000,000)	(4,850,000)	(3,000,000)	0
Fund Balance Transfer to General Fund (SB 11-164)	0	(2,000,000)	0	0
JBC Staff Recommendation aid General Fund (same impact if JBC chooses either Temporary Option #1 or Temporary Option #2)	<u>0</u>	<u>0</u>	<u>(2,500,000)</u>	<u>0</u>
Ending Fund Balance	\$4,612,087	\$1,886,087	\$432,087	\$15,382,087
Total Impact to General Fund	\$6,000,000	\$6,850,000	\$5,500,000	\$0

*In FY 2011-12, some of the clients in the OAP program will begin to move to the Medicaid program (with the expansion of Medicaid to 100% FPL for all adults). Staff assumes the same costs for the program in FY 2011-12 as in FY 2010-11 because the program is on the cash basis of accounting it may take up to 6 months before all claims have been paid. In FY 2012-13 staff anticipates that all of the caseload currently eligible for the OAP Medical Program will become eligible for the Medicaid program.

Permanent Option (1):

By FY 2012-13, staff anticipates that the clients served by this OAP Medical program will be transferred to the Medicaid program due to Medicaid eligibility being expanded to all adults with incomes at or below 100 percent of the federal poverty level (H.B 09-1293). The medical services for OAP medical clients will then be funded with hospital provider fee revenues and matching federal funds. However, there will remain statutory or constitutional requirements dedicating money to a OAP medical program. If the Committee is interested in pursuing a more permanent solution (and thus, avoid running the temporary bills each year to transfer the fund balances), the following statutory changes could be made in lieu of the temporary options staff presented above. (Please note that the solution presented below only addresses statutory issues and not the underlining constitutional issues).

25.5-2-101. Old age pension health and medical care fund - supplemental old age pension health and medical care fund - cash system of accounting - legislative declaration - rules - repeal.

1. Add a new (3) (b) (VII) (this section of the bill would have a general effective date):

(3) (b) (VII) NOTWITHSTANDING THE PROVISIONS OF PARAGRAPH (a) OF THIS SUBSECTION (3), ON JUNE 30, 2012, THE STATE TREASURER SHALL DEDUCT ANY REMAINING BALANCE FROM THE SUPPLEMENTAL OLD AGE PENSION HEALTH AND MEDICAL CARE FUND AND TRANSFER SUCH SUM TO THE GENERAL FUND.

This provision is similar to the temporary solution option #2 -- however, this option would transfer any remaining balance out of the Supplemental OAP Health and Medical Care Fund.

2. Repeal paragraphs (3) (a) and (b) (this section of the bill would have an effective date of July 1, 2012).

This provision eliminates the Supplemental OAP Health and Medical Care Fund.

3. Amend Section 39-26-123 (3) to eliminate the transfer of \$2,850,000 of sales tax revenue into the Supplemental OAP Health and Medical Care Fund (this section of the bill would be effective July 1, 2012).

(3) (a) For any state fiscal year commencing on or after July 1, 2006, eighty-five percent of all net revenue collected under the provisions of this article shall be credited to the old age pension fund created in section 1 of article XXIV of the state constitution. The remaining fifteen percent shall be allocated among the general fund, FUND AND the older Coloradans cash fund created in section 26-11-205.5 (5), C.R.S., and the supplemental old age pension health and medical care fund created in section 25.5-2-101 (3), C.R.S., and credited to the funds by the state treasurer as follows:

~~(IV) (B) For any state fiscal year commencing on or after July 1, 2009, two million eight hundred fifty thousand dollars to the supplemental old age pension health and medical care fund.~~

4. Amend Section 24-22-117 (1) (c) (II) to provide that the moneys from the Amendment 35 Tobacco Tax funding can be used to fund the costs of OAP pension clients receiving medical care in the Medicaid program.

(1) (c) (II): Fifty percent of the moneys specified in this paragraph (c) ~~to the supplemental old age pension health and medical care fund~~ to provide services ~~under the supplemental health and medical care program, section 25-5-20-101 (3), C.R.S.~~ OR UNDER THE COLORADO MEDICAL ASSISTANCE ACT, for persons who qualify to receive old age pensions.

The table below shows the fiscal impact for staff's permanent option.

**Table 4: OAP Medical Program
(with Staff Estimated Expenditures and Proposed Permanent Legislation)**

	FY 2009-10	FY 2010-11	FY 2011-12¹	FY 2012-13
Cash in Beginning Fund Balance	\$5,534,617	\$4,612,087	\$1,886,087	\$0
Revenues from Article XXIV	10,000,000	10,000,000	10,000,000	10,000,000
Supplemental Revenues	5,077,469	5,124,000	5,046,000	0
Program Expenditures*	(9,999,999)	(11,000,000)	(11,000,000)	0
Transfer to Offset General Fund Revenue in Medicaid Program (SB 09-261 and HB 10-1380)	(6,000,000)	(4,850,000)	(3,000,000)	0
Fund Balance Transfer to General Fund (SB 11-164)	0	(2,000,000)	0	0
JBC Staff Recommendation aid General Fund (same impact if JBC chooses either Temporary Option #1 or Temporary Option #2)	0	0	(2,932,087)	0
Transfers to Offset General Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Fund Balance	\$4,612,087	\$1,886,087	\$0	\$10,000,000
General Fund Impact	\$6,000,000	\$6,850,000	\$5,932,087	\$4,950,000

¹ The permanent solution eliminates a fund and therefore the fund balance. This estimate is \$432,087 higher than the temporary solution to transfer \$2.5 million.

MEMORANDUM

TO: Representative Ferrandino
FROM: Melodie Beck (x 4549), JBC Staff
SUBJECT: Optional Populations and Funding in the Department of Health Care Policy and Financing

DATE: January 27, 2011

This memo is in response to your request for information regarding optional funding in the Department of Health Care Policy and Financing.

Optional Populations

Requirements Under Federal Law

Under Section 2001 (b) (1) and (2) of the Accountable Care Act (federal health care reform), a state may not change eligibility standards, methodologies, or procedures under the State Medicaid plan under this title or under any waiver of such plan or children's health plan (CBHP) that would be more restrictive than the eligibility standards that were in place on March 23, 2010.

Because of the Maintenance of Effort (MOE) requirement in ACA, the only populations that are not mandatory under federal law are the populations that were added by H.B. 09-1293. The federal waiver approving the H.B. 09-1293 expansion populations was not signed until March 30, 2010. Table 1 below shows the optional populations and estimated costs. Please note that there is no savings to the General Fund unless the General Assembly passes legislation to allow the Hospital Provider Fee Cash Fund to offset General Fund. This would only be possible if the fee continues to be charged at the rate that would be needed to fund services for the populations listed below. The total General Fund offset would be approximately \$132.2 million.

Table 1: Optional Medicaid and Children Basic Health Plan (CBHP) Populations					
Category	Year Added	Clients	Cash Funds	Federal Funds	Total Funds
Medicaid parents between 60 to 100% FPL	2010	33,548	\$46.9	\$46.8	\$93.7
Adults w/o dependent children to 100% FPL	2012	16,400	31.0	31.0	62.0
Continuous eligibility for children	2012	21,173	14.3	14.3	28.6
Buy-In for People with Disabilities /2	2012	4,329	25.3	18.7	44.0
CBHP - Children between 205 - 250% FPL	2010	13,125	11.8	21.9	33.7
CBHP - Pregnant adults between 205-250% FPL	2010	1,750	9.5	17.5	27.0
TOTAL		90,325	\$138.8	\$150.2	\$289.0

/1 In millions for the dollars figure -- represents Department's FY 2011-12 request -- not staff recommendation.

/2 Of the cash funds indicated, \$6.6 million is from premiums collected from clients.

Optional Services

Optional Medicaid services are mainly found in Title 25.5-5-202.

Please note that eliminating an optional service does not necessarily result in savings because the same service could be provided under a mandatory service. For example, eliminating payment to a podiatrist could result in the Medicaid client receiving the same care from his family physician or an orthopedic specialist physician (physician services are a mandatory service). Eliminating other optional services, such as prescription drugs or home-and-community based services would drastically change the quality of care for the mandatory Medicaid populations and again *could* result in higher cost services (such as sooner placement in nursing facility care or longer hospital stays).

Lastly, under the EPSDT program, many of these services provided to children are mandatory if they are required to aid the child's development or educational needs (i.e. eye-glasses or speech therapy may be optional for an adult but mandatory for a child under EPSDT requirements). Furthermore, there are federal rules or case law that can be interpreted to make an "optional" service a "mandatory" service (see non-emergency transportation discussion below). Table 2 below shows the optional services in Colorado's Medicaid program.

Table 2: Optional Medicaid Services			
Category	C.R.S. Cite	Estimated Total Cost /1	Comments
Prescribed Drugs	25.5-5-202 (1) (a) 25.5-5-500	\$158.2	Not a "mandatory" service under federal law but is a core service in modern medicine
Over the counter medication	25.5-5-202 (1) (a.5) 25.5-5-322	included above	Offered in order to avoid prescription drugs that may be more costly (i.e. Tylenol instead of codeine).
Clinic services	25.5-5-202 (1) (b) -- 25.5-5-301 and 25.5-5-302	staff doesn't have a break-out of this cost separate from other clinic or physician services	Clinic services are preventive, diagnostic, therapeutic, rehabilitative, or palliative items or services furnished to outpatients. Without this service, the clients would use inpatient or other physician services.
Home and Community-Based Services	25.5-5-202 (1) (c)	\$250.9	Individuals must be at risk of institutional care in order to receive these waiver services. The Department had to prove budget neutrality when the waiver was approved. Eliminating the service would not result in the "full" amount of cost because it is anticipated that there would be greater nursing

Table 2: Optional Medicaid Services			
Category	C.R.S. Cite	Estimated Total Cost /1	Comments
			facility care (if capacity existed) or hospital utilization. However, there could be some savings resulting from family or other care givers providing more services and from premature death.
Optometrist services	25.5-5-202 (1) (d)	No break-out yet. Staff will look into this at figure setting	
Eyeglasses when necessary after surgery	25.5-5-202 (1) (e)	same as above	
Prosthetic devices	25.5-5-202 (1) (f)	same as above	
Rehabilitation services at community mental health	25.5-5-202 (1) (g)	No break-out from BHO capitation	Eliminating services could have public safety concerns, added costs to county jails, and inpatient hospitalization.
Intermediate care facilities for the mentally retarded	25.5-5-202 (1) (h)	DD programs	
Inpatient psychiatric services for persons under 21 years of age	25.5-5-202 (1) (i)	No break-out from BHO capitation	Eliminating service does not eliminate need. Would lose federal match and probably would cost the state more in General Fund. Would push more individuals into state institutional care. Would also reduce Medicaid funding for the institutes.
Inpatient psychiatric services for persons over age 65	25.5-5-202 (1) (j)	Same as above	Same as above.
Case management	25.5-5-202 (1) (k)	mainly included in the waiver services category above	
Therapies under home health services	25.5-5-202 (1) (l)	no break out yet, part of the \$187.9 million provided under home health	Home health is a mandatory federal requirement. However, therapy services (speech, occupational, physical) are optional if provided by home health agencies (but could be mandatory if provided through outpatient hospital care). Staff would not anticipate a lot of savings from eliminating home health agencies from providing the service (these are services that are usually

Table 2: Optional Medicaid Services			
Category	C.R.S. Cite	Estimated Total Cost /1	Comments
			part of patient's discharge plan -- i.e. a stroke victim is discharged and receives care at home health with physical, speech and occupational therapies). Only savings that would result would be if reimbursement is different between home health agencies and outpatient.
Services of licensed psychologist	25.5-5-202 (1) (m)	part of BHO capitation	No real savings anticipated. Service could be provided by family physician or psychiatrist (mandatory)
Private duty nursing	25.5-5-202 (1) (n) 25.-5-303	\$25.5	Eliminating service could result in longer hospitalization or premature death.
Podiatry services	25.5-5-292 (1) (o)	\$1.8	No real savings anticipated. Services could be provided by family physician or orthopedic physician. Physician services are mandatory.
Hospice care	25.5-5-292 (1) (p) 25.5-5-304 25.5-5-305	\$47.2	Could result in longer hospital stays or nursing facility stays (both mandatory services).
PACE	25.5-5-292 (1) (q) 25.5-5-412	\$82.3	This is a managed care long-term care service. Eliminating the provider group doesn't change the need for services -- it would just revert to the fee-for-service nursing facility and HCBS waivers (if waiver services are eliminated then this service category would need to be adjusted also).
Drug and Alcohol Treatment for pregnant women	25.5-5-292 (1) (r) 25.5-5-309 25.5-5-310 25.5-5-312	\$2.0	This program provides counseling in residential and outpatient settings to stop pregnant women from abusing substances that can harm their unborn child. Could result in higher neonatal care if infants are born with substance abuse problems.
Outpatient substance abuse treatment	25.5-5-292 (1) (s)	approximately \$1.0	If provided inpatient -- would be mandatory. If the Audit Committee finds this service results in overall cost increases, the statute repeals this program July 1, 2011. The audit staff's results from the audit were

Table 2: Optional Medicaid Services			
Category	C.R.S. Cite	Estimated Total Cost /1	Comments
			inconclusive.
Cervical cancer immunization for all females under age 20 years of age.	25.5-5-292 (1) (t)	\$0.8 to \$1.0	Could be eliminated. Future costs from cervical cancer could be anywhere from 2 to 25 years in the future.
SBIRT	25.5-5-202 (1) (u)	up to \$2.0	This uses medical marijuana cash funds to provide screening, brief intervention, and referral to treatment for individuals at risk of substance abuse.
Non-emergency transportation	25.5-5-202 (2)	\$10.8	While this is considered an optional service, federal regulations (42 C.F.R. Section 431.53) and case law (several cases) would prevent Colorado from eliminating the service. This was tested in 2003 when the General Assembly attempted to limit the service to only wheel chair transport and CMS rejected our rule change under federal law.

/1 Staff rough estimate for FY 2011-12 -- not through figure setting yet and is not official.

Optional Supplemental Payments to Providers

Rates and reimbursement to providers are mainly left to the states with some federal rules and regulations regarding upper payment limits and that reimbursement be sufficient to ensure that Medicaid clients have access to providers.¹ However, by using provider fees, Colorado has increased reimbursement to hospitals participating in the Medicaid and Indigent Care Program and nursing facilities. These supplemental payments to providers could be eliminated. There would be no General Fund savings unless the General Assembly passed legislation to allow the provider fees to still be assessed but used to offset General Fund costs rather than used to provide supplemental payments to providers. Table 3 below shows the amount of funding that is spent on supplemental payments to providers.

¹Currently, the State of California will be appealing a 9th Circuit Court of Appeals decision to the U.S. Supreme Court regarding whether recent rate reductions violated 42 U.S.C. 1396a(a) (30)(A) that requires a state maintain an adequate network and access to care.

Table 3: Optional Medicaid Supplemental Payments (in millions) /1			
Category	Cash Funds	Federal Funds	Total Funds
Nursing Facility Payments	\$11.0	\$11.0	\$22.0
Hospital Supplemental Payments	371.0	371.0	742
TOTAL	\$382.0	\$382.0	\$764.0

/1 From Department's FY 2011-12 Budget Request -- Does not represent staff figure setting recommendation at this time.

It is important to note, that the Nursing Home Provider Fee will offset approximately \$16.5 million in General Fund spending in FY 2011-12 (through the provision that caps General Fund growth in H.B. 08-1114 and S.B. 09-269). In addition, the Department has proposed using \$50.0 million from the Hospital Provider Fee to offset General Fund in FY 2011-12.

Lastly, over the last two fiscal years, the General Assembly has reduced reimbursement to Medicaid provided by 5.5 percent for most provider groups. However, the Department has preserved rates for most evaluation and management codes (i.e. primary care physician preventative care). It is possible that these rates could be reduced. Staff estimates that approximately \$1.5 million General Fund (\$3.2 million total funds) could be saved by reducing these rates back to FY 2007-08 levels. At this time, staff would not recommend any further across the board provider rate reductions.

Optional Indigent Care Programs

The following funding is not required by federal law and could be eliminated from the state budget.

Table 4: Optional Indigent Care Programs					
Category	General Fund	Cash Funds	Reapp. Funds	Federal Funds	Total Funds
Pediatric Specialty Hospitals (includes everything -- e.g. Kids Street Program and supplemental funding)	\$6.6	\$0.4	\$0.4	\$7.5	\$14.9
Clinic Based Indigent Care	3.0	0.0	0.0	0.0	3.0
Primary Care Fund	0.0	28.0	0.0	0.0	28.0
Comprehensive Primary Care Grant Program	0.0	0.9	0.0	0.0	0.9
TOTAL	\$9.6	\$29.3	\$0.4	\$7.5	\$46.8

Legislation could be introduced to allow the cash funds saved to offset General Fund (although a fiscal emergency resolution is required for the Primary Care Fund to be used for any other purpose than those required in the state constitution).

Scope and Duration Options and Other Payment Changes

Sections 25.5-5-102 (2) and 25.5-5-202 (3) provides that the state Medical Services Board, may by rule, establish limits on a Medicaid services in regards to amount, duration, and scope in order to keep the expenditures within the appropriations as long as the service will still achieve the requirements under federal rule or regulation. Table 5 shows some of the scope and duration savings that are being considered for FY 2011-12.

Table 5: Summary of Medicaid Program Scope and Duration Reductions and Other Payment Reductions			
Under Consideration or Possible Type of Reductions Available		Comments	
General Fund	Total Funds		
Pharmacy State Maximum Allowable Cost Expansion	(\$865,263)	(\$1,833,333)	Under this proposal, the Department would increase the number of drugs included under the Department's State Maximum Allowable Cost (SMAC) prizing program. At this time, the Department is still working through the details of which drugs would be included. Nevertheless, the Department is confident that additional savings will be achieved.
Restrict Adult Oral Nutrition Benefit	(1,519,609)	(3,039,219)	Under this proposal, the Department will restrict oral nutritional supplements to any clients 5 years of age or older who: have malnourishment conditions, have inborn errors in metabolism; and clients who use nutritional supplements through feeding tubes. Under this restriction the Department would pay only for nutrition products that are medically necessary, similar to a policy adopted by Utah and Washington.
Reduce Rate for Certain Diabetes Supplies	(397,735)	(842,727)	Under this proposal, the Department will reduce its payment for blood glucose/reagent strips from \$31.80 per box of 50 strips to approximately \$18.00.
Reduce Payments for Uncomplicated Cesarean Section Deliveries	(3,138,002)	(6,276,004)	Under this proposal, the Department will reduce the amount that it pays facilities for an uncomplicated cesarean section (C-section) delivery to the same amount that the Department pays for complicated vaginal deliveries.
Reduce Payments for Inpatient Renal Dialysis	(1,084,850)	(2,169,701)	Under this proposal, the Department will reduce the amount that it pays for inpatient renal dialysis to better match the actual hospital stay of 1.2 days instead of the 3.2 days currently assumed in the DRG code.
Deny Hospital Readmission Within 48 Hours	(1,168,303)	(2,475,418)	Under this proposal, the Department would no longer make a separate payment to hospitals for clients who are readmitted within 48 hours to the same hospital for a related condition. The current policy is to deny payments for readmission within

Table 5: Summary of Medicaid Program Scope and Duration Reductions and Other Payment Reductions			
Under Consideration or Possible Type of Reductions Available		Comments	
General Fund	Total Funds		
		24 hours.	
Prior Authorize Certain Radiology Services at Outpatient Hospitals	(317,223)	(672,136)	Under this proposal, the Department would require prior authorization for MRIs, CT scans, PET scans, and SPECT scans. Prior authorization would not be required for emergency circumstances.
Reduce Rate for Procedure Codes Paid Above 95% of Medicare Rates	(452,230)	(958,192)	Under this proposal, the Department will set procedure code rates at or below 95 percent of the Medicare rate. This item does not impact any rates that are already below 95 percent of the Medicare rate. This item will primarily affect physician services, injectable drugs, and durable medical equipment.
Cap Consumer Directed Attendant Support Services Wage Rates	(710,346)	(1,420,692)	Under this proposal, the Department would cap the wage rate that a client enrolled in the Consumer Directed Attendant Support Services program is allowed to pay attendants. In three major categories of services (homemaker, personal care, and health maintenance) the Department found that 12 percent to 21 percent of the wages were set at \$20 per hour or higher. The Department's proposed wage caps would be similar to rates paid for the HCBS-EBD waiver but won't be determined until the Department has received stakeholder input.
Reduce FQHC Rates to Remove Unsupported Pharmacy Costs	(448,844)	(951,019)	Under this proposal, the Department would clarify that for FQHCs that do not allow Medicaid clients to use their pharmacies, the pharmacy cost center would be considered a non-allowable cost center and would be removed from their rate calculation.
Enforce Limitations on Acute Home Health Services	(565,777)	(1,131,555)	Under this proposal, the Department would add an edit to the MMIS system to require prior authorization for any clients needing acute home health services after a 60 day limit.
Client Overutilization Program Expansion	(68,300)	(136,600)	Under this proposal, the Department would enroll an additional 200 clients in the Client Overutilization Program (COUP). Under the COUP program, clients are locked in with one primary care physician, pharmacy, or managed care organization when they have been identified as clients who over utilize medical services. Exceptions are made for emergency care circumstances.
Managed Care Impact	(2,003,117)	(4,171,411)	Based on reductions in the fee-for-service

Table 5: Summary of Medicaid Program Scope and Duration Reductions and Other Payment Reductions			
Under Consideration or Possible Type of Reductions Available		Comments	
General Fund	Total Funds		
		program, capitation rates to the Managed Care Organizations are anticipated to be reduced also. However, it was brought to staff's attention that some of the cost savings anticipated, especially in the PACE program, may not occur (i.e. reducing the costs of c-sections shouldn't impact the PACE program because most of the clients are past child bearing age).	
Reduce Mental Health Capitation Program	(2,252,098)	(5,008,837)	The Department also proposes making permanent the 2.0 percent reduction to Mental Health Capitation Payments that is effective January 1, 2011. This issue will be discussed in the Mental Health Briefing on December 10, 2010.
Eliminate Transplants	TBD	TBD	The state paid \$9.1 million for transplants in FY 2009-10.
Eliminate Circumcision	TBD	TBD	The state paid \$373,000 for circumcisions in FY 2009-10.
Eliminate payment for insulin pumps	TBD	TBD	Other states have done this -- staff needs to verify that insulin pumps are currently covered. This is a service that may not create savings in that it helps patients manage their diabetes more effectively.
Institute higher co-pays for some services	TBD	TBD	Staff is investigating this option for figure setting presentation.
Implement a generic first PDL requirement	TBD	TBD	Savings estimate for a generic PDL for behavioral health drugs is approximately \$300 K.
Limit physical therapy or other therapy to 15 visits per contract year	TBD	TBD	This is something that Arizona did in their budget reductions. Would need to verify current limits before a cost estimate could be provided.
Reduce home modification lifetime benefit by 10%	TBD	TBD	The current limitation on a home modification is \$10,000 -- this would limit it to \$9,000.
TOTAL Program Reductions	(\$14,991,697)	(\$31,086,844)	

Children's Basic Health Plan Reductions

Table 5a Summary of CBHP Program Reductions			
Department Request		Comments	
Cash Funds	Total Funds		
Eliminate Reinsurance	(\$453,154)	(\$1,294,727)	Under this proposal, the Department would eliminate purchasing reinsurance for the costs incurred by members in the State's self-funded managed care network. Per the Department's analysis, the Department will be able to manage the risk themselves at a lower cost.
3.0 Percent CBHP Reduction to HMO rates	(1,142,950)	(3,265,571)	Under this proposal, the Department would reduce HMO rates for the CBHP program by 3.0 percent.
Various Other Changes	(1,890,000)	(5,400,000)	This proposal has three components: (1) non-emergency care provided without prior authorization would no longer be reimbursed from providers out-of-network in the State's Managed Care Network (SMCN); (2) begin HMO enrollment the first day of the month following eligibility determination in order to move more children from the SMCN to the HMO plans; and (3) eliminate coverage of inpatient services as a program benefit for prenatal members during the presumptive eligibility period.
Administrative Costs	31	15,184	
Total Impact	(\$3,486,073)	(\$9,945,114)	

Federal Poverty Guidelines (Federal Register, Vol. 76, No. 13, January 20, 2011, pp 3637-3638)

Annual Income										
Persons in Family*	34%	100%	133%	150%	185%	200%	205%	250%	300%	400%
1	3,703	10,890	14,484	16,335	20,147	21,780	22,325	27,225	32,670	43,560
2	5,001	14,710	19,564	22,065	27,214	29,420	30,156	36,775	44,130	58,840
3	6,300	18,530	24,645	27,795	34,281	37,060	37,987	46,325	55,590	74,120
4	7,599	22,350	29,726	33,525	41,348	44,700	45,818	55,875	67,050	89,400
5	8,898	26,170	34,806	39,255	48,415	52,340	53,649	65,425	78,510	104,680
6	10,197	29,990	39,887	44,985	55,482	59,980	61,480	74,975	89,970	119,960
7	11,495	33,810	44,967	50,715	62,549	67,620	69,311	84,525	101,430	135,240
8	12,794	37,630	50,048	56,445	69,616	75,260	77,142	94,075	112,890	150,520
For each additional person, add		3,820								

*Pregnant Women Count As 2 Persons for Program Eligibility

Monthly Income										
Persons in Family*	34%	100%	133%	150%	185%	200%	205%	250%	300%	400%
1	309	908	1,207	1,361	1,679	1,815	1,860	2,269	2,723	3,630
2	417	1,226	1,630	1,839	2,268	2,452	2,513	3,065	3,678	4,903
3	525	1,544	2,054	2,316	2,857	3,088	3,166	3,860	4,633	6,177
4	633	1,863	2,477	2,794	3,446	3,725	3,818	4,656	5,588	7,450
5	741	2,181	2,901	3,271	4,035	4,362	4,471	5,452	6,543	8,723
6	850	2,499	3,324	3,749	4,623	4,998	5,123	6,248	7,498	9,997
7	958	2,818	3,747	4,226	5,212	5,635	5,776	7,044	8,453	11,270
8	1,066	3,136	4,171	4,704	5,801	6,272	6,428	7,840	9,408	12,543
For each additional person, add		3,820								

Enrollment Fee										
Assumes \$20.00 Per Month										
\$240 Annual Enrollment Fee (assumed for every one in family)										
Percent of Income	34%	100%	133%	150%	185%	200%	205%	250%	300%	400%
1	6.48%	2.20%	1.66%	1.47%	1.19%	1.10%	1.08%	0.88%	0.73%	0.55%
2	9.60%	3.26%	2.45%	2.18%	1.76%	1.63%	1.59%	1.31%	1.09%	0.82%
3	11.43%	3.89%	2.92%	2.59%	2.10%	1.94%	1.90%	1.55%	1.30%	0.97%
4	12.63%	4.30%	3.23%	2.86%	2.32%	2.15%	2.10%	1.72%	1.43%	1.07%
5	13.49%	4.59%	3.45%	3.06%	2.48%	2.29%	2.24%	1.83%	1.53%	1.15%
6	14.12%	4.80%	3.61%	3.20%	2.60%	2.40%	2.34%	1.92%	1.60%	1.20%
7	14.61%	4.97%	3.74%	3.31%	2.69%	2.48%	2.42%	1.99%	1.66%	1.24%
8	15.01%	5.10%	3.84%	3.40%	2.76%	2.55%	2.49%	2.04%	1.70%	1.28%

MEMORANDUM

TO: Joint Budget Committee
FROM: Melodie Beck (x 4549), JBC Staff
SUBJECT: Additional Information on Bill Proposals
DATE: March 8, 2011

The following memo contains additional information regarding the legislation proposals in the figure setting packet.

JBC Legislation Recommendation #1:

Transfer \$2.0 million from Supplemental OAP Medical Fund to the General Fund

Appendix E of the Figure Setting Document contains three different options on how to write the bill with the attached statutory language.

JBC Legislation Recommendation #2:

Reduce General Fund Appropriations for the CBHP Program

Staff made a technical error in the calculation of the General Fund costs savings for the bill as presented in the Figure Setting Document. Table 1 below shows staff's corrected calculation.

	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	Total Funds
Figure Setting Document	(\$4,639,039)	(\$3,028,212)	(\$446,100)	(\$742,972)	(\$8,856,323)
Corrected Amount	<u>(3,896,067)</u>	<u>(3,028,212)</u>	<u>(446,100)</u>	<u>(742,972)</u>	<u>(8,113,351)</u>
Difference	\$742,972	\$0	\$0	\$0	\$742,972

There are three components to the proposed legislation. Following are the recommended statutory changes for each component.

1. Eliminate the required allocation that 50 percent of the General Fund appropriation from the Amendment 35 Tobacco Taxes be distributed to the Pediatric Specialty Hospital Fund and place the allocation into the Children's Basic Health Plan Trust.

Section 24-22-117 (B): Beginning in fiscal year 2006-07 and for each fiscal year thereafter, of the moneys specified in sub-subparagraph (A) of this subparagraph (I), fifty percent shall be appropriated for the purposes of providing immunizations performed by county or district public health agencies in areas that were served by county public health nursing services prior to July 1, 2008, and fifty percent shall be appropriated to the pediatric specialty hospital fund, created in paragraph (c) of subsection (2) of this section, for purposes of augmenting hospital reimbursement rates for regional pediatric trauma centers as defined in section 25-3.5-703 (4) (f), C.R.S., under the "Colorado Medical Assistance Act", articles 4, 5, and 6 of title 25.5, C.R.S. CHILDREN'S BASIC HEALTH PLAN TRUST CREATED IN SECTION 25.5-8-105."

A letter note in the CBHP expenditure line items will be added to show the portion of the CBHP expenditures that are General Fund Exempt from the allocation of Amendment 35 Tobacco Tax moneys (from Article X, Section 21, Paragraph (5) (e)) into Trust.

Repeal Section 24-22-117 (2) (e) (I) and (II). [these sections create the Pediatric Specialty Fund]

2. Distribute the portion of Master Tobacco Settlement moneys that go into the Pediatric Specialty Fund into the CBHP Trust Fund.

Section 75-1104.5 (1.5) (a) (V) (B): For the 2010-11 fiscal year ~~and each fiscal year thereafter~~, the children's basic health plan trust created in section 25.5-8-105, C.R.S., shall receive thirteen and one-half percent of the settlement moneys, which the state treasurer shall transfer thereto.

(C) FOR THE 2011-12 FISCAL YEAR AND EACH FISCAL YEAR THEREAFTER, THE CHILDREN'S BASIC HEALTH PLAN TRUST CREATED IN SECTION 25.5-8-105, C.R.S., SHALL RECEIVE FOURTEEN AND ONE-HALF PERCENT OF THE SETTLEMENT MONEYS, WHICH THE STATE TREASURER SHALL TRANSFER THERETO."

Repeal Section 24-75-1104.5 (1.5) (a) (X) (A) and (B). [these sections direct Tier II tobacco settlement moneys to the Pediatric Specialty Hospital Fund].

3. Eliminate the distribution of Master Tobacco Settlement moneys into the Comprehensive Primary Care Fund and transfer those moneys into the CBHP Trust Fund.

Repeal Section 24-75-1104.5 (1) (b) to eliminate the requirement that 3.0 percent of the Tier I tobacco settlement moneys go to the comprehensive preventive care grant program.

Section 24-75-1104.5 (1) (c): The children's basic health plan trust created in section 25.5-8-105, C.R.S., shall receive ~~twenty-four~~ TWENTY-SEVEN percent of the total amount of settlement moneys annually received by the state, not to exceed ~~thirty million dollars~~ THIRTY-THREE MILLION DOLLARS in any fiscal year, as provided in said section"

**JBC Legislation Recommendation #3:
Amendment 35 moneys to offset General Fund expenditures**

Staff's proposed bill language will be similar to the statutory changes contained in HB 09-271, HB 10-1320, HB 10-1381 that authorized the use of Amendment 35 Tobacco Taxes to offset General Fund Expenditures. A paragraph similar to the one below would be added to each fund transferred.

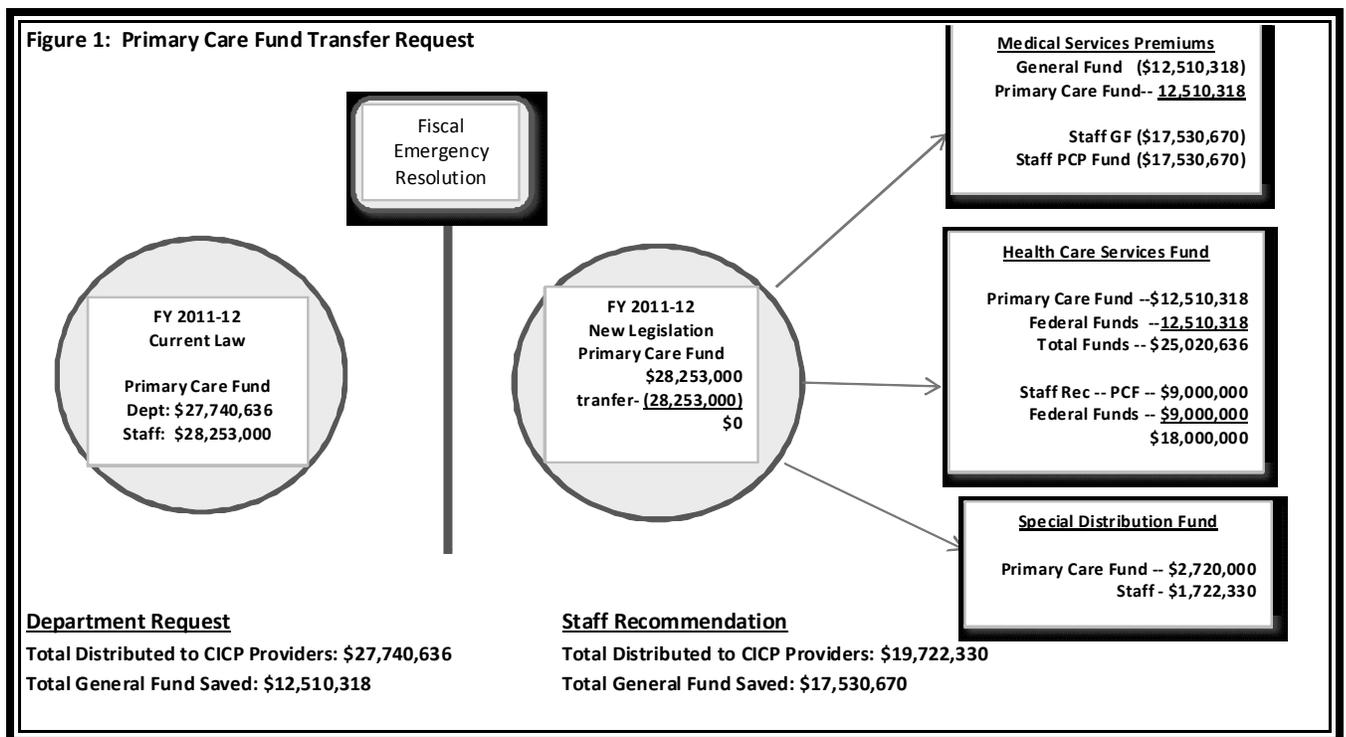
(Appropriate Section in 24-22-117): NOTWITHSTANDING ANY PROVISION OF SUBPARAGRAPH (I) OF THIS PARAGRAPH (f) TO THE CONTRARY, AND PURSUANT TO THE DECLARATION OF A STATE FISCAL EMERGENCY AS DESCRIBED IN PARAGRAPH (b) OF SUBSECTION (6) OF THIS SECTION, FOR THE 2011-12 FISCAL YEAR, THE MONEYS IN THE [CHOOSE THE APPROPRIATE

FUND NAME HERE] MAY BE APPROPRIATED FOR ANY HEALTH-RELATED PURPOSE AND TO SERVE POPULATIONS ENROLLED IN THE CHILDREN'S BASIC HEALTH PLAN AND THE COLORADO MEDICAL ASSISTANCE PROGRAM AT THE PROGRAMS' RESPECTIVE LEVELS OF ENROLLMENT AS OF JANUARY 1, 2005.

Please note that the above language does not contain a specific amount. This will allow the Committee to change the amounts (up or down) if needed. The option of changing the amount will be limited this year by the amount of funds available (i.e. this is the 3rd year doing this and most of the fund balances have been depleted).

**JBC Legislation Recommendation #4:
 Indigent Care Reduction**

The proposed bill will be similar to HB 10-1378 from last year. The picture below describes the bill proposed by staff (a similar picture is in the Figure Setting Document).



The option for the Committee to decide is if the Committee want to draft higher savings (and thus, lower distribution to the Clinics) than what staff has proposed.

**JBC Legislation Recommendation #5:
Hospital Provider Fee**

The proposed bill would modify the purposes of the Hospital Provider Fee so that \$50.0 million could be used to offset General Fund expenditures in FY 2011-12 and that \$25.0 million could be used in FY 2012-13. A new purpose for the Hospital Provider Fee would need to be added to the current statute. Staff has the following options for discussion purposes.

1. Do the Executive Branches proposal of \$50.0 million in FY 2011-12 and \$25.0 million in FY 2012-13. The Committee could do more than \$50.0 million but it would reduce other reimbursements from the fund. As reported in the media, the Hospital Association and the Governor's office have reached agreement on the \$50.0 million transfer in FY 2011-12 and it is staff's understanding that agreement was also reached on the \$25.0 million in FY 2012-13.

Section 25.5-5-402.3 (4) (b) (IX): For state medicaid expenditures up to {if you want to cap it here} for {if you want to limit the time period here}.

2. Staff's preferred proposal would have been to use the Hospital Provider Fee to backfill the "majority" of deficit in the Health Care Expansion Fund. In the March 2009 Figure Setting, staff recommended backfilling the HCE Fund deficit (which was projected then and is a reality now) with the hospital provider fee before other expansions were added. Staff brings this up for a policy discussion only -- i.e. not having a permanent solution for the Health Care Expansion Fund backfill means that other reductions are being made in the Medicaid program (such as additional provider rate reductions) or cuts to K-12 education have to be higher. Staff understands that her proposal would have shifted the funding amongst the hospitals -- however, not doing so shifts the "winners" and "losers" in the state budget (i.e. higher cuts to education).

Staff still believes that the Committee should be talking to the Governor's Office about this issue for the following reasons:

- (A) Should the \$50 million / \$25 million transfer be a temporary solution?
- (B) If federal health care reform is eventually enacted (after all of the Court challenges) many of the expansion population in HB 09-1293 will be 100% federally funded until 2017. However, the Health Care Expansion Fund deficit will continue to grow and need General Fund support. When the bill to do the \$50.0 million drafted -- should it include some foresight for this event?
- (C) If Health Care Reform is not enacted and the President's proposal to cap provider fees is enacted, will the Hospital Provider Fee program be sustainable?

**JBC Legislation Recommendation #6:
Nursing Facility Bill**

The language that staff is proposing is similar to statutory change in HB 10-1379 from last year.

25.5-6-202. (9) (b) (III): NOTWITHSTANDING ANY OTHER PROVISION OF LAW, COMMENCING JULY 1, 2011, THROUGH JUNE 30, 2012, THE GENERAL FUND PORTION OF THE PER DIEM RATE PURSUANT TO SUBSECTIONS (1) TO (4) OF THIS SECTION SHALL BE REDUCED BY ONE AND ONE-HALF PERCENT.

A budget balancing option for the Committee would be to increase the per diem rate reduction to 2.5 percent -- the exact amount that was in HB 10-1379 from last year.

MEMORANDUM

TO: Joint Budget Committee

FROM: Melodie Beck, JBC Analyst

SUBJECT: HCPF Figure Setting Comebacks -- Footnote and Request for Informations

DATE: March 17, 2011

Attached is the staff's recommendation for footnotes and request for information.

**FY 2011-12 Joint Budget Committee Staff Figure Setting
Department of Health Care Policy and Financing**

Long Bill Footnotes

Staff recommends the addition of the following footnotes to the FY 2011-12 Long Bill:

- x **Department of Health Care Policy and Financing, Medical Services Premiums** -- This appropriation assumes caseloads and costs estimates as follows:

Aid Category	Caseload	Estimated Cost	Average Cost-Per-Client
Adults 65 Years of Age and Older	39,556	\$899,476,908	\$22,739.33
Disabled Adults 60 to 64 Years of Age	8,098	146,428,600	\$18,082.07
Disabled Individuals up to 59 Years of Age	57,841	957,773,252	\$16,558.73
Medicaid Buy-In for Disabled Adults	4,329	71,682,723	\$16,558.73
Categorically Eligible Low-Income Adults	64,432	298,737,941	\$4,636.48
Pregnant Adults up to 133 Percent of Federal Poverty Levels	7,657	87,987,160	\$11,491.07
Expansion Adults up to 60 Percent of Federal Poverty Level	23,628	51,129,239	\$2,163.93
Expansion Adults between 61 Percent to 100 Percent of Federal Poverty Level	34,050	73,681,673	\$2,163.93
Adults without Dependent Children up to 100 percent of Federal Poverty Level	16,400	35,488,383	\$2,163.93
Breast and Cervical Cancer Treatment and Prevention Program Adults	595	13,206,877	\$22,196.43
Eligible Children	316,392	663,263,818	\$2,096.34
Foster Care Children	18,878	93,138,749	\$4,933.72
Qualified Medicare Beneficiaries and Special Low-Income	18,210	27,279,702	\$1,498.06

Aid Category	Caseload	Estimated Cost	Average Cost-Per-Client
Medicare Beneficiaries			
Non-Citizens qualifying for emergency services	<u>3,082</u>	<u>72,164,691</u>	<u>\$23,414.89</u>
Totals	613,148	\$3,491,439,716	\$5,694.29

Comment: This footnote would replace footnote eight from the FY 2010-11 Long Bill and would be added to avoid dividing the Medical Services Premium line item into separate appropriation line items. The Medical Services Premium line item is currently controlled and financed at the bottom line (the break-out by aid category in past years was for informational purposes only). This table is calculated for caseloads and funding in the Long Bill. Therefore, this table will not match similar information provided in the Long Bill Narrative or Appropriations Report which includes all appropriations for all law changes.

- x **Department of Health Care Policy and Financing, Medical Services Premiums** -- The appropriation assumes that rates for medical services will be reduced by 0.75 percent and community long-term care rates will be reduced by 0.50 percent in FY 2011-12.

Comment: This footnote expresses the legislative intent regarding rate reductions in the calculations.

Staff recommends that the following footnotes be continued as modified below (some of these footnotes were modified in SB 11-139):

- 9 **Department of Health Care Policy and Financing, Indigent Care Program, Children's Basic Health Plan Medical and Dental Costs** -- This appropriation assumes the following: (1) A total children's caseload of 75,811 at an average medical per capita cost of \$2,288.21 per year; and (2) a total adult prenatal caseload of 2,391 at an average medical per capita cost of \$14,711.52 per year.
- 10 **Department of Health Care Policy and Financing, Indigent Care Program, Children's Basic Health Plan Medical and Dental Costs** -- This appropriation assumes an average cost of \$171.04 per child per year for the dental benefit.
- 11 **Department of Health Care Policy and Financing, Department of Human Services - Medicaid-Funded Programs, Executive Director's Office - Medicaid Funding** -- The appropriation in this Health Care Policy and Financing line item corresponds to the Medicaid funding in the Department of Human Services, Executive Director's Office, General Administration. As such, the appropriation contains amounts that correspond to centralized appropriation amounts in the Department of Human Services. Consistent with the head notes

to the Long Bill, the Department of Human Services is authorized to transfer the centralized appropriations to other line item appropriations to the Department of Human Services. In order to aid budget reconciliation between the Department of Health Care Policy and Financing and the Department of Human Services, the Department of Health Care Policy and Financing is hereby authorized to make line item transfers out of this appropriation to other Department of Human Services Medicaid-funded programs appropriation in this section (5) in amounts equal to the centralized appropriation transfers made by the Department of Human Services for Medicaid-funded programs in the Department of Human Services.

Staff recommends that the following footnotes be eliminated from the Long Bill.

- 8 **Department of Health Care Policy and Financing, Medical Services Premiums** -- It is the intent of the General Assembly that expenditures for these services should be recorded only against the bill group total for Medical Services Premiums.

Comment: Staff recommends that the Medical Services Premiums line item be written as one line item and that a footnote be added to show the estimated caseload and expenditures by aid category. This will eliminate the need to instruct the Controller to control the appropriation at the bill group total only.

- 8a **Department of Health Care Policy and Financing, Medical Services Premiums** -- The appropriation assumes savings of \$1,057,450 total funds from expanding the number of drugs included in the State Maximum Allowable Costs (SMAC) pricing methodology. It is the intent of the General Assembly that the Department only include the number of drugs in the SMAC pricing necessary to achieve the savings included in the Long Bill calculations.

Comment: This is a specific footnote from FY 2010-11 and does not reflect intent in the FY 2011-12 Long Bill.

Requests for Information

Staff recommends the following new Requests for Information be added:

- x **Department of Health Care Policy and Financing, Executive Director's Office, Information Technology Contracts and Projects, Centralized Eligibility Vendor Contract Project** -- The Department of Health Care Policy and Financing is requested to submit a report by November 1, 2011, to the Joint Budget Committee providing information on the current contract expenditures and the strategic plan for the centralized eligibility vendor contract project. In the report, the Department is requested to provide the following information:
- (a) a three-year expenditure plan for the contract for FY 2012-13, FY 2013-14, and FY 2014-15;

- (b) information comparing the cost effectiveness of this contract when compared to eligibility performed by the counties;
- (c) information regarding the number of clients who have eligibility performed by the centralized eligibility vendor but may also be eligible for other state assistance programs with eligibility determined by the counties;
- (d) information comparing the ability of the contractor to meet federal guidelines for determining eligibility compared to eligibility performed by the counties; and
- (e) information about the amount of oversight the Governor's Office of Information Technology provides on the contract.

x **Department of Health Care Policy and Financing, Medical Services Premiums** -- The Department is requested to submit a report by November 1, 2011 to the Joint Budget Committee regarding the Department's efforts to ensure that pharmaceuticals are purchased at the lowest possible price. In the report, the Department is requested to provide cost and savings estimates that may occur on a quarterly basis if the Department did the following:

- (a) tracked changes in the price of pharmaceuticals;
- (b) checked the availability and price of generic drugs and compared those prices to the cost of brand drugs after rebate;
- (c) reviewed and updated the state's maximum allowable cost list; and
- (d) compared pharmaceutical costs of the state Medicaid program to available pharmacy price lists.

x **Department of Health Care Policy and Financing, Medical Services Premiums** -- The Department is requested to submit a report by November 1, 2011, to the Joint Budget Committee providing information on the costs and savings of increasing co-payments in the Medicaid program to the maximum amount allowed under federal law.

x **Department of Health Care Policy and Financing, Medical Services Premiums** -- The Department is requested to submit a report by November 1, 2011, to the Joint Budget Committee providing information on the implementation of the Accountable Care Collaborative Organization project. In the report, the Department is requested to inform the Committee on how many Medicaid clients are enrolled in the pilot program, the current administrative fees and costs for the program, and any initial results that demonstrate savings for the pilot program. If data is not available to determine saving results, the Department shall note when such data is anticipated to be available.

x **Department of Health Care Policy and Financing, Indigent Care Program, Children's Basic Health Plan Medical and Dental Costs** -- The Department is requested to submit a report by November 1, 2011, to the Joint Budget Committee providing information on the costs and savings of increasing co-payments in the Children's Basic Health Plan program to the maximum amount allowed under federal law.

- x **Department of Health Care Policy and Financing, Indigent Care Program, Children's Basic Health Plan Medical and Dental Costs** -- The Department is requested to submit a report by November 1, 2011, to the Joint Budget Committee providing information on the costs and savings of increasing the monthly premium charged to clients in the Children's Basic Health Plan program for any children and pregnant women enrolled in the program with incomes over 205 percent of the federal poverty level. In the report, the Department is requested to provide information about the monthly premiums charged by other states in their Children's Health Insurance Programs and what similar premium charges would save in the Colorado program. In the report, the Department is also requested to provide information regarding the barriers to health care that monthly premiums cause at this income level.

Staff recommends the following Requests for Information be continued as modified below (only dates and fiscal years have been modified from the FY 2010-11 request):

- 13 **Department of Health Care Policy and Financing, Executive Director's Office** -- The Department is requested to submit monthly Medicaid expenditure and caseload reports on the Medical Services Premiums and mental health capitation line items to the Joint Budget Committee, by the fifteenth or first business day following the fifteenth of each month. The Department is requested to include in the report the managed care organization caseload by aid category. The Department is also requested to provide caseload and expenditure data for the Children's Basic Health Plan, the Medicare Modernization Act State Contribution Payment, and the Old Age Pension State Medical Program within the monthly report.
- 14 **Department of Health Care Policy and Financing, Medical Services Premiums** -- The Department is requested to submit a report on the managed care organizations' capitation rates for each population and the estimated blended rate for each aid category in effect for FY 2011-12 to the Joint Budget Committee by September 1, 2011. The Department is requested to include in the report a copy of each managed care organization's certification that the reimbursement rates are sufficient to assure the financial stability of the managed care organization with respect to delivery of services to the Medicaid recipients covered in their contract pursuant to Section 25.5-5-404 (1) (1), C.R.S.
- 17 **Department of Health Care Policy and Financing, Indigent Care Program, Safety Net Provider Payments** -- The Department is requested to submit a report by February 1, 2012, to the Joint Budget Committee, estimating the disbursement to each hospital from the Safety Net Provider Payment line item for FY 2011-12.
- 18 **Department of Health Care Policy and Financing, Services for Old Age Pension State Medical Program Clients** -- The Department is requested to inform the Joint Budget Committee of any planned reimbursement increases for the program prior to presentation to the Medical Services Board.

- 19 Department of Health Care Policy and Financing, Other Medical Services, Public School Health Services** -- The Department is requested to submit a report by November 1 of each year to the Joint Budget Committee on the services that receive reimbursement from the federal government under the S.B. 97-101 public school health services program. The report is requested to include information on the type of services, how those services meet the definition of medical necessity, and the total amount of federal dollars that was distributed to each school under the program. The report should also include information on how many children were served by the program.

MEMORANDUM

TO: Joint Budget Committee

FROM: Melodie Beck, JBC Analyst

SUBJECT: HCPF Figure Setting Comebacks --Clarification on Committee Votes and Questions

DATE: March 17, 2011

Staff asks the Committee to clarify the following actions.

1. CBMS Compliance with Low Income Subsidy and Disability Determination Service -- The staff figure setting document contained a recommendation for CBMS funding for two issues:
 - (1) CBMS interface to identify Medicare clients that may be eligible for premium assistance under the Medicare Part D program; and
 - (2) CBMS interface to better identify clients with a disability determination under Social Security Administration.

This recommendation was at the end of the Department's Executive Director's Office write of the figure setting document (page 177-178 -- attached). The Committee moved the last three subdivisions of the EDO in one motion. However, because CBMS is not in any of these division, this recommendation was not moved or voted on.

2. The Committee moved the Department's request for the Centralized Eligibility Vendor Contract and for County Administration. However, staff believes the Committee's intent was only for the amount of funding and not fund sources. The staff recommendation is to eliminate the Health Care Expansion Fund appropriation from all line items except for one required by a statutory provision. This was not part of the Executive's request. Could the Committee clarify the motion to provide for the Executive's request with staff's estimated fund sources.

Questions Asked by the Committee During Figure Setting

1. Representative Gerou asked a question regarding how different reductions impacted different populations. In the Figure Setting appendixes there was a chart that breaks out staff's estimate of how the different benefit and rate reductions are spread across aid categories.

Staff has reattached this appendix (modified to the Committee's figure setting action) to this memo.

2. Representative Ferrandino asked a question regarding how Medicaid reimbursement rates compare with other states. Staff was not able to find a current comparison. However, the American Academy of Pediatrics published a reimbursement survey from FY 2007-08 (the year prior to the economic downturn) that compares reimbursement rates for all states. Staff has attached a sample of a few procedure codes comparing Colorado's pre-recession rates compared to other neighboring states. The complete survey can be found at www.aap.org/research/medreimpdf07-08.
3. Representative Lambert asked staff for more specific information regarding Medicaid and CBHP co-pays.

Enrollment premiums could be changed for CBHP populations above 205 percent FPL (the ACA MOE would prohibit charging higher enrollment premiums for the populations in place before ACA was passed according to directions received by CMS). Staff asked the Department to cost out what a \$20/month/child premium would bring in revenue. The Department estimated \$2,968,584. However, this is before any system changes and administrative costs. The Department has not yet responded to staff's request for information regarding the cost for the system changes or for administrative costs. Furthermore, staff would modify her original request to a \$20/month/child with a family cap of \$50/month (this is very similar to what the state of Oregon charges their CHIP families above 200% FPL). This would further reduce any cost savings. Staff estimates that after full implementation in FY 2012-13 the cost savings from implementing higher premiums would be between \$1.5 to \$1.8 million.

The following information was provided by the Department in regards to this request.

"The Department used to collect enrollment fees on a monthly basis [this was for children in families with incomes between 150% to 185%] but discontinued doing so due to the high administrative costs it imposed. These were in part due to the increased financial burden on families with children in CHP+.... Additionally, the State Controller's Office had outstanding payables on the books every month for unpaid fees. Currently, children in families that do not remit the annual fee are put in a "pending" status in CBMS and the Eligibility and Enrollment vendor is then required to actively pursue the missing fees in order to reinstate the children's eligibility. This problem would only be exacerbated by moving to a monthly fee and increasing the amount. In addition, the Department does not believe that the

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imposition of a monthly enrollment fee is a viable option with 12-month guaranteed eligibility provided per 25.5-8-109 (4), C.R.S. (2010) as the Department would not be able to suspend eligibility for non-payment of the monthly enrolment fee. For these reasons, the Department strongly opposes the implementation of a monthly enrollment fee for children in CHP+.

Increasing co-payments in the CBHP program would at the most save the state \$543,621. Staff originally asked the Department would the impact would be for doubling the current co-pays. The Department's response was \$1.5 million (\$543,621 state funds). However, some co-pays could not be doubled because they would be at the federal maximum amount allowed. Therefore, increasing copays would save less than the \$543,621 costed out by the Department.

The Department has not yet provided staff with information regarding increasing co-pays in the Medicaid program up to the maximum amount allowed. The Department had legal and system questions that needed to be worked through before they could provide information. Therefore, staff has included footnote requests regarding co-pays and premium charges to be included in the Long Bill. Staff would note one other issue with co-pays (particularly in the Medicaid program) -- many times the providers are unable to collect the co-pays from the client. Therefore, co-pays generally reduce reimbursement for providers.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2011-12 FIGURE SETTING**

JBC WORKING DOCUMENT -- DECISIONS SUBJECT TO CHANGE
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE ACTION

Additional Decision Item Impacting the CBMS Line Item (Not Shown In Number Pages)

CBMS Compliance with Low Income Subsidy and Disability Determination Services: The Department requests and staff recommends an increase of \$214,920 total funds (\$107,460 General Fund) for CBMS changes that are necessary to come into compliance with federal rules and guidelines. Specifically, the funding will go to address the following issues:

- (1) Develop an interface that helps to identify Medicare clients who are eligible for premium subsidies under the Medicare Part D prescription drug benefit. These system changes are necessary to help the State meet the federal application processing time limits for determining eligibility for these programs.
- (2) Develop an interface that would allow CBMS to match Social Security number data related to Supplemental Security Income (SSI) in order to assist the vendor that performs disability determinations for the elderly, blind, and disabled clients. This issue will allow the State to more easily identify those clients who are already SSI eligible with the Social Security Administration. A client who is already eligible for SSI is automatically eligible for Medicaid, so the Medicaid application can be processed immediately.

Currently, the State is missing the application determination deadlines for determining Medicaid eligibility for disabled clients in about 30 percent of the cases. If the Department can verify that the client has already been qualified through the SSA, the Department could conclude the disability determination had already been done and would therefore not need to request a second disability determination for Medicaid purposes. This could speed up some applications by six weeks and thus, help bring the State into compliance with federal law.

The following tables show line items impacted by this decision item. Please note that these line item are not part of staff's regular budget assignment and therefore are not shown in the number pages.

Table 1: HCPF Budget Line Item			
Line Item	General Fund	Federal Funds	Total Funds
DHS-Funded Programs, Office of Information Technology Services - Medicaid Funding, Colorado Benefits Management System	\$107,460	\$107,460	\$214,920

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2011-12 FIGURE SETTING
 JBC WORKING DOCUMENT -- DECISIONS SUBJECT TO CHANGE
 STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE ACTION

Table 2: DHS Budget Line Item	
Line Item	Reappropriated Funds
Office of Information Technology Services - Medicaid Funding, Colorado Benefits Management System	\$214,920

Table 3: Governor's Office of Information Technology	
Line Item	Reappropriated Funds
Statewide Information Technology Services, Colorado Benefits Management System	\$214,920

Joint Budget Committee - Staff Document
FY 2011-12 JBC Figure Setting -- FY 2011-12 JBC Action By Service Area And Aid Category

FY 2011-12 Budget Request	Adults 65 and Older	Disabled Adults 60 to 64	Disabled Individuals to 59	Categorically Eligible Low-Income Adults	Expansion Adults	Breast & Cervical Cancer Program	Eligible Children	Foster Care	Pregnant-Adults	Non-Citizens	Partial Dual Eligibles	TOTAL
<i>FY 2010-11 Revised Caseload</i>												
<i>JBC February Estimate</i>												
Traditional Medicaid	38,377	7,610	54,485	52,232	0	384	268,938	17,094	7,867	3,098	16,755	466,838
Legal Immigrants	565	96	771	1,090	0	0	2,854	193	0	0	339	5,908
Amendment 35 Expansion	0	0	777	7,559	20,095	140	28,833	1,215	0	0	0	58,620
HB 1293 Expansion	0	0	0	0	26,941	0	0	0	0	0	0	26,941
HB 1293 Childless Adults	0	0	0	0	0	0	0	0	0	0	0	0
Total Staff FY 2010-11 Recommendation	38,942	7,706	56,032	60,881	47,036	524	300,625	18,502	7,867	3,098	17,094	558,307
<i>FY 2011-12 Caseload Forecast</i>												
<i>JBC February Estimate</i>												
Traditional Medicaid	38,991	8,002	56,294	55,890	0	455	277,626	17,058	7,657	3,082	17,871	482,924
Legal Immigrants	565	96	771	1,090	0	0	2,854	193	0	0	339	5,908
Amendment 35 Expansion	0	0	777	7,451	23,628	140	28,412	1,248	0	0	0	61,656
HB 1293 Expansion	0	0	4,329	0	34,050	0	7,500	380	0	0	0	46,259
HB 1293 Childless Adults	0	0	0	0	16,400	0	0	0	0	0	0	16,400
Total FY 2010 - 11 Staff Estimate	39,556	8,098	62,170	64,432	74,078	595	316,392	18,878	7,657	3,082	18,210	613,147
Increase To Traditional & Tob Tax	614	392	1,809	3,551	3,533	71	8,267	(3)	(210)	(16)	1,117	19,122
Increase To HB 09-1293	0	0	4,329	0	23,510	0	7,500	380	0	0	0	35,719
<i>FY 2010-11 Total JBC Recommendation</i>												
Acute Care	100,768,747	57,772,325	518,486,688	221,102,160	88,355,614	9,871,678	486,854,271	63,670,761	70,907,462	49,726,910	3,582,631	1,671,099,247
Community Long Term Care	149,985,415	22,263,075	132,884,248	209,485	33,455	0	887,310	7,065,836	0	1,290	212,673	313,542,788
Class I Nursing Facility	452,764,218	33,357,264	85,071,631	6,088	0	0	0	0	0	0	72,212	571,271,413
Class II Nursing Facility	0	449,690	1,972,309	0	0	0	0	0	0	0	0	2,421,999
PACE	68,407,717	5,508,150	2,590,883	0	0	0	0	0	0	0	0	76,506,750
Insurance	62,167,413	3,658,942	33,638,951	239,886	0	0	12,286	228	0	0	19,246,872	118,964,577
Administrative	12,208,228	2,335,580	12,430,327	1,058,554	386,024	0	4,380,882	387,734	157,345	59,922	7,145	33,411,741
Supplemental Payments	<u>37,654,981</u>	<u>16,796,904</u>	<u>145,876,733</u>	<u>69,915,574</u>	<u>14,237,219</u>	<u>2,767,560</u>	<u>143,234,210</u>	<u>18,077,704</u>	<u>17,916,939</u>	<u>15,991,090</u>	<u>1,214,120</u>	483,683,032
Total Costs FY 2010-11 Costs	883,956,719	142,141,930	932,951,769	292,531,747	103,012,312	12,639,238	635,368,957	89,202,263	88,981,746	65,779,213	24,335,653	3,270,901,548
FY 2009-10 Payment Rollovers	18,980,234	3,052,058	20,032,251	6,281,214	2,211,871	271,389	13,642,582	1,915,342	1,910,608	1,412,405	522,533	70,232,486
Total Forecasted Costs for FY 2010-11	902,936,953	145,193,988	952,984,021	298,812,960	105,224,183	12,910,627	649,011,539	91,117,606	90,892,353	67,191,617	24,858,186	3,341,134,034
<i>FY 2010-11 OVERALL PER CAPITA COST</i>												
Acute Care	\$2,587.65	\$7,496.72	\$9,253.35	\$3,631.70	\$1,878.48	\$18,854.93	\$1,619.47	\$3,441.34	\$9,013.70	\$16,051.78	\$209.59	\$2,993.16
Community Long Term Care	\$3,851.49	\$2,888.93	\$2,371.56	\$3.44	\$0.71	\$0.00	\$2.95	\$381.90	\$0.00	\$0.42	\$12.44	\$561.60
Institutional Long Term Care	\$13,383.22	\$5,101.65	\$1,599.70	\$0.10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4.22	\$1,164.59
Insurance	\$1,596.40	\$474.80	\$600.35	\$3.94	\$0.00	\$0.00	\$0.04	\$0.01	\$0.00	\$0.00	\$1,125.95	\$213.08
Administrative	\$313.50	\$303.07	\$221.84	\$17.39	\$8.21	\$0.00	\$14.57	\$20.96	\$20.00	\$19.34	\$0.42	\$59.84
Supplemental Payments	<u>\$966.95</u>	<u>\$2,179.62</u>	<u>\$2,603.44</u>	<u>\$1,148.39</u>	<u>\$302.69</u>	<u>\$5,286.05</u>	<u>\$476.45</u>	<u>\$977.08</u>	<u>\$2,277.59</u>	<u>\$5,161.90</u>	<u>\$71.03</u>	<u>\$866.34</u>
Total Costs	\$22,699.20	\$18,444.78	\$16,650.25	\$4,804.96	\$2,190.09	\$24,140.98	\$2,113.49	\$4,821.29	\$11,311.28	\$21,233.44	\$1,423.64	\$5,858.61

Joint Budget Committee - Staff Document
FY 2011-12 JBC Figure Setting -- FY 2011-12 JBC Action By Service Area And Aid Category

FY 2011-12 Budget Request	Adults 65 and Older	Disabled Adults 60 to 64	Disabled Individuals to 59	Categorically Eligible Low-Income Adults	Expansion Adults	Breast & Cervical Cancer Program	Eligible Children	Foster Care	Pregnant-Adults	Non-Citizens	Partial Dual Eligibles	TOTAL
FY 2011-12 JBC BASE REQUEST												
Acute Care	103,802,485	59,565,350	583,192,465	225,544,923	147,608,347	10,336,048	507,605,464	65,264,615	70,099,247	56,614,861	3,791,769	1,833,425,574
Community Long Term Care	156,429,634	24,151,515	157,102,980	327,372	55,418	0	1,020,675	7,942,777	0	1,316	222,977	347,254,664
Class I Nursing Facility	410,865,907	30,270,418	77,199,195	5,525	0	0	0	0	0	0	65,530	518,406,575
Class II Nursing Facility	0	467,678	2,051,201	0	0	0	0	0	0	0	0	2,518,879
PACE	76,454,591	6,039,806	2,854,906	0	0	0	0	0	0	0	0	85,349,303
Insurance Base	67,762,614	4,124,673	40,276,780	324,497	0	0	130,798	210	19,090	0	22,002,915	134,641,576
Administrative	12,692,528	2,769,261	16,168,546	4,095,763	1,844,230	2,856	8,743,960	1,338,357	548,269	61,001	7,793	48,272,565
Supplemental Payments	75,566,150	20,709,234	165,561,841	76,104,599	15,487,055	3,013,772	155,800,587	19,635,668	19,499,701	17,386,354	1,246,313	570,011,273
Total JBC Base Request	903,573,910	148,097,935	1,044,407,915	306,402,679	164,995,050	13,352,676	673,301,484	94,181,627	90,166,306	74,063,532	27,337,296	3,539,880,409
FY 2011-12 BASE PER CAPITA COST												
Acute Care	\$2,624.20	\$7,355.54	\$9,380.57	\$3,500.53	\$1,992.60	\$17,381.80	\$1,604.36	\$3,457.12	\$9,155.52	\$18,372.27	\$208.22	\$2,990.19
Community Long Term Care	\$3,954.66	\$2,982.40	\$2,526.98	\$5.08	\$0.75	\$0.00	\$420.74	\$0.00	\$0.00	\$0.43	\$12.24	\$566.35
Institutional Long Term Care	\$12,319.82	\$4,541.59	\$1,320.65	\$0.09	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3.60	\$988.79
Insurance	\$1,713.09	\$509.34	\$647.85	\$5.04	\$0.00	\$0.00	\$0.41	\$0.01	\$2.49	\$0.00	\$1,208.26	\$219.59
Administrative	\$320.88	\$341.97	\$260.07	\$63.57	\$24.90	\$4.80	\$27.64	\$70.89	\$71.61	\$19.80	\$0.43	\$78.73
Supplemental Payments	\$1,910.37	\$2,557.32	\$2,663.04	\$1,181.17	\$209.06	\$5,068.16	\$492.43	\$1,040.12	\$2,546.81	\$5,642.10	\$68.44	\$929.65
Total Costs	\$22,843.01	\$18,288.16	\$16,799.16	\$4,755.46	\$2,227.31	\$22,454.76	\$2,128.06	\$4,988.87	\$11,776.43	\$24,034.60	\$1,501.18	\$5,773.30
ANALYSIS OF WHAT IS DRIVING THE BASE COSTS												
Caseload Growth	614	392	6,138	3,551	27,042	71	15,767	377	(210)	(16)	1,117	54,840
Per Capita Change (Service Categories Only)	(\$799.61)	(\$534.32)	\$89.31	(\$82.27)	\$130.85	(\$1,468.33)	(\$1.40)	\$104.55	\$195.92	\$2,320.96	\$80.13	(\$148.62)
Cost Associated with Caseload Growth	13,335,091	6,370,581	86,218,558	12,982,720	51,039,764	1,340,364	25,810,492	1,447,695	(1,898,260)	(263,068)	1,510,285	197,894,223
Cost Associated with Per Capita Change	(31,138,424)	(4,117,630)	5,004,294	(5,008,711)	6,154,633	(768,757)	(422,200)	1,934,332	1,541,227	7,190,114	1,369,696	(18,261,426)
Compounding Change	(490,645)	(209,276)	548,185	(292,102)	3,538,504	(104,381)	(22,143)	39,372	(41,169)	(37,991)	89,468	3,017,823
Total Service Change	(18,293,979)	2,043,675	91,771,037	7,681,907	60,732,901	467,226	25,366,149	3,421,399	(398,201)	6,889,055	2,969,450	182,650,620
Change for Supplemental Payments	<u>37,911,169</u>	<u>3,912,330</u>	<u>19,685,108</u>	<u>6,189,026</u>	<u>1,249,836</u>	<u>246,212</u>	<u>12,566,377</u>	<u>1,557,964</u>	<u>1,582,762</u>	<u>1,395,264</u>	<u>32,193</u>	<u>86,328,241</u>
Total CHANGE	19,617,190	5,956,005	111,456,145	13,870,933	61,982,738	713,437	37,932,527	4,979,364	1,184,561	8,284,319	3,001,643	268,978,861
Check	19,617,190	5,956,005	111,456,145	13,870,933	61,982,738	713,437	37,932,527	4,979,364	1,184,561	8,284,319	3,001,643	268,978,861
JBC Action FY 2011-12 BUDGET REQUEST WITH ALL DECISION ITEMS												
Acute Care Base	103,802,485	59,565,350	583,192,465	225,544,923	147,608,347	10,336,048	507,605,464	65,264,615	70,099,247	56,614,861	3,791,769	1,833,425,574
NP #8/ NP BA #6: DPH Refinancing	0	0	0	0	0	0	0	0	0	0	0	0
BRI #1: Client Overutilization	(7,734)	(4,438)	(43,451)	(16,804)	(10,998)	(770)	(37,819)	(4,863)	(5,223)	(4,218)	(283)	(136,600)
BRI #2/BA #8, 8a: Delay Medicaid FS	0	0	0	0	0	0	0	0	0	0	0	0
BRI #3/BA #10: ICP Refinancing	0	0	0	0	0	0	0	0	0	0	0	0
BRI #5/BA #9: Medicaid Reductions												
-- 0.75% Provider Rate Reduction	(663,071)	(380,492)	(3,725,323)	(1,440,738)	(942,894)	(66,025)	(3,242,487)	(416,898)	(447,781)	(361,645)	(24,221)	(11,711,574)
-- Estimated ACC Savings	(739,836)	(424,543)	(4,156,614)	(1,607,537)	(1,052,056)	(73,669)	(3,617,880)	(465,163)	(499,622)	(403,514)	(27,025)	(13,067,458)
-- Limit Florida Application Benefit	0	0	0	0	0	0	(33,798)	0	0	0	0	(33,798)
-- Limit Dental Prophylaxis Benefit	0	0	0	(176,657)	0	0	0	0	0	0	0	(176,657)
-- Limit Oral Hygiene Instruction	0	0	0	0	0	0	(4,626,574)	0	0	0	0	(4,626,574)
-- Limit Physical and Occupational	(46,792)	(26,851)	(262,891)	(101,671)	(66,539)	0	0	0	0	0	0	(504,744)
-- Home Health Billing Changes	(253,988)	(145,747)	(1,426,976)	(551,871)	(361,173)	0	0	0	0	0	0	(2,739,755)
-- State Allowable Cost Expansion	(62,895)	(109,853)	(791,510)	(272,583)	(67,264)	(5)	(360,436)	(151,098)	(17,684)	0	(4)	(1,833,333)
-- Restrict Nutrition for >5	0	0	0	0	0	0	0	0	0	0	0	0
-- Reduce Rates for Diabetes Supplies	(56,245)	(31,858)	(287,051)	(128,610)	(26,476)	(5,331)	(277,748)	(35,569)	(39,815)	(28,666)	(1,970)	(919,339)
-- Reduce Payment for Uncomplicated C-Section	0	0	0	(3,089,229)	(2,021,752)	0	0	0	(960,131)	(775,439)	0	(6,846,550)
-- Reduce Payments for Renal Dialysis	(40,099)	(62,974)	(556,258)	(529,471)	(169,157)	0	(839,094)	(75,366)	(77,981)	(16,537)	(8)	(2,366,947)
-- Deny Payment of Hospital Readmissions 48 hrs	(121,456)	(89,243)	(431,946)	(760,177)	(51,400)	0	(659,382)	(47,644)	(235,106)	(304,109)	6	(2,700,456)
-- Prior Authorize Certain Radiology	(11,387)	(17,883)	(157,959)	(150,353)	(48,035)	0	(238,276)	(21,401)	(22,144)	(4,696)	(2)	(672,136)
-- Reduce Rates Paid Above 95% Medicare	0	0	0	0	0	0	0	0	0	0	0	0
-- Reduce FQHC Rates	0	0	0	0	0	0	0	0	0	0	0	0
-- Limit Acute Home Health Services	(188,190)	(51,792)	(874,031)	(3,227)	(736)	0	(29,235)	(85,153)	(388)	0	(1,672)	(1,234,424)
-- HMO Impact to Rates	(153,971)	(156,702)	(1,051,477)	(406,877)	(84,658)	0	(807,174)	(20,776)	(26,045)	0	0	(2,707,680)
BRI #6/BA #7/BA #7a: Delay MCO	0	0	0	0	0	0	0	0	0	0	0	0
Total Acute Care	101,456,821	58,062,975	569,098,746	216,637,350	142,705,209	10,190,249	492,835,560	63,940,683	67,767,327	54,716,037	3,736,590	1,781,147,549

Joint Budget Committee - Staff Document
FY 2011-12 JBC Figure Setting -- FY 2011-12 JBC Action By Service Area And Aid Category

FY 2011-12 Budget Request	Adults 65 and Older	Disabled Adults 60 to 64	Disabled Individuals to 59	Categorically Eligible Low-Income Adults	Expansion Adults	Breast & Cervical Cancer Program	Eligible Children	Foster Care	Pregnant-Adults	Non-Citizens	Partial Dual Eligibles	TOTAL
Community Long Term Care Base	156,429,634	24,151,515	157,102,980	327,372	55,418	0	1,020,675	7,942,777	0	1,316	222,977	347,254,664
BRI #2/BA #8, 8a: Delay Medicaid FS	0	0	0	0	0	0	0	0	0	0	0	0
BRI #5/BA #9: Medicaid Reductions												
-- 0.50 % Rate Reduction	(1,018,448)	(157,240)	(1,022,832)	(2,131)	(361)	0	(6,645)	(51,712)	0	(9)	(1,452)	(2,260,830)
-- Cap CDAS Wage Rates	(698,167)	(107,792)	(701,173)	(1,461)	(247)	0	(4,555)	(35,450)	0	(6)	(995)	(1,549,846)
-- Clients Moved from Nursing Home	86,208	13,310	86,579	180	31	0	562	4,377	0	1	123	191,372
Total Community Long Term Care	154,799,227	23,899,793	155,465,555	323,960	54,840	0	1,010,037	7,859,992	0	1,302	220,653	343,635,360
Long Term Care Base	487,320,498	36,777,902	82,105,303	5,525	0	0	0	0	0	0	65,530	606,274,757
BA #5 Nursing Facility Audits	(19,687)	(1,450)	(3,699)	(0)	0	0	0	0	0	0	(3)	(24,840)
BRI #5/BA #9: Medicaid Reduction												0
-- Clients Moved From Nursing Home	(656,760)	(49,565)	(110,653)	(7)	0	0	0	0	0	0	(88)	(817,075)
-- Class I Nursing Facility Rate Reduction	(6,654,766)	(502,233)	(1,121,216)	(75)	0	0	0	0	0	0	(895)	(8,279,185)
-- PACE Reimbursement Reduction	(471,542)	(35,587)	(79,447)	(5)	0	0	0	0	0	0	(63)	(586,645)
BRI #2/BA #8, 8a: Delay Medicaid FS	0	0	0	(3)	0	0	0	0	0	0	(30)	0
BRI #6/BA #7/BA #7a: Delay MCO	0	0	0	(4)	0	0	0	0	0	0	(43)	0
Total Long Term Care	479,517,742	36,189,066	80,790,287	5,430	0	0	0	0	0	0	64,408	596,567,013
Insurance Base	67,762,614	4,124,673	40,276,780	324,497	0	0	130,798	210	19,090	0	22,002,915	134,641,576
BRI #2/BA #8, 8a: Delay Medicaid FS	0	0	0	0	0	0	0	0	0	0	0	0
Total Insurance	67,762,614	4,124,673	40,276,780	324,497	0	0	130,798	210	19,090	0	22,002,915	134,641,576
Administrative Base	12,692,528	2,769,261	16,168,546	4,095,763	1,844,230	2,856	8,743,960	1,338,357	548,269	61,001	7,793	48,272,565
BRI #5/BA #9: Medicaid Reduction												0
-- Additional ACC	555,517	135,779	893,557	1,246,254	207,961	0	4,742,876	363,839	152,773	0	0	8,298,555
BRI #2/BA #8, 8a: Delay Medicaid FS	0	0	0	0	0	0	0	0	0	0	0	0
Total Administration	13,248,045	2,905,040	17,062,103	5,342,017	2,052,191	2,856	13,486,836	1,702,196	701,042	61,001	7,793	56,571,120
Supplemental Payments	75,566,150	20,709,234	165,561,841	76,104,599	15,487,055	3,013,772	155,800,587	19,635,668	19,499,701	17,386,354	1,246,313	570,011,273
Total BASE FUNDING - Services	828,007,760	127,388,701	878,846,074	230,298,080	149,507,995	10,338,904	517,500,897	74,545,958	70,666,606	56,677,178	26,090,983	2,969,869,136
Total BASE FUNDING - Supplemental Payments	75,566,150	20,709,234	165,561,841	76,104,599	15,487,055	3,013,772	155,800,587	19,635,668	19,499,701	17,386,354	1,246,313	570,011,273
NP #6/ NP BA #6: DPHE Refinancing	0	0	0	0	0	0	0	0	0	0	0	0
BRI #1: Client Overutilization	(7,734)	(4,438)	(43,451)	(16,804)	(10,998)	(770)	(37,819)	(4,863)	(5,223)	(4,218)	(283)	(136,600)
BRI #2/BA #8, 8a: Delay Medicaid FS	0	0	0	0	0	0	0	0	0	0	0	0
BRI #3/BA #10: ICP Refinancing	0	0	0	0	0	0	0	0	0	0	0	0
BRI #5/BA #10: Medicaid Reductions	(11,195,889)	(2,201,266)	(16,105,452)	(7,648,015)	(4,684,757)	(145,029)	(9,999,846)	(1,038,015)	(2,173,924)	(1,894,623)	(58,267)	(57,145,082)
BRI #6/BA #7/BA #7a: Delay MCO	0	0	0	0	0	0	0	0	0	0	0	0
BA #5: Nursing Facility Audits	(19,687)	(1,450)	(3,699)	(0)	0	0	0	0	0	0	(3)	(24,840)
TOTAL FY 2011-12 PREMIUMS	892,350,600	145,890,781	1,028,255,312	298,737,860	160,299,295	13,206,877	663,263,818	93,138,749	87,987,160	72,164,691	27,278,744	3,482,573,887
Amount in Long Bill	899,476,908	146,428,600	1,029,455,975	298,737,941	160,299,295	13,206,877	663,263,818	93,138,749	87,987,160	72,164,691	27,279,702	3,491,439,717
Caseload	39,556	8,098	62,170	64,432	74,078	595	316,392	18,878	7,657	3,082	18,210	613,147
Per Capita Cost	\$22,739.44	\$18,082.02	\$16,558.66	\$4,636.50	\$2,163.92	\$22,209.58	\$2,096.34	\$4,933.63	\$11,491.82	\$23,418.40	\$1,498.02	
Amount in Special Bills	(7,126,308)	(537,820)	(1,200,663)	(81)	0	0	0	0	0	0	(958)	(8,865,830)
Total Amount	892,350,600	145,890,781	1,028,255,312	298,737,860	160,299,295	13,206,877	663,263,818	93,138,749	87,987,160	72,164,691	27,278,744	3,482,573,887
Caseload	39,556	8,098	62,170	64,432	74,078	595	316,392	18,878	7,657	3,082	18,210	613,147
Per Capita Cost	\$22,559.28	\$18,015.61	\$16,539.34	\$4,636.50	\$2,163.92	\$22,209.58	\$2,096.34	\$4,933.63	\$11,491.82	\$23,418.40	\$1,497.97	\$5,679.83
Hard Code Amount for Long Bill	899,476,908	146,428,600	1,029,455,975	298,737,941	160,299,295	13,206,877	663,263,818	93,138,749	87,987,160	72,164,691	27,279,702	3,491,439,716
	39,556	8,098	62,170	64,432	74,078	595	316,392	18,878	7,657	3,082	18,210	613,148
	\$22,739.33	\$18,082.07	\$16,558.73	\$4,636.48	\$2,163.93	\$22,196.43	\$2,096.34	\$4,933.72	\$11,491.07	\$23,414.89	\$1,498.06	

American Academy of Pediatrics - AAP Medicaid Reimbursement Survey -- FY 2007-08 (Before Economic Downturn)

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Staff Selected A Few Services Only -- See www.aap.org/research/medreimpdf0708 for complete survey

	Colorado Medicare Rates	Arizona	Colorado	Kansas	Nebraska	New Mexico	Utah	Wyoming
Preventive Medicine Services								
99381 - New Patient, under 1 year	\$94.75	\$94.16	\$55.05	\$40.00	\$90.82	\$150.55	\$67.84	\$120.12
99382 - New Patient, 1 through 4 years	\$100.47	\$101.46	\$55.05	\$35.00	\$95.60	\$150.55	\$77.00	\$129.32
99383 - New Patient, 5 through 11 years	\$100.43	\$99.96	\$55.05	\$35.00	\$105.16	\$150.55	\$77.00	\$126.69
99384 - New Patient, 12 through 17 years	\$109.10	\$108.41	\$55.05	\$35.00	\$114.72	\$150.55	\$86.17	\$137.65
99385 - New Patient, 18 through 39 years	\$109.10	\$108.41	\$55.05	\$30.00	\$124.28	\$150.55	\$81.85	\$137.65
99391 - Established Patient, under 1 year	\$73.76	\$73.28	\$69.02	\$26.00	\$76.48	\$89.83	\$57.09	\$91.18
99392 - Established Patient, 1 through 4 years	\$82.05	\$81.73	\$77.31	\$25.00	\$81.26	\$89.83	\$66.22	\$102.14
99393 - Established Patient 5 through 11 years	\$81.28	\$80.98	\$40.15	\$25.00	\$86.04	\$89.83	\$66.22	\$100.83
99394 - Established Patient, 12 through 17 years	\$89.28	\$89.03	\$40.15	\$25.00	\$90.82	\$89.83	\$75.39	\$111.35
99395 - Established Patient, 18 through 39 years	\$90.04	\$89.79	\$40.15	\$17.00	\$95.60	\$89.83	\$71.89	\$112.66
Office and Other Outpatient Services								
99201 - New Patient, office visit	\$35.67	\$35.75	\$24.78	\$30.91	\$31.07	\$36.27	\$25.54	\$45.52
99202 - New Patient, expanded office visit	\$62.21	\$62.12	\$47.43	\$50.66	\$45.41	\$64.68	\$45.30	\$75.40
99203 - New Patient, low complexity	\$92.02	\$91.83	\$83.27	\$75.45	\$66.92	\$96.41	\$67.42	\$112.23
99204 - New Patient, moderate complexity	\$139.74	\$139.68	\$117.74	\$107.12	\$95.60	\$136.80	\$95.34	\$158.69
99205 - New Patient, high complexity	\$175.28	\$175.29	\$124.54	\$136.62	\$124.28	\$174.42	\$121.15	\$201.66
99211 - Established Patient, office visit	\$20.22	\$20.13	\$12.18	\$16.36	\$16.73	\$20.88	\$15.01	\$24.99
99212 - Established Patient, expanded office visit	\$36.83	\$36.88	\$32.85	\$29.76	\$28.68	\$38.03	\$26.86	\$44.71
99213 - Established Patient, low complexity	\$59.66	\$55.48	\$45.75	\$40.84	\$43.02	\$52.08	\$36.60	\$60.94
99214 - Established Patient, moderate complexity	\$90.40	\$84.15	\$71.46	\$64.22	\$64.53	\$81.91	\$57.41	\$95.57
99215 - Established Patient, high complexity	\$122.16	\$121.84	\$103.60	\$94.00	\$93.21	\$119.87	\$83.49	\$138.97
Newborn Care								
99431 - Initial newborn care	\$54.75	\$55.06	\$62.55	\$75.00	\$105.16	\$67.63	\$42.13	\$70.14
99433 - Subsequent newborn care	\$29.13	\$29.09	\$35.50	NL	\$47.80	\$35.54	\$22.12	\$36.82
99435 - Admit and discharge on same day	\$75.50	\$74.61	\$80.75	\$75.00	\$121.89	\$90.52	\$56.62	\$94.25
99436 - Physician attendance at delivery	\$69.88	\$70.09	\$80.58	\$61.56	\$93.59	\$85.88	\$53.46	\$88.99
99440 - Newborn resuscitation	\$137.11	\$137.43	\$112.42	\$131.37	\$102.76	\$168.33	\$104.82	\$174.48
54150 - Circumcision; newborn	\$127.29	NL	\$39.42	\$181.08	\$84.51	\$231.61	\$166.72	\$277.50
Hospital care								
99221 - Initial hospitalization, per day, low complexity	\$84.61	\$84.95	\$54.35	\$54.31	\$91.75	\$69.31	\$47.41	\$78.91
99222 - Initial hospitalization, per day, moderate complexity	\$118.62	\$119.12	\$88.37	\$90.07	\$80.74	\$114.84	\$78.48	\$130.64
99223 - Initial hospitalization, per day, high complexity	\$173.13	\$173.58	\$124.18	\$125.52	\$104.60	\$159.70	\$109.30	\$181.93
99231 - Subsequent hospitalization, per day, low complexity	\$35.52	\$35.76	\$28.28	\$27.18	\$27.53	\$34.65	\$23.70	\$39.45
99232 - Subsequent hospitalization, per day, moderate complexity	\$63.57	\$59.56	\$45.84	\$44.49	\$44.04	\$56.67	\$38.72	\$64.44
99233 - Subsequent hospitalization, per day, high complexity	\$90.78	\$85.04	\$63.87	\$63.26	\$73.40	\$80.58	\$55.04	\$91.62
Pathology and Laboratory								
81000 - Urinalysis, non-automated with microscopy	\$4.43 (LFS)	\$20.32	\$4.15	\$4.39	\$4.43	\$4.43	\$4.26	\$3.57
81002 - Urinalysis, non-automated without microscopy	\$3.57 (LFS)	\$17.68	\$3.36	\$3.01	\$3.57	\$3.57	\$3.49	\$2.87
86580 - Tuberculosis, intradermal	\$9.45	\$9.75	\$8.61	\$4.37	\$18.76	\$8.41	\$5.50	\$11.84
87081 - Throat culture	\$9.26 (LFS)	\$9.26	\$8.70	\$7.35	\$9.26	\$9.26	\$3.59	\$9.26
87880 - Rapid Streptococcus screen	16.76 (LFS)	\$16.76	\$15.75	\$7.50	\$16.76	\$16.76	\$15.72	\$16.76
Cardiology								
32020 - Thoracostomy tube	\$173.13	NL	\$215.09	NP	\$124.28	\$220.94	\$148.03	\$252.07
92950 - Cardiopulmonary resuscitation	\$289.94	\$298.49	\$84.00	\$241.98	\$135.79	\$308.38	\$213.16	\$362.98
93303 - Transthoracic echocardiography	\$222.06	\$228.06	\$164.16	\$200.00	\$201.85	\$70.10	\$105.54	\$259.52
93307 - Echocardiography, real-time with image documentation	\$196.95	\$202.25	\$132.72	\$200.00	\$216.53	\$194.82	\$107.98	\$236.73
Emergency Care								
99282 - ED visit, low complexity	\$37.18	\$37.24	\$28.56	\$28.99	\$33.03	\$28.26	\$18.79	\$32.00
99283 - ED visit, moderate complexity	\$60.75	\$60.56	\$52.33	\$55.23	\$49.55	\$63.49	\$42.21	\$71.89
992844 - ED visit, detailed	\$110.45	\$103.41	\$80.05	\$85.06	\$58.72	\$99.17	\$65.90	\$112.23

NL - Information not found in Medicaid website or physician fee schedule

LFS: National limit amount per Clinical Diagnostic Lab Fee Schedule

MEMORANDUM

TO: Joint Budget Committee

FROM: Melodie Beck, JBC Analyst

SUBJECT: HCPF Figure Setting Comebacks - Safety Net Provider Fee Memo

DATE: March 17, 2011

In December 2010, the Centers for Medicare and Medicaid Services (CMS) approved the Department's FY 2010-11 model for hospital reimbursements under the Hospital Provider Fee program. The amount approved was higher than the original estimates for FY 2010-11. While staff adjusted the Medical Services Premiums line item to reflect the higher reimbursements available under HB 09-1293, staff neglected to make the corresponding changes to the Safety Net Provider Payment line item.

FY 2010-11 Supplemental Recommendation

Staff's recommends an increase of \$12.1 million total funds for the Safety Net Provider Payments line item. Of this amount, \$4.1 million is from the Hospital Provider Fee and \$8.0 million is from federal funds

FY 2010-11 Safety Net Provider Payments	Original Appropriation	ARRA Adjustment (approved at Figure Setting)	Supplemental to adjust based on CMS approval of Hospital Provider Fee Model	Total FY 2010-11 Amount
Total Funds	<u>\$277,769,968</u>	<u>\$0</u>	<u>\$12,119,174</u>	<u>\$289,889,142</u>
Cash Funds - Hospital Provider Fee	122,090,317	2,354,767	4,145,067	128,590,151
Cash Funds - Certified Funds	2,277,780	0	0	2,277,780
Federal Funds	153,401,871	(2,354,767)	7,974,107	159,021,211

Of the amount recommended, \$145.4 million total funds is for the Disproportionate Share Payments (DSH) to hospitals participating in the Colorado Indigent Care Program (CICP). The remaining \$144.4 million is payments to CICP hospitals through the upper payment limit methodology. After FY 2009-10, the hospital provider fee model. The model for the Hospital Provider Fee Oversight and Advisory Board recommended that the Hospital Fee Model be moved to an October start date

each year (corresponds with the start of the federal fiscal year). This will allow time for federal approval of any necessary State Plan Amendment changes and for the Medical Services Board to approval rule changes before implementation.

The original FY 2010-11 appropriation was based on continuation funding from the FY 2009-10 appropriation. However, a new Hospital Provider Fee Model was approved by CMS in December 2010 (retroactive to October 2010) for FY 2010-11. Based on the CMS approval, an additional \$12.1 million is available to reimburse hospitals for uncompensated care in FY 2010-11. (Attached is a description of the supplemental payments made under the current model approved by CMS as reported in the Hospital Provider Fee Program's Annual Report).

The Hospital Provider Fee Model, including fees charged and payment methodologies, will be calculated, reviewed, and approved on an annual basis. Therefore, staff anticipates that this line item (as well as the Medical Services Premiums line item) will be adjusted during supplementals for any model changes approved by CMS in October of each year.

FY 2011-12 Figure Setting Adjustment

Based on the updated model, staff needs to modify the FY 2011-12 figure setting recommendation as follows.

FY 2011-12 Safety Net Provider Payments	Amount Approved at Figure Setting	Recommended Adjustment	Total FY 2011-12 Amount
Total Funds	<u>\$308,122,197</u>	<u>\$1,702,909</u>	<u>\$309,825,106</u>
Cash Funds - Hospital Provider Fee	10,225,900	0	10,225,900
Cash Funds - Certified Funds	143,835,199	851,455	144,686,654
Federal Funds	154,061,098	851,454	154,912,552

Attached is the revised budget build tables for FY 2011-12 (these tables show the incremental change that build to the recommended appropriation).

Safety Net Provider Payments:

Line Item Description: This line item contains the funding for hospital providers who participate in the Colorado Indigent Care Program (CICP). The CICP served 217,916 uninsured or under insured clients in FY 2009-10 with incomes below 250 percent of the federal poverty level. This was a 10.3 percent increase in the number of clients served over the prior fiscal year. The federal match for this program comes from the Federal Disproportionate Share Hospital (DHS) payments or through the Upper Payment Limit (UPL) financing mechanisms.

TABLE 1: REVISED FROM FIGURE SETTING -- Safety Net Provider Payment Budget Build					
Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept General Fund Only
	GF	Total Funds	GF	Total Funds	
FY 2010-11 Original Appropriation	\$0	\$277,769,968	\$0	\$277,769,968	\$0
ES #1: FMAP Adjustment	0	0	0	0	0
Model Update Supplemental	0	0	0	12,119,174	
FY 2010-11 Revised Appropriation	\$0	\$277,769,968	\$0	\$289,889,142	\$0
Eliminate ARRA Impact	0	0	0	0	0
Annualize HB 09-1293	0	14,455,990	0	4,039,725	
FY 2011-12 BASE Funding	\$0	\$292,225,958	\$0	\$293,928,867	\$0
DI #7: Maximize Upper Payment Limit	0	15,896,239	0	15,896,239	0
FY 2011-12 Request/Recommendation LONG BILL	\$0	\$308,122,197	\$0	\$309,825,106	\$0

Fund Source

Table 2: REVISED FROM FIGURE SETTING Line Item Fund Split Detail By Fund Source	Department FY 2011-12 Request*	Staff FY 2011-12 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
Cash Funds - Public Certified Funds	10,225,900	10,225,900	0	0.00%
Cash Funds - Hospital Provider Fee	129,318,312	144,686,654	15,368,342	11.88%
Federal Funds	168,577,985	154,912,552	(13,665,433)	(8.11)%
TOTAL FUNDS	308,122,197	309,825,106	1,702,909	0.55%

APPENDIX A: FY 2009-10 Hospital Provider Fee Model Overview

This overview describes the fee assessment and payment methodologies for FY 2009-10 under the Colorado Health Care Affordability Act (CHCAA). While no hospital is eligible for all payments, all methodologies are described.

Provider Fees

Inpatient Hospital Fee

- \$60.47 per day for Managed Care Days
 - \$270.26 per day for non-Managed Care Days
- Managed Care Days are Medicaid HMO, Medicare HMO, and any Commercial PPO/HMO days. Non-Managed Care Days are all other days (i.e., fee for service, normal DRG or indemnity plan days).

Outpatient Hospital Fee

- 0.35% of total outpatient charges

Hospitals Exempt from Inpatient and Outpatient Hospital Fees

- State Licensed Psychiatric Hospitals
- Medicare Certified Long Term Care (LTC) Hospitals
- State Licensed and Medicare Certified Rehabilitation Hospitals

Hospitals Assessed Discounted Fees

- High Volume Medicaid and Colorado Indigent Care Program (CICP) providers are those providers with at least 35,000 Medicaid days per year that provide over 30% of their total days to Medicaid and CICP clients.
 - The inpatient fee calculation for High Volume Medicaid and CICP providers is discounted by 47.79%, or \$31.57 per day for Managed Care Days and \$141.10 per day for Non-Managed Care Days.
 - The outpatient fee for High Volume Medicaid and CICP providers is discounted by 0.84%.
- Essential Access providers are those providers are Critical Access Hospitals and other rural hospitals with 25 or fewer beds.
 - The inpatient fee calculation for Essential Access providers is discounted by 60%, or \$24.19 per day for Managed Care Days and \$108.10 per day for Non-Managed Care Days.

Colorado Health Care Affordability Act
Annual Report – Appendices

Supplemental Hospital Payments

Outpatient Hospital Supplemental Medicaid Payment

- For qualified hospitals, this payment equals Medicaid outpatient billed costs, adjusted for managed care enrollment, utilization, and inflation, multiplied by 29.4% for most hospitals (for Pediatric Specialty Hospitals this percentage is 16.8%).
- Medicaid outpatient billed costs equal outpatient billed charges from the Medicaid Management Information System (MMIS), multiplied by the most recent outpatient cost-to-charge ratio as reported by CMS.
- State Licensed Psychiatric Hospitals, Long Term Care (LTC) Hospitals, and State Licensed and Rehabilitation Hospitals are not qualified for this payment.

Outpatient High-Volume Small Rural Hospital Supplemental Medicaid Payment

- For qualified hospitals, this payment equals Medicaid outpatient billed costs, adjusted for managed care enrollment, utilization, and inflation, multiplied by 46%.
- Medicaid outpatient billed costs are calculated in the same manner as described above for the Supplemental Outpatient Medicaid Hospital Payment.
- Acute care hospitals located in a rural area whose outpatient Medicaid payments equal 80% or more of their total Medicaid payments with have 20 or fewer beds are qualified for this payment.

Colorado Indigent Care Program (CICP) Disproportionate Share Hospital (DSH) Payment and CICP Supplemental Medicaid Payment

- For qualified hospitals, the sum of these payments will equal CICP write-off costs multiplied by 90% for most hospitals (for High Volume Medicaid and CICP Hospitals this percentage equals 75%; for rural and Critical Access Hospitals this percentage equals 100%).
- CICP write-off costs equal CICP write-off charges as published in the most recent CICP Annual Report, multiplied by the cost-to-charge ratio calculated from the most recently filed CMS 2552-96 Cost Report, adjusted for inflation.
- General acute care and Critical Access Hospitals that participate in the CICP are qualified for this payment. State Licensed Psychiatric Hospitals, LTC Hospitals, and State Licensed and Rehabilitation Hospitals are not qualified for this payment.

Uninsured DSH Payment

- For qualified hospitals, this payment will equal its uncompensated charity care costs multiplied by 42.7%.
- Uncompensated charity care costs equal charity care charges as reported on the hospital survey, multiplied by the most recently audited cost-to-charge ratio.

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- Hospitals that do not participate in the CICP are qualified for this payment. State Licensed Psychiatric Hospitals, LTC Hospitals, and State Licensed and Rehabilitation Hospitals are not qualified for this payment.

Inpatient Hospital Base Rate Supplemental Medicaid Payment

- For qualified hospitals, this payment equals Medicaid estimated discharges, multiplied by average Medicaid case mix, multiplied by the Medicaid base rate, multiplied by 18.1% for most hospitals (for Pediatric Specialty Hospitals the percentage is 13.76%; for Urban Center Safety Net Specialty Hospitals the percentage is 5.8%.)
- State Licensed Psychiatric Hospitals are not qualified for this payment.

High Level Neonatal Intensive Care Unit (NICU) Supplemental Medicaid Payment

- For qualified hospitals, this payment will equal total Medicaid Nursery Days multiplied by \$450.
- Hospitals with certified level IIIb or IIIc NICUs according to American Academy of Pediatrics guidelines by the Colorado Perinatal Care Council are qualified for this payment. High Volume Medicaid and CICP Hospitals, State Licensed Psychiatric Hospitals, LTC Hospitals, and State Licensed and Rehabilitation Hospitals are not qualified for this payment.

State Teaching Hospital Supplemental Medicaid Payment

- For qualified hospitals, this payment will equal total Medicaid Days multiplied by \$75.
- High Volume Medicaid and CICP Hospitals which provide supervised teaching experiences to graduate medical school interns and residents enrolled in a state institution of higher education, and in which more than fifty percent (50%) of their credentialed physicians are members of the faculty at a state institution of higher education, are qualified for this payment.

Large Rural Hospital Supplemental Medicaid Payment

- For qualified hospitals, this payment equals total Medicaid Days multiplied by \$315.
- Hospitals located in a rural area outside a federally-designated Metropolitan Statistical Area with more than 25 licensed beds are qualified for this payment. State Licensed Psychiatric Hospitals, LTC Hospitals, and State Licensed and Rehabilitation Hospitals are not qualified for this payment.

Denver Metro Supplemental Medicaid Payment

- For qualified hospitals located in Adams or Arapahoe county, this payment equals total Medicaid Days multiplied by \$400.
- For qualified hospitals located in Denver, Jefferson, Douglas, Boulder, or Broomfield county, this payment equals total Medicaid Days multiplied by \$510.

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- Hospitals located in Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, or Jefferson county are qualified for this payment. High Volume Medicaid and CICP Hospitals, State Licensed Psychiatric Hospitals, LTC Hospitals, and State Licensed and Rehabilitation Hospitals are not qualified for this payment.

Metropolitan Statistical Area Supplemental Medicaid Payment

- For qualified hospitals located in El Paso, Larimer, Pueblo, Weld, or Mesa county this payment equals total Medicaid Days multiplied by \$310.
- Hospitals located in El Paso, Larimer, Mesa, Pueblo, or Weld county are qualified for this payment. High Volume Medicaid and CICP Hospitals, State Licensed Psychiatric Hospitals, LTC Hospitals, and State Licensed and Rehabilitation Hospitals are not qualified for this payment.

Pediatric Specialty Hospital Provider Fee Payment

- For qualified hospitals, this payment will equal \$5 million.
- Hospitals which provide care exclusively to pediatric populations are qualified for this payment.

MEMORANDUM

TO: Joint Budget Committee
FROM: Melodie Beck, JBC Analyst
SUBJECT: Failure of HB 11-1171
DATE: March 17, 2011

As the Committee is aware HB 11-1171 was postponed indefinitely in the House Health and Environment Committee. This memo is presented in order to understand the Committee's wishes on pursuing this issue any further.

Background

The following table provides shows the funding streams in the Constitution that directly fund access to health care services (with the exception of one fund source that is the OAP reserve account). Amendment 35 moneys distributed to grant programs in the Department of Public Health and Environment were not included in staff's recommendation for the study committee.

Fund	Amount of Funding	Issue
Health Care Expansion Fund (Article X, Section 21, (5) (a), State Constitution)	\$68,402,000	Funding is <i>required</i> to fund three purposes: (1) increase number of pregnant women and children enrolled in CBHP above the average enrollment in FY 2004; (2) add parents of enrolled children; and (3) expand eligibility. Costs for items #2 and #3 in the Medical Services Premiums line item alone costs \$84.8 million. Therefore, to meet the requirement to use the fund to keep enrollment above 2004 in CBHP the JBC voted to appropriate \$1.00. The General Fund is subsidizing the State costs for the programs funded by the HCE Fund by approximately \$60 million in FY 2011-12. This amount will grow each year because the revenue source is stable to declining while the services provided are an entitlement.
Primary Care Fund (Article X, Section 21 (5) 9b), State Constitution)	\$28,253,000	This funding provides supplemental payments to primary care providers serving indigent clients. This fund is not eligible for federal match as currently comprised. During the last three years, the General Assembly has passed emergency resolutions to use approximately half of this fund to offset General Fund expenditures and moved the other half into a program that receives federal match and that is distributed to most of the same providers as the Primary Care Fund.

Fund	Amount of Funding	Issue
Health Related Purposes for the Old Age Pension Fund (Article X, Section 21, (5) (e), State Constitution)	\$2,235,000	The Constitution requires 3 percent of the money to be allocated to the General Fund, OAP program, and to counties and municipalities. The amount distributed to the OAP program has not been expended in the last three budget years. After FY 2011-12, all of the OAP clients should become Medicaid eligible once adults without dependent children up to 100% of FPL are added under HB 09-1293. The Committee's voted to sponsor legislation that will allow this money to be used to fund costs of OAP clients in the Medicaid program .
Old Age Pension Health and Medical Care Fund	\$10,000,000	The Constitution sets up fund to pay medical costs for OAP clients. The fund is capped at \$10.0 million annually. Any money in excess of \$10.0 million is transferred into the General Fund at the end of the fiscal year. When the OAP clients move to the Medicaid program, this fund could have a fund balance that is not transferred to the General Fund. It would be helpful to clarify what happens to this funding.
Old Age Pension Reserve Account	\$5,000,000	The Constitution requires a \$5.0 million reserve account for the OAP program that has not been necessary. However, the General Assembly is prohibited for transferring this money to help offset other General Fund costs.

Recommendations:

1. *Health Care Expansion Fund:* Staff recommends the following change to the Health Care Expansion Fund.

Article X, Section 21 (5) (a) -- Forty-six percent (46%) of such revenues shall be appropriated to increase the number of children and pregnant women enrolled in the children's basic health plan above the average enrollment for state fiscal year 2004, add the parents of enrolled children, ~~and~~ OR expand eligibility of low income adults and children who receive medical care through the "Children's Basic Health Plan Act", article 19 of title 26, Colorado Revised Statutes, or any successor act, or through the "Colorado Medical Assistance act", article 4 of the title 26, Colorado Revised Statutes, or any successor act.

Reason for Staff Recommendation: By striking the "and" and inserting the "or" the fund *may* be used for any one of the reasons but is not required to be used for all of the reasons. This eliminates the need to appropriate \$1.00 to the CBHP program. Also, if national care reform is implemented and the CBHP clients are moved to the exchange, it won't matter if the State Constitution has a requirement to fund enrollment in the CBHP program above the 2004 level.

2. *Primary Care Fund:* Staff recommended that this fund be included in the study committee in order to discuss the future requirements and need for this fund.

(b) Nineteen percent (19%) of such revenues shall be appropriated to fund comprehensive primary care through an Colorado qualified provider, as defined in the "Colorado Medical Assistance Act," article 4 of title 26, Colorado Revised Statutes, or any successor act, that meets either of the following criteria:

(I) Is a community health center as defined in section 330 of the U.S. public health services act, or any successor act; or

(II) At least 50% of the patients served by the qualified provider are uninsured or medically indigent as defined in the "Colorado Medical Assistance Act," article 4 of title 26, Colorado Revised Statutes, or any successor act, or are enrolled in the children's basic health plan or the Colorado medical assistance program, or successor programs.

Such revenues shall be appropriated to the Colorado department of health care policy and financing, or successor agency, and shall be distributed annually to all eligible qualified providers throughout the state proportionate to the number of uninsured or medically indigent patients served.

(b.5) IN ANY FISCAL YEAR WHEN THE PERCENT OF COLORADO RESIDENTS ENROLLED IN THE "COLORADO MEDICAL ASSISTANCE ACT", OR ANY SUCCESSOR ACT, IS PROJECTED TO EXCEED THE PERCENT OF COLORADO RESIDENTS ENROLLED IN SAID ACT AS OF NOVEMBER 2004 BY MORE THAN [_____] PERCENTAGE POINTS, NINETEEN PERCENT (19%) OF SUCH REVENUES MAY BE APPROPRIATED BY THE GENERAL ASSEMBLY FOR THE MEDICAL COSTS OF INDIVIDUALS ADDED TO THE "COLORADO MEDICAL ASSISTANCE ACT" PURSUANT TO PARAGRAPH (5) (a) OF THIS SECTION INSTEAD OF DISTRIBUTED PURSUANT TO PARAGRAPH (5) (B) (I) AND (II).

Reason for Staff Recommendation: Staff's recommendation, would allow the General Assembly to appropriate moneys from the Primary Care Fund to offset General Fund

appropriation in the Medicaid programs (as the General Assembly has been doing for 3 years) whenever the percent of Coloradans enrolled in the Medicaid program is projected to exceed the percent of Coloradans enrolled in Medicaid in November 2004 by a certain amount of percentage points (another trigger could be chosen -- this is the trigger staff is using to illustrate her recommendation). The language would be permissive -- so the General Assembly could choose to appropriate the money either to the grant program or as the State match for the Medicaid program. This would provide more flexibility than the current requirement of declaring fiscal emergencies every year (staff will probably recommend that the General Assembly pass another emergency resolution next year since over \$80 million in the General Fund reductions in the Medicaid program in the FY 2011-12 are one-time).

The recommendation (or some other change) would recognize that the percent of Coloradans enrolled in Medicaid has increased from 8.66 percent of the population in 2004 to an estimated 11.51 percent of the population in FY 2011-12 -- without any corresponding increases in the tax base to support this increase.

3. *Old Age Pension Supplemental Medical Fund distribution from Amendment 35 revenues:* Staff no longer recommends any changes to this Constitutional requirement.
 - (e) Three percent (3%) of such revenues shall be appropriated for health related purposes to provide revenue for the state's general fund, ~~old age pension fund~~, and municipal and county governments to compensate proportionately for tax revenue reductions attributable to lower cigarette and tobacco sales resulting from the implementation of this tax.

Reason for Staff Recommendation: Clients in the Old Age Pension Health and Medical program will receive Medicaid eligibility beginning in FY 2011-12 (due to the expansion of adults without dependent children to 100% FPL). Therefore, in November 2010 staff thought that this provision in the Constitution would be obsolete. However, staff believes that the JBC budget balancing bill to allow this portion of the revenues to be used for Medicaid costs for OAP clients served in the Medicaid program will solve any issue regarding the use of these moneys in the future. Therefore, staff does not believe the above change is absolutely necessary (unless someone just wants to make the Constitution clearer on what the practice will be).

4. *Old Age Pension Health and Medical Fund:* The need for the OAP Health and Medical program is obsolete once all of the clients receive Medicaid eligibility.

Article XXIV, Section 7 (c): Any moneys remaining in the old age pension fund, after full payment of basic minimum awards and after establishment and maintenance of the stabilization fund in the amount of five million dollars, shall be transferred to a health and medical care fund. The state board of public welfare, or such other agency as may be authorized by law to administer old age pensions, shall establish and promulgate rules and regulations for administration of a program or provide health and medical care to persons who qualify to receive old age pensions and who are not patients in an institution for tuberculosis or mental disease; the costs of such program, not to exceed ten million dollars in any fiscal year, shall be defrayed from such health and medical care fund; provided, however, all moneys available, accrued or accruing, received or receivable, in said health and medical care fund, in excess of ten million dollars in any fiscal year shall be transferred to the general fund of the state to be used pursuant to law. IF PERSONS ELIGIBLE FOR OLD AGE PENSIONS BECOME ELIGIBLE FOR ANY SUCCESSOR MEDICAL PROGRAM, THEN THE REQUIREMENT TO ADMINISTER A SEPARATE MEDICAL PROGRAM WITH A TRANSFER OF UP TO TEN MILLION INTO THE HEALTH AND MEDICAL CARE FUND SHALL TERMINATE AND ALL REMAINING FUND BALANCES IN SUCH FUND ONCE ALL PROGRAM OBLIGATIONS HAVE BEEN FULLY PAID SHALL BE TRANSFERRED TO THE GENERAL FUND.

Reason for Staff Recommendation: Staff makes this recommendation to clarify what happens to the OAP Health and Medical Fund and to any balance in the fund under \$10.0 million once OAP clients have Medicaid eligibility. (If there is fund balance over \$10.0 million it gets transfers to the General Fund but the Constitution is unclear about any moneys remaining in the fund under \$10.0 million).

5. *Old Age Pension Stabilization Fund:* The staff recommendation was to include this fund in the study committee.

Article XXIV, Section 7 (b): Any moneys remaining in the old age pension fund after full payment of such basic minimum awards shall be transferred to a fund to be known as the stabilization fund, which fund shall be maintained at the amount of five million dollars, and restored to that amount after any disbursements therefrom. The state board of public welfare, or such other agency as may be authorized by law to administer old age pensions, shall use the moneys in such fund only to stabilize payments of basic minimum awards. THE GENERAL ASSEMBLY MAY APPROPRIATE MONEYS FROM THIS FUND IN A FISCAL YEAR WHEN [pick a trigger such as declaring a fiscal emergency or in any year where revenues are less than the previous year's collections, etc.] TO OFFSET GENERAL FUND EXPENDITURES FOR PROGRAMS BENEFITTING PERSONS ELIGIBLE FOR OLD AGE PENSIONS.

Reasons for Staff Recommendation: This fund has a \$5.0 million fund balance that can not be transferred to the General Fund during economic downturns and currently hasn't been needed to stabilize OAP payments. The proposed amendment (or something like it) would allow the General Assembly to transfer this money in order to mitigate the impacts to programs from a recession's loss of revenue.

Committee Action:

1. Does the Committee want to retry a bill for a study committee similar to HB 11-1171?
2. Does the Committee want to introduce a resolution to be considered by the Executive Committee for an interim committee -- this has to be requested by Tuesday of next week and introduced by March 25, 2011?
3. Does the Committee want to introduce resolution asking the General Assembly to refer these issues to the ballot without a study committee? This could be done next session.
4. Does the Committee want to table this issue?