

COLORADO GENERAL ASSEMBLY JOINT BUDGET COMMITTEE



Fiscal Year 2009-10 Figure Setting

Department of Health Care Policy and Financing

**(Does not include the Executive Director's Office's
General Administration or Technology Subdivisions)**

Also Includes Supplemental Adjustments of FY 2008-09 for Selected Programs

JBC Working Document - Subject to Change

Staff Recommendation Does Not Represent Committee Decision

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**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2009-10 FIGURE SETTING**

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	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation

The FY 2008-09 Appropriation has been modified to show the impacts of the S.B. 09-187, S.B. 09-132, and S.B. 09-211. The Department's Request and Staff Recommendation build from the current FY 2008-09 Appropriation, rather than the original appropriation.

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
Executive Director - Joan Henneberry

Supplemental #1 - Medical Services Premiums Base Adjustments -- Department Request February 17, 2009

<i>Medical Services Premiums</i>					
<i>Medical Services Premiums</i>	2,237,284,805	2,467,985,987	16,124,583	(15,420,182)	2,452,565,805
General Fund	714,806,487	767,327,250	1,765,684	(6,060,408)	761,266,842
General Fund Exempt	327,500,000	369,000,000	0	0	369,000,000
Cash Funds	0	94,820,776	4,948,547	(2,837,051)	91,983,725
CFE/Reappropriated Funds	72,252,413	2,661,475	40,743	(30,407)	2,631,068
Federal Funds	1,122,725,905	1,234,176,486	9,369,609	(6,492,316)	1,227,684,170

Medical Services Premiums -- Contingent Appropriation H.B. 08-1114

<i>Medical Services Premiums</i>	0	11,854,320	31,020,912	0	11,854,320
General Fund	0	0	(3,711,959)	(3,711,959)	(3,711,959)
Cash Funds	0	5,927,160	19,222,415	3,711,959	9,639,119
Federal Funds	0	5,927,160	15,510,456	0	5,927,160

Total for Supplemental #1 MODIFIED -- BASE CALCULATION (adjustment compared to supplemental contained in S.B. 09-187)

<i>Medical Services Premiums</i>	2,237,284,805	2,479,840,307	47,145,495	(15,420,182)	2,464,420,125
<i>Medical Services Premiums</i>	714,806,487	767,327,250	(1,946,275)	(9,772,367)	757,554,883
General Fund	327,500,000	369,000,000	0	0	369,000,000
General Fund Exempt	0	100,747,936	24,170,962	874,908	101,622,844
Cash Funds	72,252,413	2,661,475	40,743	(30,407)	2,631,068
CFE/Reappropriated Funds	1,122,725,905	1,240,103,646	24,880,065	(6,492,316)	1,233,611,330
Federal Funds					

	FY 2007-08	FY 2008-09	Fiscal Year 2008-09 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation

Supplemental #2 - Medicaid Community Mental Health Programs Base Adjustments -- Department Request February 17, 2009

Medicaid Mental Health Community Programs

<i>(A) Mental Health Capitation Payments</i>	196,011,033	215,696,640	(845,686)	(923,000)	214,773,640
General Fund	94,172,151	98,904,025	2,401,481	1,376,761	100,280,786
Cash Funds	0	8,925,452	(2,824,211)	(1,838,861)	7,086,591
CFE/Reappropriated Funds	4,311,729	7,330	567	1,208	8,538
Federal Funds	97,527,153	107,859,833	(423,523)	(462,108)	107,397,725

Medicaid Mental Health Community Programs

(B) Other Medicaid Mental Health Payments

Medicaid Mental Health Fee for Services

<i>Payments</i>	1,335,736	1,437,156	157,702	120,000	1,557,156
General Fund	667,868	718,578	78,851	60,000	778,578
Federal Funds	667,868	718,578	78,851	60,000	778,578

Total for Supplemental #2 MODIFIED

General Fund	197,346,769	217,133,796	(687,984)	(803,000)	216,330,796
Cash Funds	94,840,019	99,622,603	2,480,332	1,436,761	101,059,364
CFE/Reappropriated Funds	0	8,925,452	(2,824,211)	(1,838,861)	7,086,591
Federal Funds	4,311,729	7,330	567	1,208	8,538
	98,195,021	108,578,411	(344,672)	(402,108)	108,176,303

Supplemental #3 - Children's Basic Health Plan -- Department Request February 17, 2009

Indigent Care Program

Children's Basic Health Plan Trust Fund

General Fund	6,671,262	0	303,463	0	0
Cash Funds	4,736,447	0	0	0	0
CFE/Reappropriated Funds	283,367	0	303,463	0	0
	1,651,448	0	0	0	0

	FY 2007-08		FY 2008-09		Fiscal Year 2008-09 Supplemental	
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation	
<i>Indigent Care Program</i>						
<i>Children's Basic Health Plan Premium Costs</i>	104,684,790	128,481,289	(6,540,672)	(7,600,324)	120,880,965	
Cash Funds	0	45,175,498	(2,602,494)	(2,670,324)	42,505,174	
CFE/Reappropriated Funds	36,823,865	0	303,463	0	0	
Federal Funds	67,860,925	83,305,791	(4,241,641)	(4,930,000)	78,375,791	
<i>Indigent Care Program</i>						
<i>Children's Basic Health Plan Dental Benefit Costs</i>						
Cash Funds	8,715,754	10,404,713	(490,179)	(328,678)	10,076,035	
CFE/Reappropriated Funds	0	3,641,650	(171,562)	(115,038)	3,526,612	
Federal Funds	3,050,514	0	0	0	0	
	5,665,240	6,763,063	(318,617)	(213,640)	6,549,423	
Total for Supplemental #3 MODIFIED	<u>120,071,806</u>	<u>138,886,002</u>	<u>(6,727,388)</u>	<u>(7,929,002)</u>	<u>130,957,000</u>	
General Fund	4,736,447	0	0	0	0	
Cash Funds	283,367	48,817,148	(2,470,593)	(2,785,362)	46,031,786	
CFE/Reappropriated Funds	41,525,827	0	303,463	0	0	
Federal Funds	73,526,165	90,068,854	(4,560,258)	(5,143,640)	84,925,214	

Supplemental #4 - MMA State Contribution Payment -- Department Request February 17, 2009

<i>Other Medical Services</i>						
<i>Medicare Modernization Act State Contribution Payment</i>						
General Fund	71,350,801	75,283,391	(850,862)	(1,074,557)	74,208,834	
	71,350,801	75,283,391	(850,862)	(1,074,557)	74,208,834	

	FY 2007-08	FY 2008-09	Fiscal Year 2008-09 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation

JBC Staff Supplemental #1 -- Safety Net Provider Payment

<i>Indigent Care Programs</i>					
<i>Safety Net Provider Payments</i>					
General Fund	295,731,652	296,188,630	0	8,397,145	304,585,775
Cash Funds	13,090,782	13,090,782	0	1,078,204	14,168,986
CFE/Reappropriated Funds	0	135,003,533	0	3,006,124	138,009,657
Federal Funds	134,775,044	0	0	0	0
	147,865,826	148,094,315	0	4,312,817	152,407,132

JBC Staff Supplemental #2 -- Realign Appropriation for Public School Health Services

<i>Other Medical Services</i>					
<i>Public School Health Services</i>					
Cash Funds	9,294,229	27,501,534	0	(7,259,414)	20,242,120
CFE/Reappropriated Funds	0	14,101,907	0	(3,629,707)	10,472,200
Federal Funds	9,866,585	0	0	0	0
	(572,356)	13,399,627	0	(3,629,707)	9,769,920

JBC Staff Supplemental #3 -- Sunset Review For Telemedicine

<i>Transfers to Other Departments</i>					
<i>Transfers to DORA for Sunset Reviews</i>					
General Fund	0	0	0	9,000	3,000
Federal Funds	0	0	0	3,000	3,000
	0	0	0	6,000	6,000

JBC Staff Supplemental #4 -- Fund Split Adjustment for Fraud Software

<i>Executive Director's Office</i>					
<i>Fraud Detection Software Contract</i>					
General Fund	0	1,000,000	0	(221,597)	778,403
Federal Funds	0	100,000	0	27,764	127,764
	0	900,000	0	(249,361)	650,639

	FY 2007-08	FY 2008-09	Fiscal Year 2008-09 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
TOTAL FY 2008-09 Supplemental Requests

Department Totals	<u>2,931,080,062</u>	<u>3,235,833,660</u>	<u>38,879,261</u>	<u>(24,301,607)</u>	<u>3,211,532,053</u>
General Fund	898,824,536	955,424,026	(316,805)	(8,301,195)	947,122,831
General Fund Exempt	327,500,000	369,000,000	0	0	369,000,000
Cash Funds	283,367	307,595,976	18,876,158	(4,372,898)	303,223,078
CFE/Reappropriated Funds	262,731,598	2,668,805	344,773	(29,199)	2,639,606
Federal Funds	1,441,740,561	1,601,144,853	19,975,135	(11,598,315)	1,589,546,538

General Fund Savings

-- excluding the H.B. 08-1114 contingent appropriation reduction to General Fund.

(4,589,236)

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
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JBC WORKING DOCUMENT - DECISIONS SUBJECT TO CHANGE
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

LONG BILL SUPPLEMENTAL ADD-ON RECOMMENDATIONS

**Supplemental Request, Department Priority: #1
Medical Services Premiums Adjustments**

Long Bill Add-on Recommendation	Request	Recommendation	Difference
Total	\$16,124,583	(\$15,420,182)	(\$31,544,765)
General Fund	1,765,684	(6,060,408)	(7,826,092)
Cash Funds	4,948,547	(2,837,051)	(7,785,598)
Reappropriated Funds	40,743	(30,407)	(71,150)
Federal Funds	9,369,609	(6,492,316)	(15,861,925)

Change to Contingent Appropriation Clause in H.B. 08-1114	Request	Recommendation	Difference
Total	\$31,020,912	\$0	(\$31,020,912)
General Fund	(3,711,959)	(3,711,959)	0
Cash Funds	19,222,415	3,711,959	(15,510,456)
Federal Funds	15,510,456	0	(15,510,456)

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]	YES
JBC staff and the Department agree that all the supplemental requests and recommendation made in this write-up are appropriate given the current budget situation.	

Department Request: The Department's request is based on new information submitted to the Committee on February 17, 2009. The Department currently forecasts a FY 2008-09 Medical Services Premiums line item supplemental need of \$16.1 million total funds over the current appropriation (including S.B. 09-187 but excluding H.B. 08-1114). Of this amount, \$1.2 million is from the General Fund. The Department's February 2009 supplemental forecast is based on a Medicaid caseload of 432,793 clients during FY 2008-09. This is an increase of 1,380 clients (0.3 percent) from the current FY 2008-09 appropriated Medicaid caseload of 431,413 clients funded with S.B. 09-187. The Department's February forecast also includes updated cost estimates based on current expenditure trends and modeling. In addition, the Department requests a change to the

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estimated impact of H.B. 08-1114. The Department now forecasts that if the federal waiver is approved, there will be a General Fund savings of \$3.7 million and the nursing facility fee and matching federal funds will be \$38.4 million higher than what is contained in the current appropriation clause for H.B. 08-1114.

Staff's Recommendation: Staff recommends a negative adjustment of \$15.4 million total funds to the current Medical Services Premiums line item appropriation as modified by S.B. 09-187. Of this amount, \$6.0 million is a negative adjustment to the General Fund. Staff's recommendation is based on caseload and expenditure data through February 2009. Staff also recommends a CONTINGENT General Fund decrease of \$3.7 million offset by an increase of the same amount to the nursing facility provider fees. This recommendation would modify the appropriation clause contained in H.B. 08-1114 and would be contingent on the Department receiving approval of a federal waiver by April 30, 2009. **Staff recommends the Committee *NOT* count this negative General Fund appropriation when balancing.** If the appropriation does occur, then the Committee can make adjustments at the June Committee meeting to offset possible positive supplementals or increase a General Fund appropriation into another State fund. The following table summarizes the Department's and staff's final supplemental build. Please note that this table does not include other supplemental adjustments that the Department requested but where *not* included in S.B. 08-187 (the table also does not contain the contingent appropriation in H.B. 08-1114, or adjustments to it). Please see the option table at the end of this supplemental write-up for a list of these items.

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF/ GFE	Total Funds	GF/ GFE	Total Funds	GF Only
FY 2008-09 Original Appropriation	\$1,072,222,480	\$2,322,097,599	\$1,072,222,480	\$2,322,097,599	\$0
Base Adjustment -- S.B. 09-187	62,291,866	139,459,674	62,291,866	139,459,674	0
Federal Disallowance -- S.B. 09-187	3,176,846	3,176,846	3,176,846	3,176,846	0
DH Certification - S.B. 09-187	0	6,060,298	0	6,060,298	0
Outpatient Charge Ratio - S.B. 09-187	(1,113,942)	(2,308,430)	(113,942)	(2,308,430)	0
Prenatal Plus - S.B. 09-187	(250,000)	(500,000)	(250,000)	(500,000)	0
FY 2008-09 Revised Appropriation	\$1,136,327,250	\$2,467,985,987	\$1,137,327,250	\$2,467,985,987	\$0
New Caseload / Cost Estimates Long Bill Add-On Request	1,765,684	16,124,583	(6,060,408)	(15,420,182)	(7,826,092)
FY 2008-09 Final Base Request & /Rec.	\$1,138,092,934	\$2,484,110,570	\$1,131,266,842	\$2,452,565,805	(\$7,826,092)

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
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STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	GF/ GFE	Total Funds	GF/ GFE	Total Funds	GF Only
Change to H.B. 08-1114 Appropriation Clause	(\$3,711,959)	\$31,020,912	(\$3,711,959)	\$0	\$0
TOTAL FY 2008-09 Request Rec. Including Contingent Appropriation	\$1,134,380,975	\$2,515,131,482	\$1,127,554,883	\$2,452,565,805	(\$7,826,092)

In order to accurately compare the Department's request to staff's recommendation, the Department's decision items and budget amendments in this summary table have been modified to build off the most current appropriation (including S.B. 09-187), rather than from the original appropriation.

The Department's final request is achieved as follows: The Department's Supplemental #1 total appropriation requested is \$2,520,557,088 from their February 2009 request. For the purposes of this table, staff minuses the impact of the contingent nursing facility fee request (\$42,875,232) to arrive at \$2,477,681,856. The impact of already approved supplementals (minus the base adjustment) in S.B. 09-187 (\$6,428,714) is then added to get to the final base request plus current appropriation of \$2,484,110,570.

Medicaid Caseload Forecast for FY 2008-09

The current FY 2008-09 Medicaid caseload, as modified by S.B. 09-187, assumed an average monthly Medicaid caseload of 431,413 clients. Of this amount, staff estimated that 384,340 clients would receive their state funding primarily through the traditional funding sources (General Fund, Breast and Cervical Cancer Treatment, Autism Fund, etc.) and that 47,073 clients would receive their State matching funding from the Health Care Expansion Fund (Amendment 35 tobacco tax revenues -- which has limited uses pursuant to the State Constitution).

Based on caseload data through February 2009, staff now forecasts that the average monthly Medicaid caseload for FY 2008-09 will be 433,303 clients (an increase of 1,890 or 0.4 percent from the *current* FY 2008-09 appropriation). Of this amount, staff estimates that approximately 44,999 clients will be eligible to receive their State match from or partially from the Health Care Expansion Fund and that 388,304 clients will be traditional Medicaid clients. Table 1 below reflects the caseload estimate that staff used to establish her final recommended supplemental amount.

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

Table 1: Staff's FY 2008-09 SUPPLEMENTAL Caseload Recommendation						
March 2009 Caseload Forecast (uses data through February 2009)	Traditional Medicaid	State Match Can Come from the Health Care Expansion Fund*		Total Recommended March Forecast FY 08-09	Year to Date AVG Through Feb 09	S.B. 09- 187 Current App. Caseload for FY 08-09
		Legal Immigrants*	All Other Expansions			
SSI 65+	37,097	481	0	37,578	37,438	37,483
SSI 60-64	6,311	82	0	6,393	6,361	6,368
Partial Dual Eligibles	15,147	0	0	15,147	14,982	15,172
SSI Disabled	49,888	653	757	51,298	51,119	51,263
Low-Income Adults	41,908	942	5,843	48,693	47,274	48,328
Expansion Low-Income Adults	0	0	12,483	12,483	11,946	12,513
Baby-Care Adults	6,899	87	0	6,986	6,967	6,922
B & C Cancer Program	200	0	101	301	295	301
Eligible Children	207,850	2,720	21,844	232,414	227,466	231,030
Foster Care Children	17,333	218	459	18,010	17,891	18,003
Non-Citizens	4,000	0	0	4,000	4,008	4,030
Total	386,633	5,183	41,487	433,303	425,747	431,413

Please note, that the February caseload was 440,274 clients. The chart above shows the average monthly caseload from July through February. The trend on Medicaid caseload has continued to increase each month in FY 2008-09. Staff's forecasts a FY 2008-09 ending caseload of 453,380 clients in June 2009. From June 2008 to June 2009, the Medicaid caseload is anticipated to increase by 46,220 or 11.4 percent growth.

Additional information and charts regarding staff's Medicaid caseload forecast can be found in the exhibits to this document.

Cost-Per-Client Forecasts

The caseload forecast is just half of the Medicaid picture. The other half of the Medicaid forecast is the average cost- per-client estimate -- i.e. how many services are the clients using and what are the

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costs of those services? Currently, the FY 2008-09 total fund appropriation for the MSP line item is \$2.46 billion. Of this amount, \$2.44 billion was appropriated to provide actual client care and services (medical services, insurance assistance and administrative services to Medicaid clients). The remaining \$25.8 million represents the amount for bottom-of-the-line financing. Bottom-of-the-line financing are mechanisms the Department uses to save General Fund appropriations by maximizing the allowable federal upper payment limits (UPL), to make extra payments to Denver Health, or to pay for a federal disallowance.

Based on the current caseload and expenditure trends, staff is currently estimating that the Medical Services Premiums line item will expend \$2.45 billion in FY 2008-09. **This estimate is \$15.4 million lower than the current appropriation for the Medical Services Premiums line item as modified by S.B. 09-187.** Of this amount, staff estimates (based on the Department's February request) that \$28.5 million of this expenditure will be certified funds for UPL financing, additional funding for Denver Health, and payment of a federal disallowance. The remaining \$2.42 billion will be for medical and long-term care services. Table 2 below shows staff's March estimated expenditures by service area.

Table 2: Comparison of Current FY 2008-09 Appropriation with Staff's March FY 2008-09 Forecast			
	Current Appropriation Estimate	Staff's New Expenditure Estimate	Difference (Staff Est. - Current App.)
Acute Care Services	\$1,481,286,963	\$1,457,586,478	(\$23,700,485)
Community Care Services	271,521,818	276,647,133	5,125,315
Long-Term Care Services	562,544,686	563,832,485	1,287,799
Insurance Premiums	95,177,806	94,683,560	(494,246)
Administrative Services	31,607,169	31,315,630	(291,539)
Bottom-Line Financing / Federal Disallowance	\$25,847,545	\$28,500,519	\$2,652,974
Total	\$2,467,985,987	\$2,452,565,805	(\$15,420,182)
General Fund & General Fund Exempt	\$1,136,327,250	\$1,130,266,842	(\$6,060,408)
CF - Certified Funds	18,180,399	20,833,374	2,652,975
CF - Nursing Facility Cash Fund*	0	0	0
CF - Breast and Cervical Cancer Treatment Fund	1,737,369	1,657,503	(79,866)
CF - Health Care Expansion Fund	74,275,397	68,707,973	(5,567,424)
CF - Autism Fund	627,611	784,875	157,264

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STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

	Current Appropriation Estimate	Staff's New Expenditure Estimate	Difference (Staff Est. - Current App.)
RF - Transfer from DPHE for BCCTP	661,475	631,068	(30,407)
RF - Transfer from DPHE for Disease Management	2,000,000	2,000,000	0
Federal Funds	1,234,176,486	1,227,684,170	(6,492,316)
Total	\$2,467,985,987	\$2,452,565,805	(\$15,420,182)

*Appropriations from this fund are not appropriated until May 1, 2009.

Staff's estimates are based on current expenditure data through February (66 percent of the fiscal year). Table 3 below provides a reasonableness test for staff's recommendation. (Note this is not how staff calculated the request but rather a check to make sure the assumptions used in the model were reasonable).

	Expenditures Through February	Average Weekly Expenditures through February (34 weeks)	Staff's Year-End Estimate	Average Forecasted Weekly Expenditures (52 weeks)
Acute Care Services	\$944,152,992	\$27,769,206	\$1,457,586,478	\$28,030,509
Community Care Services	181,892,164	5,349,770	276,647,133	5,320,137
Long-Term Care Services	372,867,921	10,966,704	563,832,485	10,842,932
Insurance Premiums	62,795,599	1,846,929	94,683,560	1,820,838
Administrative Services*	19,399,202	570,565	31,315,630	602,224
Total Services ONLY	\$1,581,107,878	\$46,503,173	\$2,424,065,286	\$46,616,640

1. Through February, weekly expenditures for 34 weeks averaged \$46.5 million per week.
2. Under staff's forecast, the remaining 18 weeks of the fiscal year can average \$46.8 million per week. This is approximately \$300,000 per week higher than the average expenditures for the first 34 weeks. This would bring the year average to \$46.6 million per week.

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Change to Appropriation Clause for H.B. 08-1114

The Department requests an increase to the H.B. 08-1114 contingent appropriation clause of \$31.0 million total funds. Of this amount, \$3.7 million is a decrease to the General Fund, \$19.2 million is an increase to the cash fund appropriation, and \$15.5 million is an increase to federal funds. The Department bases this request on the assumption that once the federal approval is obtained, the legislation will not need a phase-in implementation and well as higher than expected increase in the cost of providing nursing facility care.

Staff recommends the \$3.7 million decrease to the General Fund and an offsetting increase to the Nursing Facility Cash Fund. Staff's recommendation is based on the 3.0 percent cap on the General Fund expenditures becoming effective once the waiver is approved. Currently, the Department estimates nursing facility costs at \$500.0 million before H.B. 08-1114 adjustments. Staff's estimate is similar at \$501.0 million before H.B. 08-1114 adjustments. Therefore, if H.B. 08-1114 becomes effective, staff estimates that approximately \$3.7 million in General Fund will be expended over the 3.0 percent cap. Pursuant to H.B. 08-1114, the Department should withhold this General Fund payment and the nursing facilities would be able to back fill it through the Nursing Facility Cash Fund. Staff does not recommend the Department's further increase to the original fiscal note assumptions. At this time, the federal waiver has not been approved. If the federal waiver is approved before now and May 1, 2009, staff anticipates that there will still be a lot of implementation work to be done in the first year, including educating providers and making sure providers comply with the fee assessment. Therefore, staff agrees with the original fiscal note assumptions regarding an initial phase-in of the fee assessed.

Staff would remind the Committee that this appropriation is contingent on the federal waiver being approved by May 1, 2009. If the waiver is not approved by that date, then H.B. 08-1114 will not be implemented in FY 2008-09 and there will be no General Fund savings. **Therefore, staff recommends that the Committee not include this General Fund reduction when balancing.** If the waiver is approved by the time of the Conference Committee on the Long Bill, then the Committee include this General Fund impact at that time and the additional nursing facility cash funds if the fee assessments appear can be collected before June 1, 2009.

Additional information and comparisons for the Department's and staff's final FY 2008-09 estimates are found in the exhibits to this document.

Lastly, in January the Committee did not adopt all of the supplemental issues that the Department submitted. At this time, staff does not recommend any of these issues be added to the Long Bill add-on supplemental. However, staff is keeping them on the Committee's option list. Table 4 on the following page shows a list of these supplemental issues.

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Table 4: Department Submitted Supplementals that were not included in S.B. 09-187 or Recommended for the Long Bill Add-On (Since the Committee Already Took Action on the Issue)			
FY 2008-09 Issues	General Fund	Total Fund	Comment
Supplemental #7 -- Consumer Directed Care Federal Fund Offset	(\$709,066)	\$0	The Department estimated that there could be \$709,066 in General Fund savings from a retroactive federal fund payment for the consumer directed care waiver. Staff did not initially recommend this issue because the waiver had not yet been approved. If the waiver is approved before the Long Bill conference, staff will bring the issue back in to the Committee.
Supplemental #20 -- Delay Managed Care Payments	(7,051,366)	(14,102,731)	The Department requested delaying the payments for managed care organizations to the following month. This is an accounting issue based on expenditures not being counted until they are paid under the cash accounting system. Because of the changes needed to the MMIS system in order to implement this issue, it is doubtful that the Department could achieve these savings in FY 2008-09. However, this option could remain as a possible savings issue for FY 2009-10. Staff still does not recommend the issue but is keeping it on the JBC option lists.
Supplemental #25 - Provider Rate Reductions	(4,511,044)	(11,180,474)	??
Total Services ONLY	(\$12,271,476)	(\$25,283,205)	

**Supplemental Request, Department Priority #2
ALL Mental Health Community Programs Adjustments**

Summary -- All Medicaid Mental Health Division Issues			
	Request	Recommendation	Difference
Total	(\$687,984)	(\$803,000)	(\$115,016)
General Fund	2,480,332	1,436,761	(1,043,571)
Cash Funds	(2,824,211)	(1,838,861)	985,350
Reappropriated Funds	567	1,208	641
Federal Funds	(344,672)	(402,108)	(57,436)

*Includes both the Medicaid Mental Health Capitation and Medicaid Mental Health Fee for Services Line Items.

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<p>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]</p>	YES
<p>JBC staff and the Department agree that all the supplemental requests and recommendation made in this write-up are appropriate given the current budget situation.</p>	

Department Request: The Department's request has the following components:

- (1) A total fund decrease of \$845,686 net of a General Fund increase of \$2,401,481 to correct the current appropriation for the Mental Health Capitation Payment line item based on the Department's current Medicaid caseload, cost estimates, and fund splits.
- (2) A total fund increase of \$157,702 (\$74,057 General Fund) based on current anticipated expenditures in the Mental Health fee-for-service line item.

The Department's request is based on new information submitted to the Committee on February 17, 2009.

Staff Recommendation: Staff's recommendation has the following components:

- (1) A total fund decrease of \$923,000 net of a General Fund increase of \$1,376,761 to correct fund splits and cost estimates based on staff's new Medicaid caseload forecast. Staff recommends the Department's estimated per capita costs for this program.
- (2) An increase of \$120,000 total funds (\$60,000 General Fund) for the Medicaid Mental Health fee-for-service line item based on expenditure data through February 2009 and projected costs for the remainder of the year.

Table 1 shows the reasons for the anticipated supplemental request for the Medicaid Mental Health Division for FY 2008-09.

Table 1: Mental Health Division FY 2008-09 Estimated Expenditures Detail					
Item	Total Funds	General Fund	Cash Fund	Reappropriated Funds	Federal Funds
Current FY 2008-09 Appropriation	\$217,133,795	\$99,622,603	\$8,925,452	\$7,330	\$108,578,410
<i>Staff's Recommended Supplemental (Based on March calculations)</i>					

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Table 1: Mental Health Division FY 2008-09 Estimated Expenditures Detail					
Item	Total Funds	General Fund	Cash Fund	Reappropriated Funds	Federal Funds
Caseload and per-capita cost updated estimates for the MH capitation program	(923,000)	1,376,761	(1,838,861)	1,208	(462,108)
Medicaid Mental Health Fee-for-Service Payments	<u>120,000</u>	<u>60,000</u>	<u>0</u>	<u>0</u>	<u>60,000</u>
Staff's New FY 2008-09 Estimate	\$216,330,795	\$101,059,364	\$7,086,591	\$8,538	\$108,176,302
(Decrease)/Increase from current FY 2008-09 appropriation	(\$803,000)	\$1,436,761	(\$1,838,861)	\$1,208	(\$402,108)

Caseload and per-capita cost updated estimates for the MH capitation program: Staff's recommendation indicates a Long Bill add-on supplemental decrease of \$803,000 total funds. This is net of a General Fund increase of \$1.8 million. This estimate is based on staff's new Medicaid caseload projections for FY 2008-09 and adjustments to the estimated per-capita cost for each aid category as shown on Table 2 below.

Table 2: FY 2008-09 Appropriation Compared to Staff's FY 2008-09 Expenditure Estimate							
Eligible MH Medicaid Caseload	Current Caseload Appropriation (all bills)	Estimated Per Capita Rate	Cost Estimate	New Caseload Projection	Estimated Weighted Capitation Rate	New Cost Estimate	Cost Difference
SSI 65+	37,483	\$163.98	\$6,146,592	37,578	\$163.42	\$6,140,997	(\$5,595)
Disabled Individuals	57,631	\$1,531.28	\$88,249,400	57,691	\$1,586.85	\$91,546,963	\$3,297,563
Non-Disabled Adults	67,764	\$254.07	\$17,217,119	68,163	\$250.69	\$17,087,782	(\$129,337)
Breast and Cervical Cancer Treatment Patients (BCCP)	301	\$254.99	\$76,752	301	\$241.54	\$72,704	(\$4,048)
Children	231,030	\$190.93	\$44,109,576	232,414	\$187.37	\$43,547,411	(\$562,165)
Foster Children	<u>18,093</u>	<u>\$3,310.52</u>	<u>\$59,897,201</u>	<u>18,010</u>	<u>\$3,130.36</u>	<u>\$56,377,784</u>	<u>(\$3,519,417)</u>

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Table 2: FY 2008-09 Appropriation Compared to Staff's FY 2008-09 Expenditure Estimate							
Eligible MH Medicaid Caseload	Current Caseload Appropriation (all bills)	Estimated Per Capita Rate	Cost Estimate	New Caseload Projection	Estimated Weighted Capitation Rate	New Cost Estimate	Cost Difference
Total	412,302	n/a	\$215,696,641	414,157	518.58025097	\$214,773,641	(\$923,000)

*Dollar off due to rounding errors.

As Table 3 shows, staff forecasts an increase of 1,855 in the overall Medicaid caseload *eligible* for mental health services (partial dual eligibles and non-citizens are ineligible for Medicaid mental health services) from her January 2009 estimate. Staff's per-capita costs are based on the Department's estimated per capita in their February 17, 2009 budget request. Staff's recommendation also adjusts the fund splits for the capitation programs as shown in Table 3 below.

Table 3: FY 2008-09 Fund Splits for Mental Health Capitation Program			
	Current FY 2008-09 App.	Staff Rec FY 2008-09 Estimate	Difference (Staff Rec - Cur App)
General Fund	\$98,904,025	\$100,280,786	\$1,376,761
CF -- Health Care Expansion Fund	\$8,848,776	\$7,010,176	(\$1,838,600)
CF -- BCCTP Program	\$19,253	\$16,908	(\$2,345)
CF -- Autism Fund	\$57,423	\$59,507	\$2,084
RF -- DPHE Transfer for BCCTP Program	\$7,330	\$8,538	\$1,208
<u>Federal Funds</u>	<u>\$107,859,833</u>	<u>\$107,397,725</u>	<u>(\$462,108)</u>
Total Funds	\$215,696,640	\$214,773,640	(\$923,000)

Additional information on this request and comparisons with the Department's request can be found in exhibits for this document.

Medicaid Mental Health Fee-for-Service Payments: The Department request a \$157,702 total fund (\$78,851 General Fund) supplemental for the fee-for-service payment line item. Staff recommends

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\$120,000 (\$60,000 General Fund) for this issue. Staff's recommendation is based on expenditure data through February 2009 and anticipated expenditures for the rest of the fiscal year.

Lastly, the Committee or General Assembly did not adopt all of the supplemental issues that the Department submitted. At this time, staff does not recommend any of these issues be added to the Long Bill add-on. However, staff is keeping them on the Committee's option list. Table 4 below shows a list of these supplemental issues.

Table 4: Department Submitted Supplementals that were not included in S.B. 09-187 or Recommended for the Long Bill Add-On (Since the Committee Already Took Action on the Issue)			
FY 2008-09 Issues	General Fund	Total Fund	Comment
Supplemental #20 -- Delay Managed Care Payments	(\$7,051,366)	(\$14,102,731)	The Department requested delaying the payments for managed care organizations to the following month. This is an accounting issue based on expenditures not being counted until they are paid under the cash accounting system. Staff does not recommend the issue but is keeping it on the JBC option lists.
Supplemental #25 -- Provider Rate Reductions	(989,119)	(2,120,624)	The Department requests approximately a 2.0 percent rate reduction to Behavioral Health capitation rates from January through June 2009.

**Supplemental Request, Department Priority #3
ALL Children's Basic Health Plan CHANGES**

Summary -- Children's Basic Health Plan Program Impacts			
	Request	Recommendation	Difference
Total	<u>(\$6,727,388)</u>	<u>(\$7,929,002)</u>	<u>(\$1,201,614)</u>
Cash Funds	(2,470,593)	(2,785,362)	(314,769)
Reappropriated Funds	303,463	0	(303,463)
Federal Funds	(4,560,258)	(5,143,640)	(583,382)

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<p>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]</p>	<p align="center">YES</p>
<p>JBC staff and the Department agree that all the supplemental requests and recommendation made in this write-up are appropriate given the current budget situation.</p> <p>Note, staff discourages the Executive from submitting late supplementals for the CBHP program that do not have immediate General Fund impacts. Staff accommodated late supplementals and budget amendments for the CBHP program when the asset test was implemented in FY 2006-07. Ever since then, the Department has submitted late supplementals for this program. Staff recognizes that this is an extraordinary year, but requests that in future years the Department cease the expectation that it is acceptable to submit CBHP supplementals late. Monthly caseload and expenditures reports are sufficient to apprise staff if there is a looming budget problem with the current year appropriation after the January 2 statutory deadline for supplementals.</p> <p>While the estimate contained in this supplemental helped staff build her recommendation for FY 2009-10, this supplemental reflects that the current spending authority in S.B. 09-187 is sufficient to meet the needs of the program in FY 2009-10. Therefore, the Committee does not have to adopt any supplemental adjustments despite staff's recommendation.</p>	

Department Request: The Department's submitted updated calculations for the Children's Basic Health Plan on February 17, 2009. The Department's February 2009 calculations show the following:

- ✓ An increase in the forecasted number of children from the amount included in S.B. 09-187 calculations from 61,757 clients to 61,931 clients.
- ✓ A decrease in the forecasted number of eligible pregnant women included in S.B. 09-187 calculations from 1,847 clients to 1,714 clients.
- ✓ The Department also updated per capita costs based on the most current actuary review and costs. For children, the Department now forecasts per capita costs of \$1,635.35. For pregnant women, the Department now forecasts per capita costs of \$12,054.70.

Staff Recommendation: Staff's March forecast is based on the following:

- ✓ An increase in the forecasted number of children from the amount included in S.B. 09-187 calculations from 61,757 clients to 61,801 clients.
- ✓ A decrease in the forecasted number of eligible pregnant women included in S.B. 09-187 calculations from 1,847 clients to 1,693 clients.

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- ✓ Staff recommends per capita costs of \$1,625.74 for children and \$12,054.70 for pregnant women.

Pursuant to the Committee's action in January, staff no longer appropriates enrollment fees into the CBHP Trust Fund and then reappropriates the fees to the program line item. Enrollment fees can be directly deposited into the CBHP Trust Fund. There is no need to reappropriate these moneys twice in the Long Bill.

Staff's calculations for this recommendation can be found in Exhibit O of this document.

**Supplemental Request, Department Priority #4
Medicare Modernization Act State Contribution Payment**

Summary -- Medicare Modernization Act State Contribution Payment	Request	Recommendation	Difference
Total	(\$850,862)	(\$1,074,557)	(\$223,695)
General Fund	(850,862)	(1,074,557)	(223,695)

<p>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]</p>	YES
<p>JBC staff and the Department agree that all the supplemental requests and recommendation made in this write-up are appropriate given the current budget situation.</p>	

Department Request: The Department submitted updated calculations for the Medicare Modernization Act State Contribution Payment from the amounts included in S.B. 09-187. The Department's request has two components:

1. An increase of \$563,031 for updated cost and caseload assumptions rather than the \$955,878 funded in S.B. 09-187.
2. Expected savings of \$7,285,697 for delaying the May 2009 payment until July 2009 instead of the savings of \$6,827,682 funded in S.B. 09-187.

Staff Recommendation: Staff recommends the Department's request. The reason for staff's slightly lower recommendation amount is because staff's recommendation includes actual payments through

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February 2009. The Department did not have this information available when they submitted their request.

For calculations for the Medicare Modernization Act State Contribution Payments, see Exhibit P.

The Department submitted supplementals related to common policy adjustments. The total savings indicated in the Department's request from these issues is \$146,636 total funds (\$73,318 General Fund). Pursuant to the Committee's common policy action, staff has not included non-prioritized supplementals numbers 24-27 in this write-up.

**JBC Staff Supplemental Recommendation #1:
Increase Safety Net Provider Payment Expenditure Authority**

	Request	Recommendation	Difference
Total	<u>\$0</u>	<u>\$8,397,145</u>	<u>\$8,397,145</u>
General Fund	0	1,078,204	1,078,204
Cash Funds	0	3,006,124	3,006,124
Federal Funds	0	4,312,817	4,312,817

Staff Recommendation: Staff recommends an increase to the expenditure authority for the Safety Net Provider Payment line item in order to spend the additional Disproportionate Share Hospital (DSH) moneys available under federal law.

The current FY 2008-10 appropriation assumed that the federal DSH payment would be \$87.1 million. However, in October 2008, Congress increased the DSH cap for FY 2008-09. Based on this new information, staff has adjusted the appropriation to reflect the current DSH allotment for FY 2008-09. The table below shows staff's calculations for the recommended appropriations.

Safety Net Provider Fee -- Appropriation Calculations					
	General Fund	Certified Funds	Federal Funds	Total Amount Appropriated	Estimated Distribution*
FY 2008-09					
Original DSH Estimate	588,318	86,539,282	87,127,600	174,255,200	87,715,918
<u>Original UPL Estimate</u>	<u>12,502,464</u>	<u>48,464,251</u>	<u>60,966,715</u>	<u>121,933,430</u>	<u>73,469,179</u>

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Safety Net Provider Fee -- Appropriation Calculations					
	General Fund	Certified Funds	Federal Funds	Total Amount Appropriated	Estimated Distribution*
Total Original Estimate	13,090,782	135,003,533	148,094,315	296,188,630	161,185,097
Adjust based on actual FY 2007-08 expenditures	0	(228,489)	(228,489)	(456,978)	(228,489)
Adjust for New DSH allocation from ARRA	<u>1,078,204</u>	<u>3,234,613</u>	<u>4,312,817</u>	<u>8,625,634</u>	<u>5,391,021</u>
Final FY 2008-09 Rec.	14,168,986	138,009,657	152,178,643	304,357,286	166,347,629

*Certified Funds are used to draw down federal match but are not distributed.

Staff's recommendation also increases the General Fund appropriation by \$1.1 million in FY 2008-09. Private hospitals that participate in the CICIP program can not certify funds. Therefore, the only distributions that the private hospitals receive are from General Fund and associated matching federal funds. Currently private hospitals receive approximately 33.4 percent reimbursement relative to indigent care costs while public hospitals on average receive 58.8 percent reimbursement. If the General Fund appropriation is not increased, then all of the new DSH money will go to the public hospitals. Staff's recommendation would provide a total increase of \$2.2 million (General Fund and federal funds) to private hospitals in FY 2008-09. Public hospitals will receive a total increase of \$3.2 million in FY 2008-09 (all federal funds). See staff's FY 2009-10 recommendations for this line item for more information.

**JBC Staff Supplemental Recommendation #2:
Adjust Public School Health Services Expenditure Authority**

	Request	Recommendation	Difference
Total	<u>\$0</u>	<u>(\$7,259,414)</u>	<u>(\$7,259,414)</u>
Cash Funds	0	(3,629,707)	(3,629,707)
Federal Funds	0	(3,629,707)	(3,629,707)

Staff Recommendation: Staff recommends a decrease of \$7.3 million in expenditure authority for the Public School Health Services line item in order to realign the appropriations closer to actual expenditures. Staff's reason for taking away the extra expenditure authority is to aid in the calculation of the extra-FMAP funding that will be available to this program from the American Recovery and Reinvestment Act (ARRA). See staff's section on Legislation Recommended for additional details.

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**JBC Staff Supplemental Recommendation #3:
Sunset Review of Telemedicine Program**

	Request	Recommendation	Difference
Total	\$0	\$9,000	\$9,000
General Fund	0	3,000	3,000
Federal Funds	0	6,000	6,000

Staff Recommendation: Staff recommends an increase of \$9,000 total funds (\$3,000 General Fund) for the Department to transfer to the Department of Regulatory Agencies for the required sunset review on the Telemedicine program.

**JBC Staff Supplemental Recommendation #4:
Correct Fund Splits of Fraud Software**

	Request	Recommendation	Difference
Total	\$0	(\$221,597)	(\$221,597)
General Fund	0	27,764	27,764
Federal Funds	0	(249,361)	(249,361)

Staff Recommendation: Staff recommends a total fund decrease of \$221,597, net of a General Fund increase of \$27,764, to the Fraud Detection Software Contract line item. This line item was added last year to provide funding to the Department to purchase software to enable the Department to detect fraud, abuse, or waste in the Medicaid program. Specifically, the software will support such functions as compliance monitoring, provider referrals, and utilization reviews. Last year, it was believed that this project would receive a favorable 90 percent federal match. Upon review by the Centers of Medicare and Medicaid Services, this line item will only receive a 75 percent federal match. In addition, the Department now estimates that the cost in FY 2009-10 for the software will be \$778,403 instead of the original estimate of \$1,000,000. Because this issue has the potential of saving funds in the Medicaid program, staff recommends this supplemental adjustment so that the project will not be delayed. While the Department did not submit an official supplemental request for this issue, staff has discussed this line item and recommendation with the Department and they are in agreement with staff's recommendation.

**FY 2009-10 Joint Budget Committee Staff Figure Setting
Department of Health Care Policy and Financing**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation*	FY 2009-10 Request	FY 2009-10 Staff Rec**	Change Req. #	% Change from App.
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*FY 2008-09 Appropriation includes the impact of S.B. 09-187, S.B. 09-211, and S.B. 09-132. It does not include the impact of the Supplementals recommended in this packet.
 **FY 2009-10 Staff Rec reflects the amount for the Long Bill only -- any special bills recommended include a description of the appropriation impact in the special bill section of this packet.

**Department of Health Care Policy and Financing
Executive Director: Joan Henneberry**

(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.)

Administration

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

Personal Services/1

FTE	<u>15,260,951</u>	<u>20,382,113</u>	<u>18,812,638</u>	<u>20,084,744</u>	<u>20,038,930</u>	DI #5, 6, 11, 12 BRI #2
General Fund	231.8	243.8	267.9	275.4	275.0	
Cash Funds	6,054,845	8,021,372	7,863,390	8,267,266	8,216,361	
CFE/Reappropriated Funds	0	0	534,747	580,106	594,473	
Federal Funds	399,006	2,328,843	1,557,401	1,564,984	1,608,829	
	8,807,100	10,031,898	8,857,100	9,672,388	9,619,267	

Health, Life, and Dental/2

General Fund	<u>748,309</u>	<u>0</u>	<u>1,278,471</u>	<u>1,397,459</u>	<u>1,414,691</u>	NP BA 33
Cash Funds	334,784	0	578,598	632,799	640,247	PENDING COMMON POLICY ON
CFE/Reappropriated Funds	0	0	28,315	30,903	31,332	LIFE INSURANCE BENEFIT
Federal Funds	24,355	0	35,213	38,018	38,965	CHANGE
	389,170	0	636,345	695,739	704,147	

Short-term Disability/2

General Fund	<u>15,110</u>	<u>0</u>	<u>22,621</u>	<u>22,360</u>	<u>23,588</u>	
Cash Funds	6,286	0	9,538	9,324	9,630	
CFE/Reappropriated Funds	0	0	568	800	722	
Federal Funds	401	0	1,795	1,755	1,917	
	8,423	0	10,720	10,481	11,319	

Equalization

Disbursement/2	<u>93,197</u>	<u>0</u>	<u>275,961</u>	<u>355,301</u>	<u>302,285</u>	NP BA32
General Fund	41,256	0	114,941	153,581	122,187	
Cash Fund	0	0	6,983	8,574	9,308	
CFE/Reappropriated Funds	2,092	0	22,096	18,244	24,741	
Federal Funds	49,849	0	131,941	174,902	146,049	

**FY 2009-10 Joint Budget Committee Staff Figure Setting
Department of Health Care Policy and Financing**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation*	FY 2009-10 Request	FY 2009-10 Staff Rec**	Change Req. #	% Change from App.
S.B. 06-235 Supplemental							
AE/D/2	<u>0</u>	<u>0</u>	<u>127,446</u>	<u>222,063</u>	<u>187,631</u>	NP BA 32	
General Fund	0	0	51,968	95,988	75,072		
Cash Fund	0	0	3,273	5,358	5,816		
CFE/Reappropriated Funds	0	0	10,358	11,403	15,463		
Federal Funds	0	0	61,847	109,314	91,280		
Salary Survey and							
Senior Executive Service/2	<u>459,483</u>	<u>0</u>	<u>673,446</u>	<u>0</u>	<u>0</u>	BA #41	
General Fund	198,893	0	304,849	0	0		
Cash Funds	0	0	7,406	0	0		
CFE/Reappropriated Funds	11,087	0	21,487	0	0		
Federal Funds	249,503	0	339,704	0	0		
Performance-based Pay Awards/2	<u>0</u>	<u>0</u>	<u>249,966</u>	<u>0</u>	<u>0</u>		
General Fund	0	0	112,340	0	0		
Cash Funds	0	0	3,147	0	0		
CFE/Reappropriated	0	0	9,131	0	0		
Federal Funds	0	0	125,348	0	0		
Worker's Compensation	<u>25,760</u>	<u>25,363</u>	<u>32,346</u>	<u>30,990</u>	<u>30,990</u>	NP #10, NP BA #30	
General Fund	12,880	12,682	16,173	15,496	15,496	STAFF REC IS PENDING COMMON	
Federal Funds	12,880	12,681	16,173	15,494	15,494	POLICY - SUBJECT TO CHANGE	
Operating Expenses	<u>1,242,074</u>	<u>980,465</u>	<u>1,596,016</u>	<u>1,865,502</u>	<u>1,511,489</u>	DI # 5, 6, 11, & 12;	
General Fund	609,487	469,925	765,780	904,267	727,406	BRI #2; NP #9 & 12;	
Cash Funds	0	0	19,840	16,038	15,871		
CFE/Reappropriated Funds	8,151	24,209	13,377	13,461	13,461		
Federal Funds	624,436	486,331	797,019	931,736	754,751		
Legal and Third Party Recovery							
Legal Services	<u>763,821</u>	<u>739,856</u>	<u>982,984</u>	<u>982,984</u>	<u>982,984</u>	STAFF REC IS PENDING COMMON	
General Fund	318,913	307,656	399,045	399,044	399,044	POLICY - SUBJECT TO CHANGE	
Cash Funds	62,998	61,932	87,378	87,378	87,378		
Federal Funds	381,910	370,030	496,561	496,562	496,562		
Administrative Law Judge Services	<u>380,930</u>	<u>438,975</u>	<u>469,789</u>	<u>477,262</u>	<u>477,262</u>	NP #11, NP BA 29	
General Fund	190,465	219,488	234,895	238,631	238,631	STAFF REC IS PENDING COMMON	
Federal Funds	190,465	219,487	234,894	238,631	238,631	POLICY - SUBJECT TO CHANGE	

**FY 2009-10 Joint Budget Committee Staff Figure Setting
Department of Health Care Policy and Financing**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation*	FY 2009-10 Request	FY 2009-10 Staff Rec**	Change Req. #	% Change from App.
Computer Systems Costs	<u>0</u>	<u>15,973</u>	<u>135,103</u>	<u>135,103</u>	<u>135,103</u>		
General Fund	0	4,650	65,883	65,883	65,883		STAFF REC IS PENDING
CFE/Reappropriated Funds	0	3,337	3,337	3,337	3,337		COMMON POLICY - SUBJECT TO CHANGE
Federal Funds	0	7,986	65,883	65,883	65,883		
Management & Administration of OIT	<u>0</u>	<u>0</u>	<u>459,984</u>	<u>482,756</u>	<u>482,756</u>		
General Fund	0	0	229,992	241,379	241,379		STAFF REC IS PENDING
Federal Funds	0	0	229,992	241,377	241,377		COMMON POLICY - SUBJECT TO CHANGE
Payment to Risk Management and Property Funds	<u>101,810</u>	<u>60,484</u>	<u>71,989</u>	<u>47,162</u>	<u>47,162</u>		
General Fund	50,905	30,242	35,995	23,581	23,581		NP - BA #31 STAFF REC IS PENDING
Federal Funds	50,905	30,242	35,994	23,581	23,581		COMMON POLICY - SUBJECT TO CHANGE
Leased Space	<u>166,899</u>	<u>248,164</u>	<u>394,236</u>	<u>477,036</u>	<u>394,236</u>		
General Fund	77,950	118,582	191,619	233,019	191,619		DI #11
Cash Funds	0	0	5,500	5,500	5,500		
CFE/Reappropriated Funds	5,500	5,500	0	0	0		
Federal Funds	83,449	124,082	197,117	238,517	197,117		
Capitol Complex Leased Space	<u>344,022</u>	<u>397,238</u>	<u>395,208</u>	<u>386,557</u>	<u>386,557</u>		
General Fund	172,011	198,619	197,604	193,279	193,279		NP BA #28
Federal Funds	172,011	198,619	197,604	193,278	193,278		STAFF REC IS PENDING
General Professional Services and Special Projects	<u>0</u>	<u>0</u>	<u>1,727,186</u>	<u>3,267,298</u>	<u>2,668,836</u>		
General Fund	0	0	787,343	1,384,003	1,109,772		DI #5 & 6; BRI # 1 & 2, BA #35
Cash Funds	0	0	41,250	0	0		
Federal Funds	0	0	898,593	1,883,295	1,559,064		
Appropriation for H.B. 08-1114 /3 FTE	<u>0</u>	<u>0</u>	<u>239,936</u>	<u>0</u>	<u>0</u>		
General Fund	0	0	1.0	0	0		
Federal Funds	0	0	119,968	0	0		
Federal Funds	0	0	119,968	0	0		

**FY 2009-10 Joint Budget Committee Staff Figure Setting
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	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation*	FY 2009-10 Request	FY 2009-10 Staff Rec**	Change Req. #	% Change from App.
SUBTOTAL -- Executive Director's Office, General Administration							
Total Funds	<u>19,602,366</u>	<u>23,288,631</u>	<u>27,945,326</u>	<u>30,234,577</u>	<u>29,084,500</u>		4.08%
FTE	231.8	243.8	268.9	275.4	275.0		2.27%
General Fund	8,068,675	9,383,216	12,079,921	12,857,540	12,269,587		1.57%
Cash Funds	62,998	61,932	738,407	734,657	750,400		1.62%
CFE/Reappropriated Funds	450,592	2,362,127	1,674,195	1,651,202	1,706,713		1.94%
Federal Funds	11,020,101	11,481,356	13,452,803	14,991,178	14,357,800		6.73%

/2 Due to a change in OSPB budget instructions, FY 2007-08 actuals for these line items are shown in the FY 2007-08 actuals for personal services line item.
/3 The S.B. 09-187 adjustments to this bill's appropriations are shown in subdivision (F)'s appropriation.

(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

General Fund	4,006,727	4,052,138	4,923,759	5,101,386	5,070,684	NP #14, #37, #40
Federal Funds	1,015,448	1,040,488	1,356,814	1,541,083	1,526,123	
	2,991,279	3,011,650	3,566,945	3,560,303	3,544,561	

Transfer to the Department of Regulatory Agencies for

Nurse Aide Certification

General Fund	<u>308,766</u>	<u>325,343</u>	<u>325,343</u>	<u>325,343</u>	<u>325,343</u>	
Cash Funds	0	148,020	148,020	148,020	148,020	
CFE/Reappropriated Funds	0	0	0	0	0	
Federal Funds	154,383	14,652	14,652	14,652	14,652	
	154,383	162,671	162,671	162,671	162,671	

Transfer to the Department of Regulatory Agencies for

In-Home Support Reviews

General Fund	<u>5,986</u>	<u>4,000</u>	<u>0</u>	<u>14,000</u>	<u>14,000</u>	NP #2
Cash Funds	2,993	2,000	0	4,500	6,500	
Federal Funds	0	0	0	500	500	
	2,993	2,000	0	9,000	7,000	

Transfer to the Department of Education for Public School

Health Services Administration

Federal Funds	<u>200,000</u>	<u>335,430</u>	<u>407,747</u>	<u>207,747</u>	<u>211,311</u>	DI #17
	200,000	335,430	407,747	207,747	211,311	

**FY 2009-10 Joint Budget Committee Staff Figure Setting
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	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation*	FY 2009-10 Request	FY 2009-10 Staff Rec**	Change Req. #	% Change from App.
Transfer to Department of Human Services for Related Administration							
General Fund	74,564	88,973	0	0	0		
Federal Funds	37,282	44,487	0	0	0		
	37,282	44,486	0	0	0		
SUBTOTAL -- Executive Director's Office, Transfers to Other Departments							
Total Funds	4,596,043	4,805,884	5,656,849	5,648,476	5,621,338		-0.63%
General Fund	1,055,723	1,234,995	1,504,834	1,693,603	1,680,643		11.68%
Cash Funds	0	0	0	500	500		n/a
CFE/Reappropriated Funds	154,383	14,652	14,652	14,652	14,652		0.00%
Federal Funds	3,385,937	3,556,237	4,137,363	3,939,721	3,925,543		-5.12%

Rec vs.
Appropriation

(C) Information Technology Contracts and Projects

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

Information Technology							
Contracts	28,721,593	21,912,172	22,491,903	25,070,201	25,281,881		
General Fund	6,566,567	5,178,565	5,424,454	6,017,805	6,070,725		DI #6, 10, 12, 15 BRI #1
Cash Funds	0	0	578,154	538,643	538,643		BA #13, #16, #33
CFE/Reappropriated Funds	607,584	690,794	100,328	100,328	100,328		
Federal Funds	21,547,442	16,042,813	16,388,967	18,413,425	18,572,185		
Fraud Detection Software							
Contract	0	0	1,000,000	250,000	250,000		
General Fund	0	0	100,000	62,500	62,500		
Federal Funds	0	0	900,000	187,500	187,500		
Colorado Benefits Management							
System Medical Assistance Project	0	0	1,561,000	5,050,000	2,995,100		
General Fund	0	0	746,993	2,416,602	1,433,260		
Federal Funds	0	0	814,007	2,633,398	1,561,840		
Centralized Eligibility Vendor							
Contract Project	0	0	153,600	100,000	100,000		DI #5
General Fund	0	0	73,503	47,850	47,850		BA #35
Federal Funds	0	0	80,097	52,150	52,150		

**FY 2009-10 Joint Budget Committee Staff Figure Setting
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	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation*	FY 2009-10 Request	FY 2009-10 Staff Rec**	Change Req. #	% Change from App.
SUBTOTAL -- Executive Director's Office, Information Technology Contracts and Projects							
Total Funds	28,721,593	21,912,172	25,206,503	30,470,201	28,626,981		20.88%
General Fund	6,566,567	5,178,565	6,344,950	8,544,757	7,614,335		34.67%
Cash Funds	0	0	578,154	538,643	538,643		-6.83%
CFE/Reappropriated Funds	607,584	690,794	100,328	100,328	100,328		0.00%
Federal Funds	21,547,442	16,042,813	18,183,071	21,286,473	20,373,675		17.07%

Rec vs.

Appropriation

(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

General Fund	92,592	98,730	120,000	120,000	120,000		
Cash Funds	35,314	39,683	48,444	48,444	48,444		
CFE/Reappropriated Funds	0	0	10,759	10,759	10,759		
Federal Funds	11,716	10,479	1,593	1,593	1,593		
	45,562	48,568	59,204	59,204	59,204		

Contracts for Special Eligibility

Determinations

General Fund	2,053,143	2,251,335	2,310,994	2,418,712	2,418,712	DI #16, BA #40	
Cash Funds	801,701	873,075	888,610	918,770	918,770		
Federal Funds	0	0	30,854	34,576	34,576		
	1,246,442	1,347,524	1,391,530	1,465,366	1,465,366		

County Administration

General Fund	24,003,023	31,449,101	27,082,683	25,082,683	27,895,163	DI #5	
Cash Funds	7,216,315	9,475,266	8,248,943	7,248,943	8,248,943	BA # 13, 33, 35	
CFE/Reappropriated Funds	0	0	5,332,531	5,332,531	5,738,771		
Federal Funds	4,881,494	6,249,284	0	0	0		
	11,905,214	15,724,551	13,501,209	12,501,209	13,907,449		

Administrative Case Management

General Fund	2,861,494	3,714,209	539,744	539,744	539,744	BA - 14	
Cash Funds	1,430,747	1,857,105	269,872	269,872	269,872		
Federal Funds	1,430,747	1,857,104	269,872	269,872	269,872		

Customer Outreach

General Fund	3,305,059	3,410,364	3,790,283	3,780,427	3,573,001	DI #6, BA #38	
Cash Funds	1,633,622	1,671,668	1,861,628	1,856,700	1,752,987		
CFE/Reappropriated Funds	0	0	33,514	33,514	33,514		
Federal Funds	18,908	33,514	0	0	0		
	1,652,529	1,705,182	1,895,141	1,890,213	1,786,500		

**FY 2009-10 Joint Budget Committee Staff Figure Setting
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	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation*	FY 2009-10 Request	FY 2009-10 Staff Rec**	Change Req #	% Change from App.
Non-Emergency Transportation	7,583,761	0	0	0	0		
General Fund	3,791,881	0	0	0	0		
Federal Funds	3,791,880	0	0	0	0		

Rec vs.
Appropriation

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation*	FY 2009-10 Request	FY 2009-10 Staff Rec**	Change Req #	% Change from App.
SUBTOTAL -- Executive Director's Office, Eligibility Determinations and Client Services	39,899,072	40,923,739	33,843,704	31,941,566	34,546,620		-5.62%
Total Funds	14,909,580	13,916,797	11,317,497	10,342,729	11,239,016		-8.61%
General Fund	0	0	5,407,658	5,411,380	5,817,620		0.07%
Cash Funds	4,917,118	6,324,013	1,593	1,593	1,593		0.00%
CFF/Reappropriated Funds	20,072,374	20,682,929	17,116,956	16,185,864	17,488,391		-5.44%
Federal Funds							

(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	4,547,268	4,505,599	4,669,035	4,681,355	4,576,355	DI #6	
General Fund	1,113,360	1,301,011	1,362,318	1,385,398	1,359,148	BRL #2	
Cash Funds	0	0	54,949	54,949	54,949		
CFF/Reappropriated Funds	55,674	55,674	0	0	0		
Federal Funds	3,378,234	3,148,914	3,251,768	3,241,008	3,162,258		

Rec vs.
Appropriation

SUBTOTAL -- Executive Director's Office, Utilization and Quality Review Contracts	4,547,268	4,505,599	4,669,035	4,681,355	4,576,355		0.26%
Total Funds	1,113,360	1,301,011	1,362,318	1,385,398	1,359,148		1.69%
General Fund	0	0	54,949	54,949	54,949		0.00%
Cash Funds	55,674	55,674	0	0	0		n/a
CFF/Reappropriated Funds	3,378,234	3,148,914	3,251,768	3,241,008	3,162,258		-0.33%
Federal Funds							

(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	1,805,459	1,662,241	1,853,300	2,272,266	2,272,266	DI #14 & 17	
General Fund	902,730	831,121	926,650	919,283	919,283		
Federal Funds	902,729	831,120	926,650	1,352,983	1,352,983		
Primary Care Provider Rate	53,075	351	0	0	0		
Task Force and Study	26,538	176	0	0	0		
General Fund	26,537	175	0	0	0		
Federal Funds							

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	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation*	FY 2009-10 Request	FY 2009-10 Staff Rec**	Change Req. #	% Change from App.
Prepaid Inpatient Health Plans							
Feasibility Study	0	70,015	0	0	0		
CFE/Reappropriated Funds	0	35,008	0	0	0		
Federal Funds	0	35,007	0	0	0		
SUBTOTAL -- Executive Director's Office, Provider Audits and Services	1,858,534	1,732,607	1,853,300	2,272,266	2,272,266		22.61%
General Fund	929,268	831,297	926,650	919,283	919,283		-0.80%
CFE/Reappropriated Funds	0	35,008	0	0	0		n/a
Federal Funds	929,266	866,302	926,650	1,352,983	1,352,983		46.01%
(G) Recoveries and Recoupment Contract Costs (Primary Functions: Contains contract costs associated with recovery eligible Medicaid expenses.)							
Estate Recovery	432,784	405,872	700,000	700,000	700,000		
Cash Funds	216,392	202,936	350,000	350,000	350,000		
Federal Funds	216,392	202,936	350,000	350,000	350,000		
Payment Error Rate Measurement	0	441,365	0	0	0		
Project Contract	0	110,340	0	0	0		
General Fund	0	77,240	0	0	0		
CFE/Reappropriated Funds	0	253,785	0	0	0		
Federal Funds	0	253,785	0	0	0		
SUBTOTAL -- Executive Director's Office, Recoveries and Recoupment Contract Costs	432,784	847,237	700,000	700,000	700,000		0.00%
General Fund	0	110,340	0	0	0		n/a
Cash Funds	216,392	202,936	350,000	350,000	350,000		0.00%
CFE/Reappropriated Funds	0	77,240	0	0	0		n/a
Federal Funds	216,392	456,721	350,000	350,000	350,000		0.00%

**FY 2009-10 Joint Budget Committee Staff Figure Setting
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	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation*	FY 2009-10 Request	FY 2009-10 Staff Rec**	Change Req. #	% Change from App.
SUBTOTAL -- Executive Director's Office							
Total Funds	<u>99,657,660</u>	<u>98,015,869</u>	<u>99,874,717</u>	<u>105,948,441</u>	<u>105,428,060</u>		6.08%
FTE	231.8	243.8	268.9	275.4	275.0		2.42%
General Fund	32,643,173	31,956,221	33,536,170	35,743,310	35,082,012		6.58%
Cash Funds	279,390	264,868	7,129,168	7,090,129	7,512,112		-0.55%
Cash Funds Exempt	6,185,351	9,559,508	1,790,768	1,767,775	1,823,286		-1.28%
Federal Funds	60,549,746	56,235,272	57,418,611	61,347,227	61,010,650		6.84%

1/ In FY 2008-09, the Department's Executive Director's Office appropriation structure was changed. In order to provide better historical comparisons, staff has shown all actual expenses in the corresponding line item in the new structure rather than in the old appropriation structure.

(2) Medical Service Premiums

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

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation*	FY 2009-10 Request	FY 2009-10 Staff Rec**	Change Req. #	% Change from App.
Services for Supplemental Security Income Adults 65 and Older (SSI 65+)							
Medicaid Clients	<u>35,977</u>	<u>36,063</u>	<u>37,483</u>	<u>38,332</u>	<u>38,142</u>		
Cost per Client	\$18,948.45	\$19,624.29	\$20,190.36	\$21,956.13	\$22,077.47		
Services for Supplemental Security Income Adults 60 to 64 (SSI 60 - 64)							
Medicaid Clients	<u>6,042</u>	<u>6,116</u>	<u>6,368</u>	<u>6,544</u>	<u>6,521</u>		
Cost per Client	\$14,847.59	\$16,479.80	\$17,398.34	\$18,335.19	\$18,422.25		
Services for Qualified Medicare Beneficiaries (QMBs) and Special Low-Income Medicare Beneficiaries (SLIMBs)							
Medicaid Clients	<u>12,818</u>	<u>14,130</u>	<u>15,172</u>	<u>16,016</u>	<u>16,350</u>		
Cost per Client	\$1,336.60	\$1,347.76	\$1,330.93	\$1,313.88	\$1,294.16		
Services for Supplemental Security Income Disabled Individuals							
Medicaid Clients	<u>48,567</u>	<u>49,662</u>	<u>51,263</u>	<u>52,629</u>	<u>52,173</u>		
Cost per Client	\$11,714.39	\$13,196.85	\$14,133.63	\$14,594.46	\$14,937.38		
Services for Categorically Eligible Low-Income Adults							
Medicaid Clients	<u>51,361</u>	<u>44,234</u>	<u>48,328</u>	<u>54,116</u>	<u>56,193</u>		
Cost per Client	\$3,895.46	\$4,311.57	\$4,486.71	\$3,947.68	\$4,195.80		

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	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation*	FY 2009-10 Request	FY 2009-10 Staff Rec**	Change Req. #	% Change from App.
Services for Expansion Low- Income Adults							
Medicaid Clients	\$7,406,101	\$19,107,069	\$2,238,766	\$40,693,446	\$40,950,887	DI #1, BA #1, BA #21	
Cost per Client	4,974	8,627	12,514	14,430	15,886		
	\$1,488.96	\$2,214.80	\$1,777.11	\$2,820.06	\$2,577.80		
Services for Baby Care Program Adults							
Medicaid Clients	\$47,989,940	\$53,898,593	\$60,942,330	\$62,154,631	\$66,868,325	DI #1, BA #1, BA #21	
Cost per Client	5,123	6,108	6,922	6,750	7,387		
	\$9,367.55	\$8,824.26	\$8,804.15	\$9,208.09	\$9,052.16		
Services for Breast and Cervical Cancer Treatment Clients							
Medicaid Clients	\$5,750,514	\$7,135,052	\$6,905,871	\$7,225,148	\$7,250,841	DI #1, BA #1, BA #21	
Cost per Client	230	270	301	321	321		
	\$25,002.23	\$26,426.12	\$22,943.09	\$22,508.25	\$22,588.29		
Services for Categorically Eligible Children							
Medicaid Clients	\$332,386,215	\$365,238,989	\$416,570,948	\$463,227,617	\$448,068,871	DI #1, BA #1, BA #21	
Cost per Client	206,170	201,800	231,030	257,356	255,970		
	\$1,612.19	\$1,809.91	\$1,803.10	\$1,799.95	\$1,750.47		
Services for Categorically Eligible Foster Children							
Medicaid Clients	\$53,963,402	\$64,379,260	\$67,719,081	\$75,365,977	\$71,289,490	DI #1, BA #1, BA #21	
Cost per Client	16,601	17,014	18,003	18,686	18,584		
	\$3,250.61	\$3,783.90	\$3,761.54	\$4,033.29	\$3,836.07		
Services for Non-Citizens							
Medicaid Clients	\$56,343,210	\$53,880,361	\$61,285,401	\$59,928,359	\$65,406,248	DI #1, BA #1, BA #21	
Cost per Client	5,214	4,044	4,030	3,957	4,191		
	\$10,806.14	\$13,323.53	\$15,207.30	\$15,144.90	\$15,606.36		
CMS Disallowance	\$0	\$0	\$3,176,846	\$0	\$0		
H.B. 08-1114 in appropriation year. Change Requests Total excluding DI #1 & BA #1 which is included in the caseload/ cost-per-client	\$0	\$0	\$11,854,320	(\$144,810,144)	(\$26,101,858)	DI #6, BRI # 1 & 2, NPI #3, BA #7, #15, #21, #24, #26, #33, #36, #37, & #38	

**FY 2009-10 Joint Budget Committee Staff Figure Setting
Department of Health Care Policy and Financing**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation*	FY 2009-10 Request	FY 2009-10 Staff Rec.**	Change Req. #	% Change from App.
SUBTOTAL -- Medical Services							Rec vs. Appropriation
Premiums/3	2,061,396,808	2,237,284,805	2,479,840,307	2,528,160,532	2,672,204,912		7.76%
General Fund	633,377,714	714,806,487	767,327,250	751,547,984	822,002,303		7.13%
General Fund Exempt	343,100,000	327,500,000	369,000,000	369,000,000	369,000,000		0.00%
Cash Funds	0	466,522	100,747,936	140,299,303	139,126,607		38.09%
CFE/Reappropriated Funds	48,860,206	71,785,891	2,661,475	241,976	2,804,548		5.38%
Federal Funds	1,036,058,888	1,122,725,905	1,240,103,646	1,267,071,269	1,339,271,454		8.00%

7/3 The General Fund and General Fund Exempt percent change for FY 2009-10 is 4.6%

(3) Medicaid Mental Health Community Programs

(Primary Functions: Mental health programs for Medicaid eligible clients.)

Mental Health Capitation for Medicaid Clients							
General Fund	184,640,568	196,011,033	215,696,640	229,894,657	229,561,121	DI #2, NP #3, BA #3, #21, #33	
Cash Funds	89,832,730	94,172,151	98,904,025	107,600,430	105,797,924		
CFE/Reappropriated Funds	0	0	8,925,452	7,325,645	8,960,887		
Federal Funds	2,481,026	4,311,729	7,330	8,713	9,208		
	92,326,812	97,527,153	107,859,833	114,959,869	114,793,102		
Medicaid Mental Health Fee for Service Payments							
General Fund	1,367,867	1,335,736	1,437,155	1,731,529	1,731,529	DI #2, BA #2	
Federal Funds	683,934	667,868	718,578	865,765	865,765		
	683,933	667,868	718,577	865,764	865,764		
Medicaid Anti-Psychotic Pharmaceuticals							
CFE/Reappropriated Funds	34,294,729	0	0	0	0		
	34,294,729	0	0	0	0		

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation*	FY 2009-10 Request	FY 2009-10 Staff Rec.**	Change Req. #	% Change from App.
SUBTOTAL -- Medicaid Mental Health Community Programs							Rec vs. Appropriation
General Fund	220,303,164	197,346,769	217,133,795	231,626,186	231,292,650		6.67%
Cash Funds	90,516,664	94,840,019	99,622,603	108,466,195	106,663,689		7.07%
CFE/Reappropriated Funds	0	0	8,925,452	7,325,645	8,960,887		0.40%
Federal Funds	36,775,755	4,311,729	7,330	8,713	9,208		25.62%
	93,010,745	98,195,021	108,578,410	115,825,633	115,658,866		6.52%

**FY 2009-10 Joint Budget Committee Staff Figure Setting
Department of Health Care Policy and Financing**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation*	FY 2009-10 Request	FY 2009-10 Staff Rec**	Change Req. #	% Change from App.
(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>279,933,040</u>	<u>282,893,182</u>	<u>296,188,630</u>	<u>296,188,630</u>	<u>310,715,422</u>		
General Fund	13,090,782	13,090,782	13,090,782	13,090,782	14,168,986		
Cash Funds	0	0	135,003,533	135,003,533	141,188,725		
CFE/Reappropriated Funds	126,875,738	128,355,809	0	0	0		
Federal Funds	139,966,520	141,446,591	148,094,315	148,094,315	155,357,711		
Colorado Health Care Services Fund	<u>0</u>	<u>15,000,000</u>	<u>15,000,000</u>	<u>15,000,000</u>	<u>15,000,000</u>		
General Fund	0	15,000,000	15,000,000	15,000,000	15,000,000		
The Children's Hospital, Clinic Based							
Indigent Care	<u>16,180,483</u>	<u>26,291,760</u>	<u>27,029,760</u>	<u>27,767,760</u>	<u>27,767,760</u>	BA #11	
General Fund	3,059,880	3,059,880	3,059,880	3,059,880	3,059,880		
CFE/Reappropriated Funds	10,060,723	10,086,000	10,455,000	10,824,000	10,824,000		
Federal Funds	3,059,880	13,145,880	13,514,880	13,883,880	13,883,880		
Health Care Services Fund Programs	<u>4,901,685</u>	<u>11,053,421</u>	<u>9,090,000</u>	<u>8,352,000</u>	<u>8,352,000</u>	BA #11	
CFE/Reappropriated Funds	4,901,685	4,914,000	4,545,000	4,176,000	4,176,000		
Federal Funds	0	6,139,421	4,545,000	4,176,000	4,176,000		
Pediatric Speciality Hospital	<u>7,732,072</u>	<u>8,439,487</u>	<u>12,828,584</u>	<u>12,865,212</u>	<u>12,820,718</u>	BA #22 & BA #22a	
General Fund	3,350,000	3,551,000	5,551,000	5,551,000	5,551,000		
Cash Funds	0	0	368,292	386,606	355,359		
CFE/Reappropriated Funds	516,036	664,586	495,000	495,000	504,000		
Federal Funds	3,866,036	4,223,901	6,414,292	6,432,606	6,410,359		
General Fund	<u>516,036</u>	<u>490,885</u>	<u>495,000</u>	<u>495,000</u>	<u>504,000</u>		
Appropriation to Pediatric Speciality Hospital	516,036	490,885	495,000	495,000	504,000		
General Fund Exempt	0	0	0	0	0		
Appropriation from Tobacco Tax Fund to Cash Funds	<u>1,032,072</u>	<u>490,885</u>	<u>495,000</u>	<u>495,000</u>	<u>504,000</u>		
Cash Funds	0	0	495,000	495,000	504,000		

**FY 2009-10 Joint Budget Committee Staff Figure Setting
Department of Health Care Policy and Financing**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation*	FY 2009-10 Request	FY 2009-10 Staff Rec**	Change Req. #	% Change from App.
Primary Care Fund	<u>31,980,929</u>	<u>30,967,650</u>	<u>31,294,657</u>	<u>31,294,657</u>	<u>31,920,000</u>		
Cash Funds	0	0	31,294,657	31,294,657	31,920,000		
CFE/Reappropriated Funds	31,980,929	30,967,650	0	0	0		
Inpatient Provider Fee	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,154,322</u>	<u>0</u>		Reverse Supp.
Cash Funds	0	0	0	1,077,161	0		
CFE/Reappropriated Funds	0	0	0	0	0		
Federal Funds	0	0	0	1,077,161	0		
Outpatient Provider Fee	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,051,374</u>	<u>0</u>		
Cash Funds	0	0	0	1,525,687	0		
CFE/Reappropriated Funds	0	0	0	0	0		
Federal Funds	0	0	0	1,525,687	0		
Children's Basic Health Plan Trust	<u>11,475,351</u>	<u>6,671,262</u>	<u>0</u>	<u>3,105,552</u>	<u>1,800,000</u>		DI #3, BA #3, BA #21, #23
General Fund	11,243,215	4,736,447	0	2,782,729	1,800,000		
Cash Funds	232,136	283,367	0	322,823	0		
CFE/Reappropriated Funds	0	1,651,448	0	0	0		
Children's Basic Health Plan Administration	<u>5,507,031</u>	<u>5,514,804</u>	<u>6,352,590</u>	<u>5,537,590</u>	<u>5,537,590</u>		IBC #8.08
Cash Funds	0	0	2,785,791	2,473,301	2,473,301		BA #23
CFE/Reappropriated Funds	2,459,420	2,466,584	0	0	0		
Federal Funds	3,047,611	3,048,220	3,566,799	3,064,289	3,064,289		
Children's Basic Health Plan Premium Costs (Children & Pregnant Adults)	<u>89,657,433</u>	<u>104,684,790</u>	<u>128,481,289</u>	<u>143,804,129</u>	<u>145,664,212</u>		DI #3, BA #3, BA #23, BA #21, BA #33
Cash Funds	0	0	45,175,498	47,435,727	49,472,425		
CFE/Reappropriated Funds	31,530,990	36,823,865	0	3,105,552	1,723,928		
Federal Funds	58,126,443	67,860,925	83,305,791	93,262,850	94,467,859		
Children's Basic Health Plan Dental Costs	<u>6,834,843</u>	<u>8,715,754</u>	<u>10,404,713</u>	<u>10,633,355</u>	<u>10,948,462</u>		DI #3, BA #3
Cash Funds	0	0	3,641,650	3,721,674	3,831,962		
CFE/Reappropriated Funds	2,392,195	3,050,514	0	0	0		
Federal Funds	4,442,648	5,665,240	6,763,063	6,911,681	7,116,500		
Comprehensive Primary and Preventive Care Grants	<u>2,310,510</u>	<u>5,586,419</u>	<u>3,082,680</u>	<u>3,173,081</u>	<u>3,093,575</u>		BA #12
Cash Funds	0	0	3,082,680	3,173,081	3,093,575		
CFE/Reappropriated Funds	2,310,510	4,130,465	0	0	0		
Federal Funds	0	1,455,954	0	0	0		

**FY 2009-10 Joint Budget Committee Staff Figure Setting
Department of Health Care Policy and Financing**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation*	FY 2009-10 Request	FY 2009-10 Staff Rec**	Change Req. #	% Change from App.
CPP Rural & Public							
Hospital Grant Program							
Cash Funds	0	0	6,260,962	6,572,310	6,041,096	BA #12	
Federal Funds	0	0	3,130,481	3,286,155	3,020,548		
			3,130,481	3,286,155	3,020,548		
SUETOTAL -- Indigent Care Program	458,061,485	506,800,299	547,003,865	570,489,972	580,668,835		6.15%
General Fund	30,743,877	39,438,109	36,701,662	39,484,391	39,579,866		7.84%
General Fund Exempt	516,036	490,885	495,000	495,000	504,000		1.82%
Cash Funds	232,136	283,367	224,977,582	230,195,405	235,859,895		4.84%
CFE/Reappropriated Funds	214,060,298	223,601,806	15,495,000	18,600,552	17,227,928		11.18%
Federal Funds	212,509,138	242,986,132	269,334,621	281,714,624	287,497,146		6.74%

(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	12,578,662	9,956,951	15,311,715	13,223,483	15,368,483		
Cash Funds	0	0	12,836,715	12,836,715	12,848,483		
CFE/Reappropriated Funds	12,578,662	9,956,951	2,475,000	386,768	2,520,000		
Tobacco Tax Transfer from General Fund to the Old Age Pension State Medical	2,580,179	0	2,475,000	2,475,000	2,520,000		
Cash Funds	0	0	2,475,000	2,475,000	2,520,000		
Commission on Family Medicine Residency Training Programs	1,703,558	1,868,307	1,932,052	2,109,830	1,932,052	NP #1	
General Fund	851,779	934,153	966,026	1,054,915	966,026		
Federal Funds	851,779	934,154	966,026	1,054,915	966,026		
Enhanced Prenatal Care Training and Technical Assistance	102,155	108,942	117,411	117,041	119,006	NP - BA #37	
General Fund	51,078	54,471	58,706	58,521	58,752	NP-BA #40	
Federal Funds	51,077	54,471	58,705	58,520	60,254		

**FY 2009-10 Joint Budget Committee Staff Figure Setting
Department of Health Care Policy and Financing**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation*	FY 2009-10 Request	FY 2009-10 Staff Rec**	Change Req. #	% Change from App.
Nurse Home Visitor Program	2,621,943	2,736,784	3,010,000	3,010,000	3,010,000		
CFE/Reappropriated Funds	1,310,972	1,368,392	1,505,000	1,505,000	1,505,000		
Federal Funds	1,310,971	1,368,392	1,505,000	1,505,000	1,505,000		
Public School Health Services	21,049,585	19,774,430	27,501,534	27,267,834	20,004,856	DI #17	
Cash Funds	0	0	14,101,907	14,101,907	10,472,200		
CFE/Reappropriated Funds	10,472,200	9,866,585	0	0	0		
Federal Funds	10,577,385	(572,356)	13,399,627	13,165,927	9,532,656		
Medicare Modernization Act							
State Contribution Payment	72,494,301	71,350,801	75,283,391	90,187,196	89,684,244	DI #4, BA #4	
General Fund	72,494,301	71,350,801	75,283,391	90,187,196	89,684,244		
Colorado Cares Rx Program							
Contract Costs	0	0	0	0	0		
Cash Funds	0	0	0	0	0		
State University Teaching Hospitals							
Denver Health and Hospital Authority	0	410,000	1,829,008	1,831,714	1,831,714		
General Fund	0	205,000	914,504	915,857	915,857		
Federal Funds	0	205,000	914,504	915,857	915,857		
State University Teaching Hospitals							
University of Colorado Hospital Authority	0	95,251	697,838	723,157	700,935	NP #1	
General Fund	0	47,626	348,919	361,579	350,468		
Federal Funds	0	47,625	348,919	361,578	350,467		
SUBTOTAL -- Other Medical Programs	113,130,383	106,301,466	128,157,949	140,945,255	135,171,290		5.47%
General Fund	73,397,158	83,072,252	77,571,546	92,578,068	91,975,347		18.57%
Cash Funds	0	0	29,413,622	29,413,622	25,840,683		-12.15%
CFE/Reappropriated Funds	26,942,013	21,191,928	3,980,000	1,891,768	4,025,000		1.13%
Federal Funds	12,791,212	2,037,286	17,192,781	17,061,797	13,330,260		-22.47%

Rec vs.
Appropriation

**FY 2009-10 Joint Budget Committee Staff Figure Setting
Department of Health Care Policy and Financing**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation*	FY 2009-10 Request	FY 2009-10 Staff Rec**	Change Req. #	% Change from App.
TOTAL -- Department of Health Care Policy and Financing (w/o DHS Division)	2,952,549,500	3,145,749,208	3,472,010,633	3,577,170,386	3,724,765,747		7.28%
FTE	231.80	243.80	268.90	275.40	275.00		2.27%
General Fund	860,678,586	964,113,088	1,014,759,231	1,027,819,948	1,095,303,217		7.94%
General Fund Exempt	343,616,036	327,990,885	369,495,000	369,495,000	369,504,000		0.00%
Cash Funds	511,526	1,014,757	371,193,760	414,324,104	417,300,184		12.42%
Cash Funds Exempt	332,823,623	330,450,862	23,934,573	22,510,784	25,889,970		8.17%
Federal Funds	1,414,919,729	1,522,179,616	1,692,628,069	1,743,020,550	1,816,768,376		7.33%

Rec vs.
Appropriation

Note: The General Fund and General Fund Exempt percent change together equals 5.82% increase from current appropriation (this excludes the DHS Medicaid Funded programs)

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2009-10 FIGURE SETTING**

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

Summary of Figure Setting Recommendations

Table 1 below summarizes the recommendations contained in this packet by division.

Summary Table 1 for Department of Health Care Policy and Financing (EXCLUDES DHS-Medicaid FUNDED DIVISION)						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation (with approved supplemental bills)*	\$3,472,010,633	\$1,384,254,231	\$371,193,760	\$23,934,573	\$1,692,628,069	268.9
Long Bill Supplementals	<u>(24,301,607)</u>	<u>(8,301,195)</u>	<u>(4,372,898)</u>	<u>(29,199)</u>	<u>(11,598,315)</u>	<u>0.0</u>
FY 2008-09 Adjusted Appropriation	\$3,447,709,026	\$1,375,953,036	\$366,820,862	\$23,905,374	\$1,681,029,754	268.9
Recommended Changes from FY 2008-09 by Long Bill Division						
Executive Director's Office	5,765,940	1,515,078	382,944	32,518	3,835,400	6.1
Medical Services Premiums	207,784,787	64,447,420	37,503,763	173,480	105,660,124	0.0
Medicaid Mental Health Community	14,961,855	5,604,325	1,874,296	670	7,482,564	0.0
Indigent Care Program	33,196,827	1,809,000	10,661,551	1,732,928	18,993,348	0.0
Other Medical Services	15,347,312	15,478,358	56,768	45,000	(232,814)	0.0
Total FY 2009-10 Long Bill Recommendation	\$3,724,765,747	\$1,464,807,217	\$417,300,184	\$25,889,970	\$1,816,768,376	275.0
S.B. 210 - Conference Committee Rec.	\$0	(\$2,700,000)	\$2,700,000	\$0	\$0	0.0
Special Bill #1 -- OAP Medical Fund Transfer*	0	(2,000,000)	2,000,000	0	0	0.0
Special Bill #2 -- Nursing Facility Changes	0	(7,200,000)	7,200,000	0	0	0.0
Special Bill #3 -- Maximize FMAP Increase	0	(34,200,000)	34,200,000	0	0	0.0
Special Bill #4 -- BCCTP 100% funded from BCCTP Fund	0	(900,000)	900,000	0	0	0.0
Special Bill #5 -- Interest Earnings from Amendment 35 Funds	0	(3,000,000)	3,000,000	0	0	0.0
Total FY 2009-10 JBC Recommendation	\$3,724,765,747	\$1,414,807,217	\$467,300,184	\$25,889,970	\$1,816,768,376	275.0
\$ Change from prior year	\$277,056,721	\$38,854,181	\$100,479,322	\$1,984,596	\$135,738,622	6.1
% Change from prior year	8.0%	2.8%	27.4%	8.3%	8.1%	2.3%

*Revenue enhancements or fund transfers are shown as a negative General Fund expenditure (assuming this revenue will be used to offset General Fund) for the purposes of this table.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2009-10 FIGURE SETTING**

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

Table 2 below compares the Department's Request and Staff Recommendation.

Summary Table for Department of Health Care Policy and Financing MAJOR ISSUES -- DEPARTMENT & STAFF COMPARISON					
Compared to Staff Rec. FY 2008-09 Appropriation	Department Request		Staff Recommendation		GF Difference
	General Fund	Total Funds	General Fund	Total Funds	
Executive Director's Office	35,743,310	105,948,441	35,082,012	105,428,060	(661,298)
Medical Service Premiums	1,120,547,984	2,528,160,532	1,191,002,303	2,672,204,912	70,454,319
Mental Health Community Programs	108,466,195	231,626,186	106,663,689	231,292,650	(1,802,506)
Indigent Care Programs	39,979,391	570,489,972	40,083,866	580,668,835	104,475
Other Medical Services	92,578,068	140,945,255	91,975,347	135,171,290	(602,721)
Total FY 2009-10 Long Bill Recommendation*	\$1,397,314,948	\$3,577,170,386	\$1,464,807,217	\$3,724,765,747	\$67,492,269
Recommended Legislation*	0	0	(50,000,000)	0	(50,000,000)
Total FY 2009-10 JBC Recommendation	\$1,397,314,948	\$3,577,170,386	\$1,414,807,217	\$3,724,765,747	\$17,492,269
\$ Change from prior year	\$21,361,912	\$129,461,360	\$38,854,181	\$277,056,721	\$17,492,269
% Change from prior year	1.6%	3.8%	2.8%	8.0%	n/a

*Department's "Long Bill" request reflects a nursing facility rate reduction which would require legislation.

As Table 2 above shows, staff's recommendation is \$70.4 million General Fund higher than the Department's request for the Medical Services Premiums line item. This difference reflects staff's slightly higher caseload and cost forecast. The difference also relates to staff's recommendation not including most of the Department's requested provider rate reductions. Staff has prepared alternate recommendations that would include provider rate reductions if necessary to balance. Overall, staff's recommendation is \$17.5 million (1.25 percent) General Fund higher than the Department's request.

Staff would note that her recommendation is also \$147.9 million higher total funds. Staff's higher total fund recommendation results from offsetting General Fund when possible rather than reducing programs. This allows a greater draw down of federal funds.

Staff's Estimate of General Fund Savings from ARRA FMAP Increase.

FY 2008-09	\$196,609,794
FY 2009-10	\$302,694,099

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Summary of All Legislative Changes Recommended in Figure Setting

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

Staff recommends legislation to reduce the Section 39-26-123 (3) transfer from the Old Age Pension Supplemental (SOAP) Medical Fund from \$2,850,000 to \$850,000 for FY 2008-09 through FY 2010-11.

Currently the Old Age Pension Program receives a \$15.3 million total funds appropriation. However, due to falling caseloads in FY 2007-08 and FY 2008-09, the Department did not expend, or is not anticipated to expend, their full appropriation. This has caused a fund balance to accumulate in the Old Age Pension Supplemental Medical Fund.

Last year, the Committee sponsored S.B. 08-131 to increase the General Fund transfer into this program from \$750,000 to \$2,850,000 (this program also receives a \$10.0 million transfer required by the Colorado Constitution and approximately \$2.5 million from the Amendment 35 Tobacco Taxes). The Committee carried this bill in order to sustain the \$15.3 million total fund appropriation approved by the Committee for FY 2008-09. Please note, due to falling caseloads, the Department anticipates that only \$11.0 of the \$15.3 million will be spent in FY 2008-09. Because of the current projected fund balance, staff estimates that a \$15.3 million appropriation could be sustained in FY 2009-10 and FY 2010-11 without the additional General Fund transfer required by S.B. 08-131. Therefore, staff recommends lowering the required General Fund transfer by \$2.0 million for FY 2008-09, FY 2009-10, and FY 2009-11.

Table 1: Total funding available to the Old Age Pension Medical Program UNDER CURRENT LAW	FY 2007-08 Actual	FY 2008-09 Est.	FY 2009-10 Forecast	FY 2010-11 Forecast
Beginning Cash Balance In OAP Supplemental Medical Fund	\$2,542,498	\$6,222,647	\$10,546,054	\$10,547,571
Revenues				
--Constitutional Transfer Article XXIV, Section 7 (c)	10,000,000	10,000,000	10,000,000	10,000,000
--Section 39-26-123 (3), C.R.S. Transfer	750,000	2,850,000	2,850,000	2,850,000
--Section 25.5-2-101 (2), C.R.S. Transfer	2,888,693	2,475,000	2,520,000	2,250,000
TOTAL FUNDING AVAILABLE FOR EXPENDITURE (Current Law)	\$16,181,191	\$21,547,647	\$25,916,054	\$25,647,571

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Table 1: Total funding available to the Old Age Pension Medical Program UNDER CURRENT LAW	FY 2007-08 Actual	FY 2008-09 Est.	FY 2009-10 Forecast	FY 2010-11 Forecast
Expenditures				
--Total expenditures minus OAP Medical Fund Expenditures*	9,958,544	11,001,593	15,368,483	15,368,483
AVAILABLE CASH BALANCE	\$6,222,647	\$10,546,054	\$10,547,571	\$10,279,088

*FY 2008-09 Expenditures assumes the Department does not increase rates from the December 2008 estimated rates and is based on year-to-date expenditures through December 2008. Expenditures for FY 2009-10 are based on staff's recommendation and FY 2010-11 expenditures are based on continuation funding only.

Table 2 below shows the impact to the SOAP Medical Fund from staff's recommendation.

Table 2: Reduce Section 39-26-123 (3) Transfer by \$2.0 Million	FY 2007-08 Actual	FY 2008-09 Est.	FY 2009-10 Forecast	FY 2010-11 Forecast
Beginning Cash Balance In OAP Supplemental Medical Fund	\$2,542,498	\$6,222,647	\$8,546,054	\$6,547,571
Revenues				
--Constitutional Transfer Article XXIV, Section 7 (c)	10,000,000	10,000,000	10,000,000	10,000,000
--Section 39-26-123 (3), C.R.S. Transfer	750,000	850,000	850,000	850,000
--Section 25.5-2-101 (2), C.R.S. Transfer	2,888,693	2,475,000	2,520,000	2,250,000
TOTAL FUNDING AVAILABLE FOR EXPENDITURE (Current Law)	\$16,181,191	\$19,547,647	\$21,916,054	\$19,647,571
Expenditures				
--Total expenditures minus OAP Medical Fund Expenditures*	9,958,544	11,001,593	15,368,483	15,368,483
AVAILABLE CASH BALANCE	\$6,222,647	\$8,546,054	\$6,547,571	\$4,279,088

As Table 2 above shows, the Committee would be able to appropriate up to \$15.4 million in both FY 2009-10 and FY 2010-11 and still retain an ending fund balance of \$4.3 million at the end of FY 2010-11. Staff recommends that the \$2.0 million additional transfer be restored by FY 2011-12. Staff would note that in the original OSPB balancing package submitted on January 15, 2009, OSPB had requested a \$7.4 million transfer from the SOAP Medical Fund to the General Fund. OSPB withdrew this request in their January 27, 2009 budget balancing options. Staff's recommendation would, over the course of 3 years (FY 2008-09 through FY 2009-11), reduce the General Fund transfer into the SOAP Medical Fund by \$6.0 million. Staff does not anticipate any change to services or populations served due to this recommendation.

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Proposed Statutory Language Change:

"SECTION 39-26-123 (3) (a) (II) and (IV), Colorado Revised Statutes, are amended to read:

39-26-123. Receipts - disposition - transfers of general fund surplus - sales and use tax holding fund - creation - definitions. (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 sales and use tax holding fund created in subsection (2) of this section, the general fund, 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:

(II) (D) For the state fiscal year commencing on July 1, 2008, four and six hundred forty-five thousandths percent of all net revenue, less ~~eight million seven hundred fifty thousand dollars~~ SIX MILLION EIGHT HUNDRED FIFTY THOUSAND DOLLARS, to the general fund.

(E) For ~~any~~ THE state fiscal ~~year commencing on or after July 1, 2009~~ YEARS 2009-10 AND 2010-11, four and six hundred forty-five thousandths percent of all net revenue, less ~~ten million eight hundred fifty thousand dollars~~ EIGHT MILLION EIGHT HUNDRED FIFTY THOUSAND DOLLARS, to the general fund.

(F) FOR ANY STATE FISCAL YEAR COMMENCING ON OR AFTER JULY 1, 2011, FOUR AND SIX HUNDRED FORTY-FIVE THOUSANDS PERCENT OF ALL NET REVENUE, LESS TEN MILLION EIGHT HUNDRED FIFTY THOUSAND DOLLARS.

(IV) (A) For the state fiscal ~~years~~ YEAR 2007-08 ~~and 2008-09~~, seven hundred fifty thousand dollars to the supplemental old age pension health and medical care fund.

(B) For ~~any state fiscal year commencing on or after July 1, 2009~~ the state fiscal years 2008-09, 2009-10 and 2010-11, ~~two million~~ eight hundred fifty thousand dollars to the supplemental old age pension health and medial care fund.

(C) 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 MEDIAL CARE FUND."

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Two Alternatives to Staff's Recommendation:

1. If the Committee introduces another cash fund transfer bill for FY 2009-10, the Committee could transfer \$6.0 million from the SOAP Medical Fund into the General Fund, rather than accept staff's recommendation above. The impact of this proposal is shown in Table 3 below.

Table 3: Transfer \$6.0 million in FY 2009-10	FY 2007-08 Actual	FY 2008-09 Est.	FY 2009-10 Forecast	FY 2010-11 Forecast
Beginning Cash Balance In OAP Supplemental Medical Fund	\$2,542,498	\$6,222,647	\$10,546,054	\$4,547,571
Revenues				
--Constitutional Transfer Article XXIV, Section 7 (c)	10,000,000	10,000,000	10,000,000	10,000,000
--Section 39-26-123 (3), C.R.S. Transfer	750,000	2,850,000	2,850,000	2,850,000
--Section 25.5-2-101 (2), C.R.S. Transfer	2,888,693	2,475,000	2,520,000	2,250,000
TOTAL FUNDING AVAILABLE FOR EXPENDITURE (Current Law)	\$16,181,191	\$21,547,647	\$25,916,054	\$19,647,571
Expenditures				
--Total expenditures minus OAP Medical Fund Expenditures*	9,958,544	11,001,593	15,368,483	15,368,483
AVAILABLE CASH BALANCE	\$6,222,647	\$10,546,054	\$10,547,571	\$4,279,088
TRANSFER BILL	<u>\$0</u>	<u>\$0</u>	<u>(\$6,000,000)</u>	<u>\$0</u>
TOTAL IMPACT OF STAFF ALTERNATIVE REC.	\$6,222,647	\$10,546,054	\$4,547,571	\$4,279,088

This would be a one-time savings.

2. Amend the purposes of the Old Age Pension Supplemental Health and Medical Care Fund [Section 25.5-2-101 (3)] to allow the fund to be used "to 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 diseases AND IN STATE FISCAL YEAR 2009-10 TO OFFSET THE GENERAL FUND COSTS OF PERSONS AGE 65 OR OLDER SERVED IN THE STATE MEDICAID PROGRAM.". Under this option, staff would offset up to \$6.0 to \$9.0 million in General Fund expenditures in FY 2009-10 in the Medical Services Premiums for the SSI 65 aid category (also called OAP 65 category). This alternative recommendation would be a one-time savings.

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PROPOSED JBC BILL #2 -- Nursing Facility Bill Proposal

Staff recommends a statutory change to Section 25.5-6-202 (9) (a), C.R.S. (2008) as follows:

~~"(b) The general fund share of the aggregate statewide average of the per diem rate net of patient payment pursuant to subsections (1) to (4) of this section shall be limited to an annual increase of three percent. The state's share of the reimbursement rate components pursuant to subsections (1) to (4) of this section may be funded through the provider fee assessed pursuant to the provisions of section 25.5-6-203 and any associated federal funds. Any provider fee used as the state's share and all federal funds shall be excluded from the calculation of the general fund limitation on the annual increase. AND CALCULATED AS FOLLOWS:~~

- (I) THE GENERAL FUND SHARE OF THE AGGREGATE STATEWIDE AVERAGE PERDIEM RATE WILL BE CALCULATED AT A FIFTY PERCENT FEDERAL MATCH, NOTWITHSTANDING ANY FEDERAL LAW THAT TEMPORARILY INCREASES THE FEDERAL MEDICAID MATCHING PARTICIPATION RATE FOR ANY FISCAL YEAR. THE STATE'S SHARE OF THE REIMBURSEMENT RATE COMPONENTS PURSUANT TO SUBSECTION (1) TO (4) OF THIS SECTION MAY BE FUNDED THROUGH THE PROVIDER FEE ASSESSED PURSUANT TO THE PROVISIONS OF SECTION 25.5-6-20 AND ANY ASSOCIATED FEDERAL FUNDS. ANY PROVIDER FEE USED AS THE STATE'S SHARE AND ALL FEDERAL FUNDS SHALL BE EXCLUDED FROM THE CALCULATION OF THE GENERAL FUND LIMITATION ON THE ANNUAL INCREASE.
- (II) FOR THE STATE FISCAL YEAR BEGINNING JULY 1, 2009, THE GENERAL FUND SHARE SHALL BE LIMITED TO A ZERO PERCENT INCREASE FROM THE PRIOR FISCAL YEAR.
- (III) FOR THE STATE FISCAL YEAR BEGINNING JULY 1, 2010, THE GENERAL FUND SHARE SHALL BE LIMITED TO FIVE PERCENT GROWTH FROM THE PRIOR FISCAL YEAR.
- (IV) FOR THE STATE FISCAL YEAR BEGINNING JULY 1, 2011 AND EACH FISCAL YEAR THEREAFTER, THE GENERAL FUND SHALL BE LIMITED TO THREE PERCENT GROWTH FROM THE PRIOR FISCAL YEAR."

Analysis

Prior to the passage of the American Recovery and Reinvestment Act (ARRA) of 2009, the 3.0 percent General Fund cap on nursing facility per diem rates (as enacted by H.B. 08-1114) was anticipated to have the following fiscal impacts shown in Table 1.

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TABLE 1: Current Law	Cap on GF Growth	Estimated Actual Growth	Estimated Average Per Diem (Base Rate Only)	General Fund Share of Per Diem Rate	Estimated Nursing Facility Fee Back Fill	Federal Fund Share of Per Diem Rate
FY 2007-08			\$138.58	\$69.29	\$0.00	\$69.29
FY 2008-09	3.00%	4.60%	\$144.93	\$71.37	\$1.09	\$72.46
FY 2009-10	3.00%	5.50%	\$152.96	\$73.51	\$2.97	\$76.48
FY 2010-11	3.00%	4.90%	\$160.52	\$75.72	\$4.55	\$80.26
FY 2011-12	3.00%	4.50%	\$167.82	\$77.99	\$5.92	\$83.91

*Does not show impact of "extra" reimbursement from nursing facility fee.

With the passage of ARRA, the General Fund share of the per diem rate decreases due to the increase in the federal match rate in federal law. The current statute makes no provision for how the General Fund cap works if there is an increase to FMAP. Table 2 below calculates the change to the per diem rates based on the change in federal law.

TABLE 2: IMPACT OF ARRA	Cap on GF Growth	Estimated Actual Growth	Estimated Average Per Diem (Base Rate Only)	General Fund Share of Per Diem Rate	Estimated Nursing Facility Fee Back Fill	Federal Fund Share of Per Diem Rate
FY 2007-08			\$138.58	\$69.29	\$0.00	\$69.29
FY 2008-09	3.00%	4.60%	\$144.93	\$62.41	\$0.00	\$72.46
FY 2009-10	3.00%	5.50%	\$152.96	\$60.89	\$0.00	\$76.48
FY 2010-11	3.00%	4.90%	\$160.52	\$62.72	\$9.36	\$80.26
FY 2011-12	3.00%	4.50%	\$167.82	\$64.60	\$19.31	\$83.91

*Does not show impact of "extra" reimbursement from nursing facility fee. Under this scenario the Nursing Facility Provider fee may exceed the federal cap.

As shown in Table 2 above, the General Fund per diem share in FY 2008-09, FY 2009-10 and FY 2010-11 is lowered by the additional federal funds when compared to Table 1. Because the 3.0 percent cap is not exceeded for the General Fund, the Nursing Facility Fee does not need to back fill the loss of General Fund. However, beginning in FY 2010-11 (the year the FMAP increase begins to phase-out) the Nursing Facility Provider Fee will have to increase substantially. This is because the General Fund share has been "ratcheted down" during the FMAP increase years and the 3.0 percent cap will not allow the General Fund to back fill the loss of federal funds. Therefore, the nursing facilities will need to increase their provider fee substantially in order to maintain their rate base.

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The impacts of staff's recommendation are summarized below:

1. Specify that the calculated **General Fund share** of the per diem rate shall be calculated on a 50 percent match rate, notwithstanding a change in federal law.
2. Create General Fund savings in FY 2009-10 by specifying that the cap on General Fund growth is zero percent.
3. Rebase the General Fund contribution rate in FY 2011-12 to five percent growth to help avoid substantial increases to the Nursing Facility Provider Fee that could exceed the federal cap on provider fees.
4. Cap the rate in FY 2011-12 and future fiscal years back at the original 3.0 percent growth rate.

TABLE 3: IMPACT OF STAFF REC	Cap on GF Growth	Estimated Actual Growth	Estimated Average Per Diem (Base Rate Only)	General Fund Share of Per Diem Rate	Estimated Nursing Facility Fee Back Fill	Federal Fund Share of Per Diem Rate
FY 2007-08			\$138.58	\$69.29	\$0.00	\$69.29
FY 2008-09	3.00%	4.60%	\$144.93	\$71.37	\$1.09	\$72.46
FY 2009-10	0.00%	5.50%	\$152.96	\$71.37	\$5.11	\$76.48
FY 2010-11	5.00%	4.90%	\$160.52	\$74.94	\$5.32	\$80.26
FY 2011-12	3.00%	4.50%	\$167.82	\$77.19	\$6.72	\$83.91

*Does not show impact of "extra" reimbursement from nursing facility fee.

Table 4 below shows staff's estimated General Fund savings from this proposal. The General Fund savings are calculated by multiply the patient days by the amount of the "back fill" from the Nursing Facility Fee (which represents the reduction to the General Fund rate).

TABLE4: Impact to General Fund	Estimated Patient Days	Current Law Before ARRA	IMPACT of ARRA No Law Change	IMPACT of STAFF'S REC.	GENERAL FUND SAVINGS (staff rec- current law)
FY 2007-08	3,472,755	\$0	\$0	\$0	\$0
FY 2008-09	3,391,658	\$3,696,907	\$0	\$3,696,907	\$0
FY 2009-10	3,354,100	\$9,961,677	\$0	\$17,139,451	\$7,177,774
FY 2010-11	3,314,359	\$15,080,333	\$31,022,400	\$17,632,390	\$2,552,056

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TABLE4: Impact to General Fund	Estimated Patient Days	Current Law Before ARRA	IMPACT of ARRA No Law Change	IMPACT of STAFF'S REC.	GENERAL FUND SAVINGS (staff rec- current law)
FY 2011-12	3,274,867	\$19,387,213	\$63,237,682	\$22,007,106	\$2,619,894

Please note that these are additional savings outside of the FMAP increase. The table below shows the impact to the General Fund from the FMAP increase plus the impact of staff's recommended legislation.

TABLE5: FMAP Increase	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Total Estimated Nursing Home Reimbursement	481,259,320	\$491,545,358	\$513,040,598	\$532,027,734	\$549,578,014
A. Current Law Before ARRA					
Total Funds	481,259,320	\$491,545,358	\$513,040,598	\$532,027,734	\$549,578,014
General Fund	240,629,660	\$242,060,720	\$246,561,616	\$250,949,425	\$255,398,081
Cash Funds	0	\$3,711,959	\$9,958,683	\$15,064,442	\$19,390,926
Federal Funds	240,629,660	\$245,772,679	\$256,520,299	\$266,013,867	\$274,789,007
B. ARRA Impact w/o Proposed Law Change					
Total Funds	481,259,320	\$491,545,358	\$513,040,598	\$532,027,734	\$549,578,014
General Fund	240,629,660	\$211,671,720	\$204,241,462	\$207,876,142	\$211,561,225
Cash Funds	0	\$0	\$0	\$31,030,912	\$63,227,782
Federal Funds	240,629,660	\$279,873,638	\$308,799,136	\$293,120,680	\$274,789,007
C. Proposed Law Change w/o ARRA Impact					
Total Funds	481,259,320	\$491,545,358	\$513,040,598	\$532,027,734	\$549,578,014
General Fund	240,629,660	\$242,060,720	\$239,380,210	\$248,371,096	\$252,774,046
Cash Funds	0	\$3,711,959	\$17,140,089	\$17,642,771	\$22,014,961
Federal Funds	240,629,660	\$245,772,679	\$256,520,299	\$266,013,867	\$274,789,007
D. Proposed Law Change with ARRA Impact					

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TABLE5: FMAP Increase	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Nursing Home Base Reimbursement	481,259,320	\$491,545,358	\$513,040,598	\$532,027,734	\$549,578,014
General Fund	240,629,660	\$208,474,795	\$190,594,523	\$223,062,081	\$252,774,045
Cash Funds	0	\$3,196,925	\$13,646,939	\$15,844,973	\$22,014,961
Federal Funds	240,629,660	\$279,873,638	\$308,799,136	\$293,120,680	\$274,789,007
E. Estimated General Fund Savings From Different Scenarios					
General Fund Savings From ARRA without Law Change (B minus A)	0	(\$30,389,000)	(\$42,320,154)	(\$43,073,283)	(\$43,836,856)
General Fund Savings from Proposed Law Change without ARRA Impact (C minus A)	0	\$0	(\$7,181,406)	(\$2,578,329)	(\$2,624,035)
General Fund Savings from Proposed Law Change with ARRA Impact (D minus A)	0	(\$33,585,925)	(\$55,967,093)	(\$27,887,344)	(\$2,624,036)
Additional Information					
Amount Nursing Facilities can lower their Provider Fee Due to ARRA (with proposed law change)			(\$1.04)	(\$0.54)	\$0.00

PROPOSED JBC BILL #3 -- Maximize FMAP Increase for State Benefit

Staff proposes a bill that would allow the State to retain the increased FMAP above a 50 percent federal financial participation rate received from a State fund source with a statutory formula distribution or from non-State sources.

The American Recovery and Reinvestment Act (ARRA) contains a purpose clause for the State Fiscal Relief section where the increase to the FMAP is defined. Specifically, the purpose clause states:

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"(a) The purposes of this title [the section of the bill containing the FMAP increase] are as follows:

- (1) ***To provide fiscal relief to States*** in a period of economic downturn.
- (2) To protect and maintain State Medicaid programs during a period of economic downturn, including by helping to avert cuts to provider payment rates and benefits or services, and to prevent constrictions of income eligibility requirements for such programs, but not to promote increases in such requirements." {emphasis added}.

Consistent with the intent of ARRA, staff believes that any ***additional*** federal funds (above the 50% match rate) resulting from ARRA should be retained by the State to help avoid program cuts that would otherwise be necessary to the Medicaid program. Without a law change, some programs that have statutory required distributions at a set amount or local match would receive the "extra" funding. The State budget would not benefit from that portion of the FMAP increase. Staff specifically proposes:

1. Legislative authority for the Department to withhold from distributing any federal funds received by the state above a 50% match to State or local funds for the following programs:
 - a) A statutory change to allow the Department to retain federal funds (rather than distribute them) for any increased federal match above a 50% participation rate on certified funds in the Safety Net Provider Payment line item and in the School Health Services line item.
 - b) A statutory change to lower the General Fund required distribution to the Health Care Services fund from \$15.0 to \$12.9 million.
 - c) A statutory change to lower the amount of funding from Tier II Tobacco Settlement distributions to the Pediatric Speciality Hospital Line Item.
 - d) A statutory change to lower the General Fund Exempt required distribution to the Pediatric Speciality Hospital Line Item.
 - e) A statutory change to lower the Tier II Tobacco Settlement distributions to the Comprehensive Primary Care Grant program and transfer this funding to the General Fund. (The vehicle for the FY 2008-09 change can be made in S.B. 09-210 while the FY 2009-10 and FY 2010-11 change can be made in this proposed bill).
2. Staff proposes that the "programs" be held harmless. The programs will continue to receive the same amount of funding that they would have before the passage of ARRA.

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3. Staff proposes that the federal funds not distributed to the programs under this law change be distributed into a special fund called the "State Fiscal Relief Cash Fund". The purposes of this fund would be to provide fiscal relief to a General Fund program in order to free-up General Fund to avoid or lessen provider rate cuts to the Medicaid program. The fund would not be allowed to retain a fund balance (in order to avoid the appearance of a rainy day fund or reserve account). The fund would be used to offset a General Fund appropriation in another State program that does not receive federal match (staff suggests using this fund offset General Fund appropriations for the Medicare Modernization Act State Contribution Payment).

Staff estimates the following fiscal impacts for this recommendation.

Funding Not Distributed to Programs That Could Be Used to Offset General Fund In Order to Avoid Medicaid Cuts	FY 2008-09	FY 2009-10
Safety Net Provider Payments	\$15,541,857	\$24,693,414
Colorado Health Care Services Fund	\$2,081,250	\$3,057,000
Pediatric Hospital Fund Tier II Distribution	\$51,101	\$72,422
Pediatric Hospital General Fund Exempt Distribution	\$68,681	\$102,715
Comprehensive Primary Care Grant Fund Tier II Distribution to Rural & Public Hospitals	\$434,354	\$615,588
Public School Health Services	\$3,374,207	\$5,364,615
Nurse Home Visitor Program	<u>\$208,819</u>	<u>\$306,719</u>
Total Potential General Fund Offsets	\$21,760,269	\$34,212,473

*These amounts are not already included in the Governor's FMAP calculations used for balancing.

Important: Staff's proposal does NOT cut providers. Staff's proposal provides the same amount of funding to providers that they would have received before the passage of ARRA. Without a statutory change, these providers will see increased funding in FY 2008-09 through FY 2010-11. The providers will "feel" that they received a "cut" when the increased FMAP goes away in FY 2011-12. Staff's proposal would hold funding constant for providers during the entire ARRA time period.

An alternative to staff's recommendation, if the Committee wants to provide a little "extra" relief to safety net hospitals and school districts, would be to set an amount that the Department could withhold and any extra after that amount would be distributed to the providers the same way the base funding is

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distributed. The Committee could choose the "set amount retained" based on the balancing needs of the State for each fiscal year impacted.

Staff's calculations for this bill proposal #3 are found in Additional Information Section of this packet in the FMAP calculation worksheets.

PROPOSED JBC BILL #4 -- 100% of State Costs of BCCTP Program from BCCTP Fund

Staff recommends a statutory change to allow 100 percent of the Breast and Cervical Cancer Treatment and Prevention program State match costs to be paid from the Breast and Cervical Cancer Treatment and Prevention Fund. Specifically, staff proposes the following change to statute:

"Section 25.5-5-308 (9) (e): For the fiscal year 2009-10 and for each fiscal year thereafter through the fiscal year ~~2013-14~~ 2011-12, the general assembly shall annually appropriate ~~fifty percent of the state costs of the breast and cervical cancer prevention and treatment program from the general fund and fifty~~ ONE HUNDRED percent from the moneys credited to the breast and cervical cancer prevention and treatment fund pursuant to section 24-22-115 (1), C.R.S., to such program.

(f) FOR THE FISCAL YEAR 2012-13 AND FISCAL YEAR 2013-14, THE GENERAL ASSEMBLY SHALL ANNUALLY APPROPRIATE FIFTY PERCENT OF THE STATE COSTS OF THE BREAST AND CERVICAL CANCER PREVENTION AND TREATMENT PROGRAM FROM THE GENERAL FUND AND FIFTY PERCENT FROM THE MONEYS CREDITED TO THE BREAST AND CERVICAL CANCER PREVENTION AND TREATMENT FUND PURSUANT TO SECTION 24-22-115 (1), C.R.S., TO SUCH PROGRAM."

Staff estimates that the impact from this proposal will result in the following General Fund savings.

	FY 2009-10
Medical Services Premiums & Mental Health	\$864,859
EDO - Personal Services and Operating Expenses	<u>\$20,000</u>
Total General Fund that can be offset from this proposal	\$884,859

The table on the following page below shows the impact of staff's recommendation on the Breast and Cervical Cancer Treatment and Prevention Fund Balance.

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Table 1: Breast and Cervical Cancer Treatment and Prevention Fund Staff Recommendation				
	FY 2007-08 Actual	FY 2008-09 Estimate	FY 2009-10 Estimate	FY 2010-11 Estimate
Beginning FY Balance	\$8,445,560	\$10,269,298	\$9,247,530	\$8,317,434
Projected Revenues	2,463,160	1,300,000	1,300,000	1,300,000
Expenditures	<u>(639,422)</u>	<u>(2,321,768)</u>	<u>(2,230,096)</u>	<u>(2,230,096)</u>
Ending FY Balance (Staff Proposal)	\$10,269,298	\$9,247,530	\$8,317,434	\$7,387,338
Current Law Ending Balance	<u>\$10,269,298</u>	<u>\$9,247,530</u>	<u>\$9,202,293</u>	<u>\$9,157,056</u>
Reduction to Fund Balance Due to Staff's Recommendation	\$0	\$0	(\$884,859)	(\$1,769,718)

PROPOSED JBC BILL #5 -- Interest Earnings from Amendment 35 Funds

Staff recommends that the JBC introduce a bill that would sweep the interest earnings from each of the Amendment 35 Funds (Tobacco Tax approved by the voters in 2004). Legal Services Staff has confirmed that the interest earnings on these funds are not protected by the Constitution provisions and therefore, are available to the General Assembly to use for other purposes without having to pass an "emergency resolution".

Currently, the statutory language for each of these funds states that the interest earnings shall be retained in the funds. Staff's recommendation would amend this language to say that for FY 2009-10, FY 2010-11 and FY2011-12, the interest earnings from these funds shall be transferred to a special "State Fiscal Relief Fund" (this bill could be added to proposal #2 depending on how broad the Committee wants the title).

To be conservative, staff estimates that interest earnings will decline over FY 2009-10 through FY 2011-12 due to lower fund balances in the Health Care Expansion Fund and due to the economy. Therefore, staff's estimate of the savings available under this proposal would be approximately \$3.0 million each year. Table 1 below shows the history of the interest earnings on these funds.

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Table 1: History of Interest Earnings				
Interest Earnings of Amendment 35 Cash Funds	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09 Estimate
Health Care Expansion Fund	2,339,116	5,885,037	6,535,879	4,497,179
Health Disparities Grant Program Fund	5,966	189,230	163,936	144,986
Prevention, Detection and Early Treatment	873,850	1,540,914	1,563,463	997,075
Primary Care Fund	662,301	346,315	258,344	223,897
Tobacco Education Programs Fund	665,979	655,189	416,261	287,419
Tobacco Tax Cash Fund	<u>129,822</u>	<u>150,528</u>	<u>119,886</u>	<u>67,400</u>
Total	4,677,034	8,767,213	9,057,769	6,217,956
Treasury's Interest Rate for the year	2.9%	3.6%	4.3%	3.9%

Staff would note that sweeping the interest earnings from the Health Care Expansion Fund will increase the fund deficit projected for FY 2011-12. However, staff anticipates that by using the "H" note in the Long Bill, the Health Care Expansion Fund will have lower expenditures than previously projected due to the increase in the FMAP in the American Recovery and Reinvestment Act (ARRA). Sweeping the interest earnings is one way that the Committee can capture the "extra" federal money from matching the Health Care Expansion Fund in the Medicaid program to offset General Fund needs. Therefore, while staff's recommendation will not "help" the HCE Fund looming budget deficit, it won't make it any worse than it would have been before the passage of the ARRA.

Staff Recommendation on S.B. 09-210 Conference Committee

Staff recommends the following for the S.B. 09-210 Conference Committee:

FY 2008-09:

Scenario 1: Reduce the Tier II distribution to the Comprehensive Primary Care Grant program by \$435,000 and transfer this amount to the General Fund. This will hold the providers harmless and allow the State to capture the additional FMAP (see proposal #3). Staff recommends similar transfer for the rest of the ARRA period (FY 2009-10 and FY 2010-11) be included in the larger "Fiscal Relief Bill". The table on the following page shows the impact of staff's recommendation.

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Scenario 1: Hold Provider Harmless - State Captures FMAP	All Fiscal Years Without ARRA	FY 2008-09 With ARRA*	FY 2009-10 With ARRA**	FY 2010-11 With ARRA***
CF - Master Tobacco Settlement	\$2,009	\$2,696,127	\$2,492,489	\$2,811,485
FF -- Medicaid Match	5	3,564,835	3,768,473	3,449,477
Total Funds	\$2,014	\$6,260,962	\$6,260,962	\$6,260,962
Transfer to General Fund	\$0	(\$2,694,118)	(\$2,490,480)	(\$2,809,476)

Scenario 2: Reduce the Tier II distribution to the Comprehensive Primary Care Grant program by \$977,000 and transfer this amount to the General Fund. This is the scenario proposed by Representative Ferrandino. Under this scenario, the providers are not held harmless and would receive \$5.0 million in funding throughout the ARRA time period.

Scenario 2: Ferrandino Option for a \$5.0 Million Appropriation	All Fiscal Years Without ARRA	FY 2008-09 With ARRA*	FY 2009-10 With ARRA**	FY 2010-11 With ARRA***
CF - Master Tobacco Settlement	\$2,500,000	\$2,153,125	\$1,990,500	\$2,245,250
FF -- Medicaid Match	2,500,000	2,846,875	3,009,500	2,754,750
Total Funds	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
Transfer to General Fund	(\$2,497,991)	(\$2,151,116)	(\$1,988,491)	(\$2,243,241)

FY 2009-10:

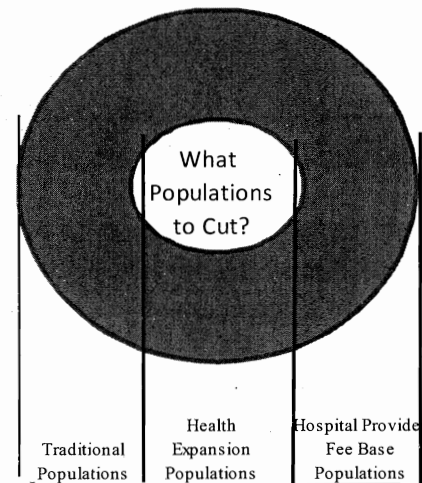
The current bill transfers \$1.5 million to the General Fund from the Tier I Distribution to the Comprehensive Primary Care Grant in FY 2009-10. **Staff recommends that this transfer be increased to \$2.7 million instead of the \$1.5 million currently in the S.B. 09-210.** Staff recommends that this change be made in S.B. 09-210. This distribution does not receive federal match and therefore, will not fit under the new legislation that staff is recommending above to maximize the state benefit from the ARRA FMAP increase. Staff recommends this budget reduction rather than the Department's proposed provider rate cuts that would result in a loss of \$6.1 million total funds (only \$2.7 million General Fund) to the FQHCs. This is discussed again the Premiums section of this write-up.

Staff Recommended Amendment for H.B. 09-1293 (Hospital Provider Fee Bill)

Currently, this bill allows the hospital provider fee to be used to expand Medicaid populations. Staff recommends that the bill be amended to allow the hospital provider fee to also be used for any Medicaid populations covered by the Health Care Expansion Fund once that fund goes into deficit.

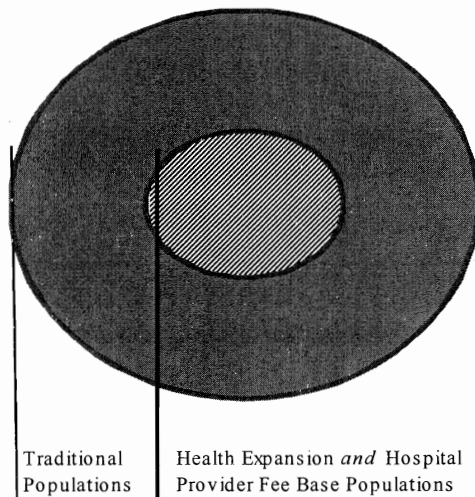
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**FIGURE 1: The Looming Health Care Expansion Fund Donut
 FY 2011-12 Problem**



The Hospital Provider Fee bill creates floors and ceilings for populations that can be served from the Hospital Provider Fee. The scenario exists in FY 2011-12 that the General Assembly could be funding higher income populations with the Hospital Fee while reducing lower income populations served by the Health Care Expansion Fund due to the projected fund balance.

Figure 2: The Solution
Allow Hospital Provider Fee to fund the Donut Hole that will occur in FY 2011-12



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Following is the language for staff's proposed amendment:

"(4) **Hospital provider fee cash fund.** (a) (IV) Subject to available revenue from the provider fee and federal matching funds, to expand eligibility for public medical assistance by:

(A) Increasing the eligibility level for parents of children who are eligible for medical assistance or the children's basic health plan to up to one hundred percent of the federal poverty level;

(B) Increasing the eligibility level for children and pregnant women under the children's basic health plan to up to two hundred fifty percent of the federal poverty level;

(C) Providing eligibility under the state medical assistance program for a childless adult or adults without a dependent child in the home who earns up to one hundred percent of the federal poverty level;

(D) Providing a buy-in program in the state medical assistance program for disabled adults and children whose families earn up to four hundred percent of the federal poverty level;

(E) PROVIDING FOR THE ELIGIBILITY LEVELS FOR THE MEDICAID AND CHILDREN'S BASIC HEALTH PLAN PROGRAM FUNDED BY THE HEALTH CARE EXPANSION FUND CREATED IN SECTION 24-22-117 (2) (a) (I) ONCE MONEYS IN THE FUND ARE NO LONGER SUFFICIENT FOR THE COSTS OF THOSE ELIGIBILITY GROUPS;"

With Staff's proposed amendment, the Committee could assure that funding would be provided to lower income groups before eligibility is expanded for higher income groups. There are a few items to consider regarding staff's recommendation:

- 1) The FMAP increase is totally phased-out in FY 2011-12. Therefore, the General Fund will need to back fill about 5 percentage points of Medicaid funding that funded was previously funded by increased federal match in FY 2010-11. This equates to approximately \$150 million General Fund.
- 2) Normal General Fund growth in the Medicaid program will be approximately \$60 to \$80 million (staff projects that caseload growth will most likely "plateau" rather than decline and that there will be normal cost and utilization increases).
- 3) The Department's estimates show the Health Care Expansion having a shortfall of approximately \$13.3 million in FY 2011-12 (the deficit expands to \$60 million in FY 2012-13).
- 4) The Department's fiscal note indicates that by FY 2011-12, the system changes will be made to start enrolling the higher income groups allowed under H.B. 09- 1293.

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**Executive Director's Office --
 Division Summary**

Division Overview: This Executive Director's Office contains all of the Department's internal administrative functions. Beginning in FY 2008-09, this Division was divided into the following subdivisions: (1) General Administration; (2) Transfers to Other Departments; (3) Information Technology Contracts and Projects; (4) Eligibility Determinations and Client Services; (5) Utilization and Quality Review Contracts; (6) Provider Audits and Services; and (7) Recoveries and Recoupment Contract Costs.

Historical Summary:

By Subdivision TOTAL FUNDS	FY 2007-08 Actual	FY 2008-09 App.	FY 2009-10 Dept. Req.	FY 2009-10 Staff Rec.
General Administration	23,288,631	27,945,326	30,234,577	29,084,500
Transfers to Other Departments	4,805,884	5,656,849	5,648,476	5,621,338
Information Technology Contracts and Projects	21,912,172	25,206,503	30,470,201	28,626,981
Eligibility Determinations and Client Services	40,923,739	33,843,704	31,941,566	34,546,620
Utilization and Quality Review Contracts	4,505,599	4,669,035	4,681,355	4,576,355
Provider Audit Contracts	1,732,607	1,853,300	2,272,266	2,272,266
Centralized Eligibility Vendor Contract Project	847,237	700,000	700,000	700,000
Total	\$98,015,869	\$99,874,717	\$105,948,441	\$105,428,060
General Fund	31,956,221	33,536,170	35,743,310	35,082,012
Cash Funds	264,868	7,129,168	7,090,129	7,512,112
Reappropriated Funds	9,559,508	1,790,768	1,767,775	1,823,286
Federal Funds	56,235,272	57,418,611	61,347,227	61,010,650
FTE	243.8	268.9	275.4	275.0

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Executive Director's Office, General Administration -- Subdivision Summary

Subdivision Overview: This subdivision contains all of the funding for the Department's internal administration, including all of the Department's personnel and operating costs. This line item also contains all of the centrally appropriated line items for the Department. A number of the line items in this subdivision are subject to common policy and are pending the Committee's decisions on common policy. For presentation purposes only, staff has *temporary* indicated the Department's request for common policy line items in order to estimate fund splits for the Children's Basic Health Plan Trust Fund and Health Care Expansion Fund and in order to reflect a more accurate total comparison of Department's request and staff recommendation. Staff will update the recommendation for the common policy line items based on the Committee's actions for common policy items (*note that while this packet was presented after the common policy decisions, this packet was completed before decisions were made*).

Please note, staff recommends that this subdivision be bottom-line financed. That means only total funds will be recommended for each line item in the Long Bill. The fund type and fund source information will be provided at the subdivision subtotal. This appropriation structure provides the Department with maximum flexibility in managing the appropriation for the different fund sources within the subdivision. The fund source detail is provided only to provide a record on how the fund sources in the letternotes were established.

Historical Summary:

By Line Item TOTAL FUNDS	FY 2007-08 Actual*	FY 2008-09 App.	FY 2009-10 Dept. Req.	FY 2009-10 Staff Rec.
Personal Services	20,382,113	18,812,638	20,084,744	20,038,930
Health, Life, and Dental -- COMMON POLICY	0	1,278,471	1,397,459	1,414,691
Short-term Disability -- COMMON POLICY	0	22,621	22,360	23,588
AED - COMMON POLICY	0	275,961	355,301	302,285
Supplemental AED - COMMON POLICY	0	127,446	222,063	187,631
Salary Survey -- COMMON POLICY	0	673,446	0	0
Performance Pay -- COMMON POLICY	0	249,966	0	0
Worker's Compensation - Pending COMMON POLICY	25,363	32,346	30,990	30,990
Operating Expenses	980,465	1,596,016	1,865,502	1,511,489

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By Line Item TOTAL FUNDS	FY 2007-08 Actual*	FY 2008-09 App.	FY 2009-10 Dept. Req.	FY 2009-10 Staff Rec.
Legal Services	739,856	982,984	982,984	982,984
Administrative Law Judges Services -- Pending COMMON POLICY	438,975	469,789	477,262	477,262
Computer Systems Costs - Pending COMMON POLICY	15,973	135,103	135,103	135,103
IT Management & Administration - Pending COMMON POLICY	0	459,984	482,756	482,756
Payment to Risk Management & Property Funds - Pending COMMON POLICY	60,484	71,989	47,162	47,162
Leased Space	248,164	394,236	477,036	394,236
Capitol Complex Leased Space -- Pending COMMON POLICY	397,238	395,208	386,557	386,557
General Professional Services and Special Projects	0	1,727,186	3,267,298	2,668,836
Appropriation for H.B. 08-1114	0	239,936	0	0
Total	\$23,288,631	\$27,945,326	\$30,234,577	\$29,084,500
General Fund	9,383,216	12,079,921	12,857,540	12,269,587
Cash Funds	61,932	738,407	734,657	750,400
Reappropriated Funds	2,362,127	1,674,195	1,651,202	1,706,713
Federal Funds	11,481,356	13,452,803	14,991,178	14,357,800
FTE	275.4	268.9	275.4	275.0

* Based on OSPB budget instructions, the Department shows the actual costs for certain employee-related expenses in the personal services line item.

Common Policies

1. *Personal Services:* Staff has calculated using the Personal Services Calculation formula. Because there are a number of decision items associated with this line item, a line item detail table and discussion has been included.
2. *Health, Life and Dental:* Staff's recommendation is calculated using the Committee's common policy to approve the OSPB November 1, 2008 request of HDL. Staff recommends

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- no further adjustments. Staff includes only a specific fund source table in the line item detail.
3. *Short-term Disability*: Staff's recommendation is calculated using the Committee's common policy rate 0.155 percent of base salaries. Staff recommends no further adjustments. Staff includes only a specific fund source table in the line item detail.
 4. *S.B. 04-257 Amortization Equalization Disbursement*: Staff's recommendation is calculated according to the Committee's common policy. Staff recommends no further adjustments. Staff includes only a specific fund source table in the line item detail.
 5. *S.B. 06-235 Supplemental Amortization Equalization Disbursement*: Staff's recommendation is calculated using the Committee's common policy. Staff recommends no further adjustments. Staff includes only a specific fund source table in the line item detail.
 6. *Salary Survey and Senior Executive Service and Performance Based Pay*: Consistent with the Committee's common policy, staff does not recommend any Salary Survey or Performance Pay in FY 2009-10. There is no line item detail for these lines.
 7. *Pending Common Policy Line Items*: Staff has included fund source table detail only for those line items with pending common policy. In these tables, staff reflects the Department's request. Staff has included the Department's estimate in order to provide a better comparison of staff's total recommendation compared to the Department's request and the total costs of the Department. Staff will update her recommendation to reflect the Committee's common policy decisions.
 8. *Operating Expenses*: Because there are a number of decision items associated with this line item, a line item detail table and discussion has been included.
 9. *Legal Services*: Staff recommends a continuation of 13,089 legal hours for the Department. Staff's recommendation is pending the Committee's decision for the legal services rate. Staff has temporarily shown the Department's request until the legal rate decision is made. Staff includes only a specific fund source table in the line item detail.
 10. *Leased Space*: Staff recommends continuation funding for leased space. Because this line item is impacted by a decision item, a line item detail table and discussion has been included.
 11. *General Professional Services and Special Projects*: This line item is impacted by a number of decision items and staff has included a line item detail table and discussion.

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12. *Appropriation for H.B. 08-1114:* This was a temporary line item in FY 2008-09 because the appropriation clause did not indicate specific line items for the appropriation (just a total appropriation for the division was written in the appropriation clause). This line item is no longer necessary in FY 2009-10 because the administrative funding has been annualized into the appropriate line items.

Executive Director's Office, General Administration Subdivision Line Item Detail

PERSONAL SERVICES: This line item contains all of the funding for the Department's personal services costs for the 275.0 recommended FTE in FY 2009-10. Currently, the line item funds salaries and wages for state employees, PERA contributions, Medicare taxes, temporary services, unemployment insurance, and other state employee costs. Funding for other professional services contracts are contained in the General Professional Services and Special Projects line item.

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
FY 2008-09 Original Appropriation (272.7 FTE)	\$7,876,614	\$19,015,961	\$7,876,614	\$19,015,961	\$0
S.B. 09-187 Adjustments	(19,879)	0	(19,879)	0	0
S.B. 09-132 Adjustments (-3.8 FTE)	6,655	(203,324)	6,655	(203,324)	0
FY 2008-09 Final Appropriation (268.9 FTE)	\$7,863,390	\$18,812,637	\$7,863,390	\$18,812,637	\$0
Common Policy Adjustments (+3.3 FTE) includes BA #6	254,570	973,496	226,598	973,548	(27,972)
Base Reduction	0	0	0	0	0
FY 2009-10 Base Recommendation	\$8,117,960	\$19,786,133	\$8,089,988	\$19,786,185	(\$27,972)
Medicaid Program Efficiencies (+0.9 FTE) (BRI #2)	43,392	86,785	43,392	86,785	0
Eligibility Modernization Project (DI #5 & BA # 35)	0	0	0	0	0
Medicaid Value-Based Initiative (+1.4 FTE) / (+0.9 FTE) (DI #6 & BA #38)	87,515	175,030	72,322	144,644	(15,193)
Additional Lease Space (DI #11)	7,740	15,480	0	0	(7,740)

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Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
Enhance MMIS Efficiencies (0.9 FTE) (DI #12)	29,051	58,101	29,051	58,101	0
Adjustment to S.B. 07-196 (BA #20)	(18,392)	(36,785)	(18,392)	(36,785)	0
FY 2009-10 Request / Recommendation	\$8,267,266	\$20,084,744	\$8,216,361	\$20,038,930	(\$50,905)

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request*	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	8,267,266	8,216,361	(50,905)	(0.62)%
CF - Autism Treatment Fund	28,357	29,152	795	2.80%
CF - CBHP Trust Fund	222,180	226,877	4,697	2.11%
CF - Health Care Expansion Fund	137,560	141,407	3,847	2.80%
CF - Primary Care Fund	49,108	50,486	1,378	2.81%
CF - Short-term Innovative Health Program Grant Fund	29,890	30,729	839	2.81%
CF - Comprehensive Primary and Preventative Grant Fund	22,737	23,797	1,060	4.66%
CF - Coordinated Care for People with Disabilities Fund	27,484	28,255	771	2.81%
CF - Nursing Facility Cash Fund	52,851	52,851	0	n/a
CF - Breast and Cervical Cancer Treatment Fund	9,939	10,919	980	n/a
RF - Transfer from Department of Human Services	1,564,984	1,608,829	43,845	2.80%
FF - Federal Funds	9,672,388	9,619,267	(53,121)	(0.55)%
TOTAL FUNDS	\$20,084,744	\$20,038,930	(\$45,814)	(0.23)%

*Total by fund type matches Department's request but total by fund source may not due to the Department not providing detail for some of their decision items regarding the fund source.

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Explanation of FTE

Since FY 2003-04, all of the Department's FTE have been consolidated into one line item. In FY 2008-09, the Department was appropriated a total of 268.9 FTE for internal administration of the Department's programs and activities. The following table shows the Department's current allocation of FTE positions and their request for FY 2009-10.

Department FTE Allocation			
Organization/Function	Current FY 2008-09 Appropriation w/ S.B. 09-187	FY 2009-10 Department Request	FY 2009-10 Staff Recommendation
<u>Executive Director's Office</u> Staff associated with general governance, financial accountability, and communications for the Department	5.0	5.0	5.0
<u>Medical & CHP+ Program Administration Office</u> Staff associated with administering the acute care, long-term care benefits and services for clients. (annualizes 4.8 FTE from prior year legislation and budget actions)	93.9	98.1	98.1
Decision Item #6 -- Medicaid Value Based Initiative		1.4	1.0
<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	24.1	24.1	24.1
<u>Agency Administration & Operation Office</u> This unit includes the legal, controller, information technology and audits support teams for the Department.	87.5	87.5	87.5
Decision Item #12 -- Enhance MMIS Efficiency		0.9	0.9
<u>Project Management Director</u> This unit is responsible for tracking the Department's implementation of legislation and Department initiatives. The office also supports health care reform efforts.	3.0	3.0	3.0

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Department FTE Allocation			
Organization/Function	Current FY 2008-09 Appropriation w/ S.B. 09-187	FY 2009-10 Department Request	FY 2009-10 Staff Recommendation
<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.	49.4	49.4	49.4
<u>Human Resources Section</u> This unit provides the human resource services for the Department including: training, testing and recruitment activities.	6.0	6.0	6.0
TOTAL	268.9	275.4	275.0

Issue Detail

Common Policy Adjustments (+3.3 FTE): The Department requests \$19,786,133 total funds and 272.2 FTE for the FY 2009-10 **base** personal services. This is an increase of \$254,570 General Fund and \$973,496 total funds over the current FY 2008-09 appropriation. Staff recommends \$19,786,185 total funds and 272.2 FTE. Staff recommendation is an increase of \$226,598 General Fund and \$973,548 total funds. This issue is calculated based on the Committee's common policy instructions and includes annualization of prior budget actions and legislation, including annualizing prior year salary survey and base-building performance-based pay and S.B. 09-187. Staff's fund splits are slightly different from the Department's regarding the annualization of prior year salary survey and performance-based pay. Staff also has a very slight difference (\$52) from the Department for the performance-based pay annualization calculation.

Base Reduction: Pursuant to the Committee's common policy, the personal services calculations does *not* include a base reduction. If a base reduction of 1.0% was included it would result in savings of \$80,800 General Fund and \$197,862 total funds.

Medicaid Program Efficiencies (0.9 FTE) (BRI #2): Staff recommends the Department's request for 0.9 FTE and \$86,785 total funds for administrative costs associated with the Department's Medicaid Program Efficiencies initiative. This FTE would be responsible for developing new rules and regulations related to the Medicaid oxygen benefit. Oxygen related expenditures are the Department's highest expenditure category within durable medical equipment. The Department's request indicated that this FTE would help the Department save \$500,797 in the Medical Services Premiums line item. At this time, staff does not recommend the savings in the Medical Services

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Premiums line item. Staff believes that savings would only result after the new rules and regulations had been developed, including allowing for public input. Due to the timing for hiring the staff, reviewing existing procedures, holding stakeholder meetings, and implementing rules and regulations, staff believes that the savings would begin in FY 2010-11 instead of FY 2009-10. Because staff fully anticipates that additional savings will be needed in FY 2010-11 in the Medicaid program, staff believes this up-front administrative cost investment is necessary in FY 2009-10.

Eligibility Modernization Project (DI #5 & BA #35): The Department had originally requested \$174,304 and 2.8 FTE for their Eligibility Modernization Project. The Department later pulled this request (BA #35) for additional personal services and FTE due to the budget situation.

Medicaid Value-Based Initiative (1.4 FTE)/(0.9 FTE) (DI #6 & BA #38): The Department had originally requested 0.8 FTE for half year funding for 2.0 FTE contract managers for the Department's Administrative Service Organization (care management) initiative. This initiative would begin a pilot program where 60,000 Medicaid clients would eventually be assigned to an ASO contractor to coordinate their health care services. The pilot would be statewide with 5 regions. Due to the economic conditions, the Department modified their request to 0.4 FTE for half year funding for 1.0 FTE to manage the ASO contractors, instead of the 2.0 annualized FTE that the Department originally requested. The Department also requested 0.9 FTE in FY 2009-10 to manage the Department's Center for Improving Value in Health Care (CIVHC). Currently, this FTE position is funded through grant funding. For FY 2009-10, the Department requests that this position be made a permanent.

Staff recommends 0.9 FTE for a new management position to oversee the Health Care Management and Value projects. Staff recommends that this position assume the duties of both the CIVHC project and the ASO project. Staff's recommendation assumes that ASO project will move forward in FY 2009-10. However, staff does not anticipate that actual clients will be enrolled prior to July 2010. Nevertheless, in order to prepare for the pilot program to be operational by July 2010, staff believes that the Department will need staffing and administrative costs to begin in FY 2009-10. The Department's (CIVHC) project was started with Executive Order D 005-08. This project does not focus solely on the Department's responsibilities for public medical programs, but looks at the State's total health care system and how it can be improved. Due to the economic situation, staff recommends that Department limit the scope of the CIVHC project to ensure that manager could manage both the CIVHC project as well as the ASO project for FY 2009-10 and FY 2010-11.

Additional Lease Space (DI #11): The Department requests \$15,480 total funds for temporary contract services related to moving expenses associated with acquiring additional lease space. Staff does *not* recommend this request. See staff's recommendation for operating expenditures and lease space for more information.

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Enhance MMIS Efficiencies (0.9 FTE) (DI #12): The Department requests and staff recommends 0.9 FTE and \$58,101 total funds to reduce the backlog of customer services requests (CSRs) for the Medicaid Management Information System (MMIS). When a CSR is requested, the Department's MMIS contractor evaluates the request and provides estimates related to the programming time needed. However, the Department's staff must also be involved in providing technical assistance related to the federal law, state law or internal process improvement resulting in the CSR. Additionally, Department staff must also help design, evaluate, and sign-off on the test design and actual test of the system modification. This additional FTE position would help the Department reduce the current number of backlog of CSRs. If not for the economic situation, staff may have recommended more funding than currently recommended for this issue. Staff believes this area of the Department's budget is currently underfunded and leads to inefficiencies. However, due to the current economic condition staff recommends the Department's request. See the Information Technology Contract line item for more information on staff's recommendation.

Adjustment to S.B. 07-196 (BA #20): The Department requests and staff recommends a reduction in funding of \$36,785 total funds in FY 2009-10 to remove one-time funding contained in S.B. 07-196 related to professional services for an auditor to perform reimbursement rate setting for the home health prospective payment system.

HEALTH, LIFE AND DENTAL: This line item funds the State's share of the health, life, and dental benefits for state employees who participate in the state's benefit package. For FY 2009-10, the state contribution rates for health, life, and dental are as follows: (1) \$389.36 per month for employee only; (2) \$647.42 per month for employee plus spouse; (3) \$684.28 per month per employee for employee plus children; and (4) \$942.34 per employee who has elected family coverage.

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request*	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	632,799	640,247	7,448	1.18%
CF - Autism Treatment Fund	2,066	2,066	0	0.00%
CF - CBHP Trust Fund	17,786	18,215	429	2.41%
CF - Health Care Expansion Fund	6,919	6,919	0	0.00%
CF - Primary Care Fund	4,132	4,132	0	0.00%
RF - Transfer from Department of Human Services	38,018	38,965	947	2.49%

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Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request*	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
FF - Federal Funds	695,739	704,147	8,408	1.21%
TOTAL FUNDS	\$1,397,459	\$1,414,691	\$17,232	1.23%

*Total by fund type matches Department's request but total by fund source may not due to the Department not providing detail for some of their decision items regarding the fund source.

SHORT-TERM DISABILITY: This line item funds the short-term disability benefit for any worker who becomes disabled and cannot perform his or her duties. For FY 2009-10, the short-term disability rate is 0.155 percent of base salaries for the Department as calculated per common policy instructions.

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request*	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	9,324	9,630	306	3.28%
CF - Autism Treatment Fund	35	35	0	0.00%
CF - CBHP Trust Fund	354	271	(83)	(23.45)%
CF - Health Care Expansion Fund	252	169	(83)	(32.94)%
CF - Primary Care Fund	60	60	0	0.00%
CF - Short-term Innovative Health Program Grant Fund	37	37	0	0.00%
CF - Comprehensive Primary and Preventative Grant Fund	28	28	0	0.00%
CF - Coordinated Care for People with Disabilities Fund	34	34	0	0.00%
CF - Nursing Facility Cash Fund	0	63	63	n/a
CF - Breast and Cervical Cancer Treatment Fund	0	25	25	n/a
RF - Transfer from Department of Human Services	1,755	1,917	162	9.23%
FF - Federal Funds	10,481	11,319	838	8.00%
TOTAL FUNDS	\$22,360	\$23,588	\$1,228	5.49%

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*Total by fund type matches Department's request but total by fund source may not due to the Department not providing detail for some of their decision items regarding the fund source.

S.B. 04-257 AMORTIZATION EQUALIZATION DISBURSEMENT: This line item reflects the increase to the effective PERA rate contributions that began on January 1, 2007. For calendar year 2009, the AED rate is 1.80 percent. For calendar year 2010, the AED rate is 2.2 percent.

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request*	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	153,581	122,187	(31,394)	(20.44)%
CF - Autism Treatment Fund	494	448	(46)	(9.31)%
CF - CBHP Trust Fund	3,806	3,500	(306)	(8.04)%
CF - Health Care Expansion Fund	2,417	2,175	(242)	(10.01)%
CF - Primary Care Fund	857	776	(81)	(9.45)%
CF - Short-term Innovative Health Program Grant Fund	521	473	(48)	(9.21)%
CF - Comprehensive Primary and Preventative Grant Fund	0	366	366	n/a
CF - Coordinated Care for People with Disabilities Fund	479	435	(44)	(9.19)%
CF - Nursing Facility Cash Fund	0	814	814	n/a
CF - Breast and Cervical Cancer Treatment Fund	0	321	321	n/a
RF - Transfer from Department of Human Services	18,244	24,741	6,497	35.61%
FF - Federal Funds	174,902	146,049	(28,853)	(16.50)%
TOTAL FUNDS	\$355,301	\$302,285	(\$53,016)	(14.92)%

*Total by fund type matches Department's request but total by fund source may not due to the Department not providing detail for some of their decision items regarding the fund source.

S.B. 06-235 SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT: This line item reflects the increase to the effective PERA rate contributions that began on January 1, 2008

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pursuant to S.B. 06-235. For calendar year 2009, the SAED rate is 1.0 percent. For calendar year 2010, the SAED rate is 1.5 percent.

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request*	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	95,988	75,072	(20,916)	(21.79)%
CF - Autism Treatment Fund	314	280	(34)	(10.83)%
CF - CBHP Trust Fund	2,345	2,187	(158)	(6.74)%
CF - Health Care Expansion Fund	1,521	1,359	(162)	(10.65)%
CF - Primary Care Fund	544	485	(59)	(10.85)%
CF - Short-term Innovative Health Program Grant Fund	330	295	(35)	(10.61)%
CF - Comprehensive Primary and Preventative Grant Fund	0	229	229	n/a
CF - Coordinated Care for People with Disabilities Fund	304	272	(32)	(10.53)%
CF - Nursing Facility Cash Fund	0	509	509	n/a
CF - Breast and Cervical Cancer Treatment Fund	0	200	200	n/a
RF - Transfer from Department of Human Services	11,403	15,463	4,060	35.60%
FF - Federal Funds	109,314	91,280	(18,034)	(16.50)%
TOTAL FUNDS	\$222,063	\$187,631	(\$34,432)	(15.51)%

*Total by fund type matches Department's request but total by fund source may not due to the Department not providing detail for some of their decision items regarding the fund source.

WORKER'S COMPENSATION: This line item is a statewide allocation to each Department based on historic usage. This line item provides funding for payments made to the Department of Personnel and Administration to support the State's self-insured program for worker's compensation. Staff's recommendation is pending but temporarily shows the Department's requests in order to provide an estimated of total Department funding.

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Fund Source Detail

The fund source for this line item is totally General Fund and matching federal funds.

OPERATING EXPENSES: This line item contains all of the operating expenses for the Department. 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.

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
FY 2008-09 Original Appropriation	\$878,741	\$1,825,072	\$878,741	\$1,825,072	\$0
S.B. 09-187 Adjustments	(112,961)	(225,256)	(112,961)	(225,256)	0
S.B. 09-132 Adjustments	0	(3,800)	0	(3,800)	0
FY 2008-09 Final Appropriation	\$765,780	\$1,596,016	\$765,780	\$1,596,016	\$0
Annualization and removal of one-time funding (includes BA #6 & BA #13)	45,051	81,853	(67,410)	(143,403)	(112,461)
FY 2009-10 Base Recommendation	\$810,831	\$1,677,869	\$698,370	\$1,452,613	(\$112,461)
Medicaid Program Efficiencies (BRI #2)	13,089	26,178	13,089	26,178	0
Eligibility Modernization Project (DI #5 & BA # 35)	0	0	0	0	0
Medicaid Value-Based Initiative (DI #6 & BA #38)	5,941	11,881	3,089	6,178	(2,852)
Additional Lease Space (DI #11)	61,527	123,054	0	0	(61,527)
Enhance MMIS Efficiencies (0.9 FTE) (DI #12)	3,089	6,178	3,089	6,178	0
DPA Mail Equipment & Postage Increase (NP #9 & NP #12)	9,790	20,342	9,769	20,342	(21)
FY 2009-10 Request / Recommendation	\$904,267	\$1,865,502	\$727,406	\$1,511,489	(\$176,861)

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Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request*	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	904,267	727,406	(176,861)	(19.56)%
CF - Autism Treatment Fund	2,405	2,405	0	0.00%
CF - CBHP Trust Fund	768	768	0	0.00%
CF - Health Care Expansion Fund	4,429	4,429	0	0.00%
CF - Primary Care Fund	629	629	0	0.00%
CF - Short-term Innovative Health Program Grant Fund	481	481	0	0.00%
CF - Comprehensive Primary and Preventative Grant Fund	442	442	0	0.00%
CF - Coordinated Care for People with Disabilities Fund	2,718	2,718	0	0.00%
CF - Nursing Facility Cash Fund	3,833	3,833	0	0.00%
CF - Breast and Cervical Cancer Treatment Fund	333	166	(167)	(50.15)%
RF - Transfer from Department of Human Services	13,461	13,461	0	0.00%
FF - Federal Funds	931,736	754,751	(176,985)	(19.00)%
TOTAL FUNDS	\$1,865,502	\$1,511,489	(\$354,013)	(18.98)%

*Total by fund type matches Department's request but total by fund source may not due to the Department not providing detail for some of their decision items regarding the fund source.

Issue Detail

Annualization and removal of one-time funding (includes BA #6 & BA #13): The Department's requests a total fund increase of \$81,853 to annualize prior year legislation and budget actions. Staff recommends a total fund *decrease* of \$143,403 to annualize prior year legislation and budget actions. The major difference between the Department's request and staff's recommendation is that staff does not recommend an increase of \$225,256 total funds (\$112,628 General Fund) for remodeling expenses associated with the Department's 1570 Grant Street location.

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Staff had initially recommended the remodeling issue for FY 2008-09. However, in the Department's supplemental request #27, the Department recommended that the remodeling project be postponed until FY 2009-10. At this time, staff recommends that the Department's remodeling project be postponed indefinitely until the State's economic recovery. According to the Department's request for additional lease space (DI #11), the remodeling of this space will result in the loss of 20 workstations at the Grant Street location. This loss of 20 work stations from the remodeling drives the Department's request for additional lease space. Currently, the Department has 329 workstations for 322 total positions (not FTE). The Department originally anticipated adding 5 new FTE (although staff recommends only 2.3 FTE higher than the original FY 2008-09 request) but losing 20 workstations because of the remodel. This would leave the Department with a need for 18 new workstations and the Department requested an increase in commercial lease space. Without the remodel, the Department's current space should be sufficient to house the FTE recommended.

Medicaid Program Efficiencies (BRI #2): The Department requests and staff recommends an increase of \$26,178 total funds for operating expenses associated with implementing the Department's Medicaid Program Efficiencies initiatives. Specifically, this funding will provide \$20,000 to develop training materials and conduct statewide training on the new admission process for hospital discharge planners, nursing facilities, and single entry point agencies. The funding will also provide \$6,178 for operating expenses associated with the 0.9 FTE recommended to develop new rules and regulations related to the Medicaid oxygen benefit.

Eligibility Modernization Project (DI #5 & BA #35): The Department had originally requested additional operating expenses associated with 2.8 new FTE for their Eligibility Modernization Project. Due to the budget situation, the Department pulled this request (BA #35) for additional FTE and associated costs.

Medicaid Value-Based Initiative (DI #6 & BA #38): The Department requests \$11,881 in operating expenses associated with 1.4 FTE positions requested in FY 2009-10 (2.0 annualized FTE positions in FY 2010-11) for their Center for Improving Value in Health Care (CIVHC) and Administrative Services Organization (care management) initiatives. Staff recommends only 0.9 FTE (1.0 FTE in FY 2010-11) for these two initiatives. Therefore, staff's operating expenses recommended for the new FTE is half of the Department's requests.

Additional Lease Space (DI #11): The Department requests \$123,054 total funds in order to build-out new lease space with cubicles, chairs, telecommunications equipment, printers, faxes, and associated wiring for data transmission. Because staff does not recommend the additional lease space, staff does *not* recommend this request for additional operating funding.

Enhance MMIS Efficiencies (0.9 FTE) (DI #12): The Department requests and staff recommends \$6,178 total funds for the operating expenses associated with the 0.9 FTE position staff

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recommended to address the Department's backlog of customer services requests for the Medicaid Management Information Services.

DPA Mail Equipment & Postage Increase (NP #9 & NP #12): Pursuant to the Committee's common policy decision, staff recommends the Department's request for an increase of \$20,342 total funds related to increased postage and mail equipment at the Department of Personnel and Administration.

LEGAL AND THIRD PARTY RECOVERY LEGAL SERVICES: This line item represents the legal services provided to the Department of Health Care Policy and Financing by the Department of Law. For FY 2009-10, staff recommends a continuation of the number of legal services hours estimated for the Department at 13,089. Staff recommendation is pending common policy decision related to legal rate and only temporarily indicates the Department's request.

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	399,044	399,044	0	0.00%
CF - CBHP Trust Fund	6,633	6,633	0	0.00%
CF - Estate Recovery	80,745	80,745	0	0.00%
Federal Funds	496,562	496,562	0	0.00%
TOTAL FUNDS	\$982,984	\$982,984	\$0	0.00%

ADMINISTRATIVE LAW JUDGES: This line item includes funding for services typically provided by administrative law judges and paralegals from Office of Administrative Courts. This line item is pending Committee common policy and temporarily indicates the Department's request.

Fund Source Detail

This line item is entirely funded from General Fund and matching federal funds.

COMPUTER SYSTEMS COSTS: 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 service to other state departments. This computer center has the Medicaid

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Management Information System computer and printing costs and Long-term Care Computer and printing costs. This line item is pending a common policy decision and temporarily reflects the Department's request.

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	65,883	65,883	0	0.00%
RF - Transfer from Department of Human Services from OAP Fund	3,337	3,337	0	0.00%
Federal Funds	65,883	65,883	0	0.00%
TOTAL FUNDS	\$135,103	\$135,103	\$0	0.00%

MANAGEMENT & ADMINISTRATION OF OIT: This line item represents the portion of the Department's funding that is transferred to the Governor's Office of Information Technology. This line item is pending a common policy decision and temporarily reflects the Department's request.

Fund Source Detail

This line item is entirely funded with General Fund and matching federal funds.

PAYMENT OF RISK MANAGEMENT AND PROPERTY FUNDS: This line item represents the allocation appropriated to each department based on a shared statewide risk formula for two programs, the Liability Program and the Property Program. This line item is pending a common policy decision and temporarily reflects the Department's request.

Fund Source Detail

This line item is entirely funded with General Fund and matching federal funds.

LEASED SPACE: This line item contains the lease costs for any office space that the Department leases that are *not* part of the capitol complex.

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Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
FY 2008-09 Original Appropriation	\$191,619	\$394,236	\$191,619	\$394,236	\$0
Technical Issues -- None	0	0	0	0	0
FY 2009-10 Base Recommendation	\$191,619	\$394,236	\$191,619	\$394,236	\$0
Additional Lease Space (DI #11)	41,400	82,800	0	0	(41,400)
FY 2009-10 Request / Recommendation	\$233,019	\$477,036	\$191,619	\$394,236	(\$41,400)

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	233,019	191,619	(41,400)	(17.77)%
CF - Health Care Expansion Fund	5,500	5,500	0	0.00%
Federal Funds	238,517	197,117	(41,400)	(17.36)%
TOTAL FUNDS	\$477,036	\$394,236	(\$82,800)	(17.36)%

Issue Detail

Additional Lease Space (DI #11): The Department requests an increase of \$82,800 for additional lease space in FY 2009-10 due to additional FTE requested and the loss of 20 workstations from remodeling of their space at 1570 Grant Street. Because of the current budget situation, staff recommends that the remodeling project be permanently delayed. Without the remodeling project, the Department should be able to retain the 20 work stations at the 1570 Grant Street location. This should be sufficient to meet the Department's FTE needs in FY 2009-10.

CAPITOL COMPLEX LEASED SPACE: This line item is based on the amount of square footage used by each department from buildings owned by the state. Currently, the Department of Health Care Policy and Financing leases 31,512 square feet at 1570 Grant Street. This line item is subject to common policy and is pending the Committee's decision.

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Fund Source Detail

This line item is entirely funded with General Fund and Federal Funds.

GENERAL PROFESSIONAL SERVICES AND SPECIAL PROJECTS: This line item was created in 2008 to reflect the Department's contract services and special project expenditures that previously were appropriated in the Department's personal services line item. By dividing personal services into two line items, staff hoped to gain a better understanding of the Department's expenditures as they related to salary and expenses associated with FTE and those expenses associated with contract services, including services for actuaries and special projects.

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
FY 2008-09 Original Appropriation	\$1,099,292	\$2,443,584	\$1,099,292	\$2,443,584	\$0
S.B. 09-187 Adjustments	(311,949)	(716,398)	(311,949)	(716,398)	0
FY 2008-09 Final Appropriation	\$787,343	\$1,727,186	\$787,343	\$1,727,186	\$0
Remove One-Time Funding and Annualization of Special Projects	(34,676)	(101,852)	(87,925)	(258,350)	(53,249)
FY 2009-10 Base Recommendation	\$752,667	\$1,625,334	\$699,418	\$1,468,836	(\$53,249)
Pharmacy Efficiencies (BRI #1)	300,000	975,000	300,000	975,000	
Medicaid Program Efficiencies (BRI #2)	220,982	441,964	0	0	(220,982)
Eligibility Modernization Project (DI #5)	47,854	100,000	47,854	100,000	0
Medicaid Value-Based Initiative (DI #6 & BA #38)	62,500	125,000	62,500	125,000	0
FY 2009-10 Request / Recommendation	\$1,384,003	\$3,267,298	\$1,109,772	\$2,668,836	(\$274,231)

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	1,384,003	1,109,772	(274,231)	(19.81)%

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Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
Federal Funds	1,883,295	1,559,064	(324,231)	(17.22)%
TOTAL FUNDS	\$3,267,298	\$2,668,836	(\$598,462)	(18.32)%

Issue Detail

Remove One-Time Funding and Annualization of Special Projects: The Department did not request a budget amendment to make the hiring freeze supplementals permanent in FY 2009-10. Therefore, staff calculates the Department's request by adding back in negative supplementals from S.B. 09-187 in order to arrive at the Department's requested base. Staff's recommendation for the base is calculated as follows (additions or subtractions from the current FY 2008-09 appropriation):

- 1) Add \$55,000 total funds to restore one-time savings from delaying the actuary study for H.B. 08-1072 (Medicaid Buy-In for Disabled Persons) in S.B. 09-187. The language in the bill requires the Department to report on or before January 1, 2010 regarding the outcome of this study. Therefore, without a change in statute, the Department needs this funding in order to comply with current law.
- 2) Remove \$82,500 total funds for one-time costs associated with actuary study for S.B. 08-217 (Centennial Care Choices). This is the total amount of funding that was left for this project in S.B. 09-187.
- 3) Reduction of \$230,850 total funds to annualize and remove one-time funding contained in H.B. 08-1375 related to a number of different budget items from last year.

Please note that staff's recommendation does not restore funding for the PACE study. Last year the General Assembly appropriated \$150,000 total funds to conduct a study of the adequacy of rates paid to the PACE program through a budget action (this was funded in H.B. 08-1375 - last year's Long Bill). This study was delayed in S.B. 09-187 (HCPF supplemental bill). Staff continues to recommend that this study be delayed until better economic times.

Pharmacy Efficiencies (BRI #1): The Department requests and staff recommends an increase of \$975,000 total funds (\$300,000 General Fund) for the following: (1) \$750,000 for an automated prior authorization contractor, and (2) \$225,00 for State Maximum Allowable Cost Contractor.

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These costs are offset by anticipated savings in Medical Services Premiums of \$1.0 million total funds.

- 1) *Automated Prior Authorization Contractor*: The contractor would develop an automated system to perform prior authorizations. The automated system will screen pharmacy claims against client information from the medical and pharmacy database and determine if the client meets the prior authorization approval criteria. The funding provides \$375,000 in one-time funding to develop the system and \$375,000 for maintenance of the system for six months (average maintenance cost of \$62,500 monthly).
- 2) *State Maximum Allowable Cost Contractor*: The contractor will be responsible for gathering acquisition costs monthly from a statistically determined number of pharmacies and establishing a methodology to compare, weight, and confirm the acquisition costs collected. These acquisition costs would be multiplied by an allowable profit margin to determining the State Maximum Allowable Cost reimbursement rate by drug.

Medicaid Program Efficiencies (BRI #2): The Department requests \$441,964 total funds for two projects related to the Medicaid Program Efficiencies issue as follows: (1) \$300,000 for the first year of a three-year evaluation of the current fee-for-service Medicaid benefit package with the purpose of proposing changes to the benefit structure in order to improve the health outcomes of Medicaid clients, and (2) \$141,964 to perform a client survey for health and functional outcomes for Medicaid clients.

Due to the current economic conditions, staff does *not* recommend the Department's request for FY 2009-10 for these two projects. While these projects ultimately could provide the needed data collection to help understand (if not improve) the health needs of Medicaid clients, the projects will result in multi- year additional administrative costs before any saving benefits or system changes could be achieved. Unfortunately, staff does not believe that the current budget situation makes these two projects a priority at this time. Staff would revisit this issue if the state's funding situation improves.

Eligibility Modernization Project (DI #5): The Department requests \$100,000 total funds for a study to assess the impact that the Department's Eligibility Modernization Project would have on other Department of Human Services and county social service benefits. This is the only issue left in the Department's request for this item. All other funding originally requested in Decision Item #5 (\$7.4 million total funds and 2.8 FTE) were eliminated in the Department's budget amendment #35.

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Staff recommends the Department's request. The Department proposes to move forward with the Eligibility Modernization Project. Instead of an implementation date of January 1, 2010 as was originally requested in their DI #5, the Department now proposes a July 1, 2010 implementation. Under this scenario the Department will continue to develop and release RFP in FY 2009-10 for this project. However, the new implementation date of July 1, 2010 will allow the Department to submit updated budget requests before contracts are entered into. This funding would allow the Department to submit to the full impacts to counties and the Department of Human Services from their proposals during the next budget cycle. Staff believes understanding these impacts is crucial in determining the amount of funding that should be devoted to this project in the future.

Medicaid Value-Based Initiative (DI #6 & BA #38): The Department requests and staff recommends an increase of \$125,000 total funds for actuary services associated with developing the pay-for-performance calculations for the Administrative Services Organization (ASO) care management pilot program that the Department is proposing. Although staff does not anticipate clients will actually enroll before July 2010, there are up-front costs in FY 2009-10 that must be funded if the pilot is to move forward. One of the up-front costs is certifying any pay-for-performance plan contained in the contracts for the ASO. Please see staff's Medical Services Premiums section for more detail on the Medicaid Value-Based Initiative.

**Transfers to Other Departments Subdivision --
Summary and Detail Information**

Subdivision Overview: This subdivision in the Executive Director's Office Division contains four active line items related to Medicaid funding transferred to other State Departments in order to administer Medicaid funded programs. This subdivision does not include transfers to the Department of Human Services. Because of the amount of funding transferred for both administrative and program costs, transfers to Human Services are contained in a separate Long Bill Division (not included in this packet).

Historical Summary:

By Line Item TOTAL FUNDS	FY 2007-08 Actual	FY 2008-09 App.	FY 2009-10 Dept. Req.	FY 2009-10 Staff Rec.
Transfer to DPHE for Facility Survey and Certification	\$4,052,138	\$4,923,759	\$5,101,386	\$5,070,684
Transfer to DHS for Related Administration	88,973	0	0	0
Transfer to DORA for Nurse Aide Certification	325,343	325,343	325,343	325,343

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By Line Item TOTAL FUNDS	FY 2007-08 Actual	FY 2008-09 App.	FY 2009-10 Dept. Req.	FY 2009-10 Staff Rec.
Transfer to DORA for Sunset Reviews/1	4,000	0	14,000	14,000
Transfer to DOE for Public School Health Services Administration	335,430	407,747	207,747	211,311
Total	\$4,805,884	\$5,656,849	\$5,648,476	\$5,621,338
General Fund	1,234,995	1,504,834	1,693,603	1,680,643
Cash Funds /2	0	0	500	500
CFE/Reappropriated Funds	14,652	14,652	14,652	14,652
Federal Funds	4,137,363	4,137,363	3,939,721	3,925,543

/1 This line item contains a FY 2008-09 Long Bill Supplemental Recommendation in the line item detail section.

The changes to appropriations in this subdivision reflect Committee action taken during figure setting other Department's. Staff requests permission to change the amount of funding recommended in these line items if Committee action changes due to common policy or technical adjustments made in other Departments appropriations.

Transfers to Other Departments Subdivision -- Line Item Detail Information

TRANSFER TO THE DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT FOR FACILITY SURVEY AND CERTIFICATION: 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.

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
FY 2008-09 Original Appropriation	\$1,300,605	\$4,932,027	\$1,300,605	\$4,932,027	\$0
S.B. 09-187 -- HCPF Supplemental Bill	56,209	(6,361)	56,209	(8,268)	0
FY 2008-09 Revised Appropriation	\$1,356,814	\$4,925,666	\$1,356,814	\$4,923,759	\$0

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Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
Long Bill Supplemental Recommendation	0	0	0	1,907	0
FY 2008-09 FINAL Appropriation Rec.	\$1,356,814	\$4,925,666	\$1,356,814	\$4,925,666	\$0
Fund Split Adjustments, Annualization of S.B. 09-187 and Common Policy (NP #14, #37, #40)	184,269	175,720	169,309	145,018	(14,960)
FY 2009-10 Base Recommendation	\$1,541,083	\$5,101,386	\$1,526,123	\$5,070,684	(\$14,960)
No Policy Adjustments	0	0	0	0	0
FY 2009-10 Request / Recommendation	\$1,541,083	\$5,101,386	\$1,526,123	\$5,070,684	(\$14,960)

Fund Source Detail

This line item is entirely funded with General Fund and matching federal funds.

Issue Detail

Fund Split Adjustments, Annualization of S.B. 09-187 and Common Policy: The Department requests an increase of \$175,720 total funds for technical adjustments (including NP #14, #37, and #40). Staff recommends an increase of \$145,018 total funds for these items. Staff's recommendation is consistent with the action the Committee took on March 3, 2009 when figure setting the Department of Public Health and Environment. Staff requests permission to update this recommendation once all common policy decisions have been made.

TRANSFER TO THE DEPARTMENT OF REGULATORY AGENCIES FOR NURSE AIDE CERTIFICATION: Federal regulations require certification of nurse aides working in any medical facility with Medicaid or Medicare clients. The Department of Regulatory Agencies administers this program under a three-way interagency agreement with the Department of Health Care Policy and Financing and the Department of Public Health and Environment. State funding for this program is from General Fund, collected fees for background checks, and matching Medicaid federal funds.

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Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
FY 2008-09 Original Appropriation	\$148,020	\$325,343	\$148,020	\$325,343	\$0
No Policy Adjustments	0	0	0	0	0
FY 2009-10 Request / Recommendation	\$148,020	\$325,343	\$148,020	\$325,343	\$0

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	148,020	148,020	0	0.00%
RF - Transfer from the Department of Regulatory Agencies	14,652	14,652	0	0.00%
FF - Federal Funds	162,671	162,671	0	0.00%
TOTAL FUNDS	\$325,343	\$325,343	\$0	0.00%

Issue Detail

The Department requests and staff recommendations continuation funding for this program in FY 2009-10. Staff's recommendation is consistent with the Committee's action for the Department of Regulatory Agencies on March 6, 2009.

TRANSFER TO THE DEPARTMENT OF REGULATORY AGENCIES FOR REVIEWS: This line item reflects the costs transferred to the Department of Regulatory Agencies to conduct sunrise and sunset reviews for the Department of Health Care Policy and Financing's (HCPF) programs. These costs are first appropriated in HCPF in order to draw down the federal matching funds.

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
FY 2008-09 Original Appropriation	\$0	\$0	\$0	\$0	\$0

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Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
Long Bill Supplemental Recommendation - Sunset Review of Telemedicine	0	0	3,000	6,000	3,000
FY 2008-09 FINAL Appropriation Rec.	\$0	\$0	\$3,000	\$6,000	\$3,000
Annualize Costs for Sunset Review of Telemedicine	0	0	(1,500)	(3,000)	(1,500)
FY 2009-10 Base Recommendation	\$0	\$0	\$1,500	\$3,000	\$1,500
Sunset Review of In-Home Support Services and Teen Pregnancy and Dropout Program (NP #2)	4,500	14,000	5,000	11,000	500
FY 2009-10 Request / Recommendation	\$4,500	\$14,000	\$6,500	\$14,000	\$2,000

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	4,500	6,500	2,000	44.44%
CF - Local Funds	500	500	0	0.00%
FF - Federal Funds	9,000	7,000	(2,000)	(22.22)%
TOTAL FUNDS	\$14,000	\$14,000	\$0	0.00%

Issue Detail

Annualize Costs for Sunset Review of Telemedicine: The FY 2008-09 costs for reviewing the Telemedicine program are estimated at \$6,000. Based on information supplied by the Department, the FY 2009-10 costs to complete this review are estimated at \$3,000. Therefore, staff reduces the FY 2009-10 continuation base by \$3,000 to reflect the lower costs in FY 2009-10 for completing the study.

Sunset Review of In-Home Support Services and Teen Pregnancy and Dropout Program (NP #2): In addition to the sunset review for the Telemedicine Program, the Department of Regulatory

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agencies will be conducting in FY 2009-10 sunset reviews of the In-Home Support Services Program at an estimated cost of \$6,000 and for the Teen Pregnancy and Dropout Prevention Program at an estimated cost of \$5,000. Staff's recommendation is slightly different from the Department's request because staff assumes a 50 percent federal match rate for these expenditures. The Department assumes a 50 percent federal match for the Telemedicine Program and a 90 percent federal match for the sunset review of the Teen Pregnancy and Dropout Prevention Program. Staff assumes a 50 percent federal match for both sunset reviews since these are administrative costs and does not believe the sunset review for the Teen Pregnancy and Dropout Prevention Program will receive the enhanced match rate available for family planning services.

TRANSFER TO THE DEPARTMENT OF EDUCATION FOR PUBLIC SCHOOL HEALTH SERVICES ADMINISTRATION: This line item reflects the funding transferred to the Department of Education for administrative costs associated with the Public School Health Services program. The line item also contains \$200,000 for contract services for Public Consulting Group to assist with developing an updated rate-setting methodology for this program.

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
FY 2008-09 Original Appropriation	\$0	\$407,747	\$0	\$407,747	\$0
Adjust for DOE Indirect Costs	0	0	3,564	3,564	3,564
FY 2009-10 Base Recommendation	\$0	\$407,747	\$3,564	\$411,311	\$3,564
Transfer PCG Contract Costs to Audit Line item (DI #17)	0	(200,000)	0	(200,000)	0
FY 2009-10 Request / Recommendation	\$0	\$207,747	\$3,564	\$211,311	\$3,564

*The funding for this line item is totally from federal funds.

Issue Detail

Adjusts for Department of Education indirect costs: Staff recommends an increase of 3,564 to reflect the indirect costs assessments to this program in the Department of Education. Staff recommendation is consistent with the Committee's action on March 6, 2009 for the Department of Education's figure setting.

Transfer PCG Contract Costs to Audit Line item (DI #17): Staff recommends the Department's request to transfer the \$200,000 federal funds in this line item for the Public Consulting Group contract to the Department's line item for "Professional Audit Contracts". The net impact of this

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recommendation is zero. Transferring the PCG Contract costs to that line item will result in greater transparency and accuracy related to the true costs for Department of Education.

**Information Technology Contracts and Projects --
Subdivision Summary**

Subdivision Overview: This Executive Director's Office Subdivision contains funding for the contract costs associated with operating the Medicaid Management Information System (MMIS) and Web Portal. This subdivision also contains funding related to special IT projects, including the CBMS user interface project. However, all other CBMS costs are funded in the DHS Medicaid-Funding Division (not included in this figure setting packet). There are four active line items in this subdivision.

Historical Summary:

By Line Item TOTAL FUNDS	FY 2007-08 Actual	FY 2008-09 App.	FY 2009-10 Dept. Req.	FY 2009-10 Staff Rec.
Information Technology Contracts	21,912,172	22,491,903	25,070,201	25,281,881
Fraud Detection Software	0	1,000,000	250,000	250,000
Colorado Benefits Management System Medical Assistance Project	0	1,561,000	5,050,000	2,995,100
Centralized Eligibility Vendor Contract Project	0	153,600	100,000	100,000
Total	\$21,912,172	\$25,206,503	\$30,470,201	\$28,626,981
General Fund	5,178,565	6,344,950	8,544,757	7,614,335
Cash Funds	0	578,154	538,643	538,643
Reappropriated Funds	690,794	100,328	100,328	100,328
Federal Funds	16,042,813	18,183,071	21,286,473	20,373,675

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**Information Technology Contracts and Projects Subdivision
-- Line Item Detail Information**

INFORMATION TECHNOLOGY CONTRACTS AND PROJECTS: This line item contains the funding for the Medicaid Management Information System and Web Portal IT contracts. The MMIS process claims and capitation payments, performs electronic prior authorization reviews for certain medical services, and transmit 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.

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
FY 2008-09 Original Appropriation	\$5,499,078	\$24,094,147	\$5,499,078	\$24,094,147	\$0
S.B. 09-187 Adjustments	(74,624)	(1,602,244)	(74,624)	(1,602,244)	0
FY 2008-09 Final Appropriation	\$5,424,454	\$22,491,903	\$5,424,454	\$22,491,903	\$0
Remove funding from prior year projects	(42,058)	(306,203)	(42,058)	(306,203)	
S.B. 08-006	0	0	0	0	0
FY 2009-10 Base Recommendation	\$5,382,396	\$22,185,700	\$5,382,396	\$22,185,700	\$0
Medicaid Value-Based (DI #6 & BA #38)	211,680	846,720	264,600	1,058,400	52,920
Annual MMIS Base Adjustment (DI #10)	70,353	290,117	70,353	290,117	0
Enhance MMIS Efficiency (DI #12)	82,688	330,750	82,688	330,750	0
Provider Web Portal Reprocurement (DI #15)	87,629	350,514	87,629	350,514	0
Pharmacy Efficiencies (BRI #1)	4,095	16,380	4,095	16,380	0
HIPAA Rule Changes (BA #16)	52,964	546,020	52,964	546,020	0
Provider Volume & Rate Reductions (BA #33)	126,000	504,000	126,000	504,000	0
FY 2009-10 Request / Recommendation	\$6,017,805	\$25,070,201	\$6,070,725	\$25,281,881	\$52,920

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Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	6,017,805	6,070,725	52,920	0.88%
CF - Children's Basic Health Plan Trust Fund	251,859	251,859	0	0.00%
CF - Health Care Expansion Fund	284,899	284,899	0	0.00%
CF - Autism Fund	1,885	1,885	0	0.00%
RF - Old Age Pension Fund in Department Human Services	97,981	97,981	0	0.00%
RF - Transfer from Department Public Health and Environment	2,347	2,347	0	0.00%
FF - Federal Funds	18,413,425	18,572,185	158,760	0.86%
TOTAL FUNDS	\$25,070,201	\$25,281,881	\$211,680	0.84%

Issue Detail

Remove funding from prior year projects: The Department requests and staff recommends a decrease of \$306,203 total funds to eliminate funding for one time system changes for (1) S.B. 08-160, (2) a project to enhance web applications for the MMIS system, and (3) a project to enhance provider recoveries and medicaid cost avoidance.

S.B. 08-006: During the January supplementals, the Department requested and staff recommended that the implementation for S.B. 08-006 "Suspension of Medicaid Benefits for Confined Persons" be delayed. This resulted in \$75,624 in General Fund savings (\$298,495 total funds). At the time staff made this recommendation, she believed that it was unlikely that the federal approval would be achieved in FY 2008-09 and that this funding would have reverted. Therefore, staff didn't recommend a law change associated with delaying the implementation of this program. This program can not be implemented without system changes to both the CBMS and MMIS systems. However, the statute will require that the Medicaid eligibility be suspended, but not eliminated, for confined persons. The Department suggests that the statute be amended to make implementation subject to appropriation. At this time, staff does not recommend another JBC bill in order to make this statutory change. Instead staff recommends the following request for information be added:

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Department of Health Care Policy and Financing, Information Technology Contracts and Projects, Information Technology Contracts: The Department is requested to submit updated implementation cost estimates for Senate Bill 08-006 if the Centers for Medicare and Medicaid Services approve a state plan amendment to suspend Medicaid eligibility, rather than eliminate eligibility, for confined persons during fiscal year 2009-10.

Medicaid Value-Based (DI #6/BA #38): The Department requests \$864,720 total funds and staff recommends \$1,058,400 for system costs related to the Departments Administrative Service Organization (ASO) pilot program initiative (Decision Item #6). Staff recommendation is based on the Department's original request rather than their request as amended by budget amendment #38. As the Committee is aware, the Department requested funding in FY 2009-10 to implement a pilot ASO program that would serve 60,000 Medicaid clients. Under this arrangement, a contractor would be paid to provide care coordination for the Medicaid clients enrolled in their region. The Department's implementation plan assumes that clients will be enrolled by April 2010. Staff assumes that clients will not be enrolled until July 2010. Therefore, staff has delayed many of the costs associated with this initiative until FY 2010-11. However, if this initiative is to be successful, the Department will need funding to make the following system changes: (1) allow claims data to be shared to determine and enhance outcome-based practices, (2) allow for the continuous enrollment of 15,000 clients per month in the ASO Care Coordination program, and (3) provide passive enrollment. Staff believes that system changes will need to be programmed and tested at six months prior to clients enrolling in the program. Therefore staff recommends funding in the amount that the Department originally requested.

In the Department's budget amendment, the Department stated that they could reduce their original cost estimates by implementing manual processes. Currently, the MMIS system can only do passive enrollment activities for Denver County. Other passive enrollment activities must be performed manually by Department staff and the enrollment broker. Staff believes that this system is inefficient. When Schaller Anderson presented to the Committee, they stated mandatory enrollment would be essential if a care management contract is to work. The pilot program that the Department is proposing will enroll up to 60,000 clients. Staff believes manual enrollment process would need more resources than the system costs. Therefore, staff recommends the original amount.

Staff would note that this item demonstrates a growing concern staff has with this line item. This year, the Department has assigned higher costs to fiscal notes for system modifications. When Legislative Council Staff questioned the Department about this issue, the Department responded that in the past they have under estimated costs for MMIS changes. This has resulted in a backlog of change requests that the Department's current resources can not eliminate. Therefore, the Department has been requesting higher system costs in their fiscal analysis of bills in order stop this growing backlog. Staff believes that this is really a base budget issue, not a new impact issue. Therefore, staff

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is concerned when request items, such as this one, appear to exacerbate the current funding programs for the MMIS line item. This issue is discussed in a later decision item.

Annual MMIS Base Adjustment (DI #10): The Department requests and staff recommends a total fund increase of \$290,117 for inflationary costs associated with the MMIS contract. The Department has a fixed price contract with Affiliated Computer Services, Inc. to operate the MMIS system. The contract covers three years. The contract negotiated a payment of \$21,736,119 for FY 2009-10. This \$290,117 (1.35 percent) higher than the FY 2008-09 contract amount of \$21,446,002.

Staff would note that the MMIS contract expires in June 2010. Staff anticipates that the contract period will be extended rather than having to reprocure the system. Last time the contract was reprocured, there were significant costs associated with the reprocurement process. The Department's budget request does not indicate any costs associated with reprocuring the system (even though they would need to begin now on the RFP if the contract is not extended. Last time the system was reprocured, the cost was over \$500,000 (related to writing and evaluating RFPs). Staff requests the following request for information.

Department of Health Care Policy and Financing, Information Technology Contracts and Projects, Information Technology Contracts: The Department is requested to submit a status report to the Committee by September 1, 2009 regarding any efforts to extend the current contract for the Medicaid Management and Information System. The Department is requested to send a copy of any correspondence with the Centers of Medicare and Medicaid Services requesting or approving an extension of the contract.

Enhance MMIS Efficiency (DI #12): The Department requests and staff recommends a total fund increase of \$330,750 to increase the number of programming hours for customer service requests (CSR) from 21,600 hours to 24,225 hours. At \$126.00 per programming hour, this increase of 2,625 hours will result in an additional \$330,750. This funding is paid at a favorable 25 percent state match and 75 percent federal match. This funding will help the Department to reduce the number of opened CSRs.

A CSRs is a system change request that is requested due to policy changes from federal or state law (state law changes usually have increased funding in the fiscal note) or from internally recommended enhancements or improves to increase budgetary, accounting, or programmatic oversight. Because law change receive the highest priority, many of the internal requests from Department staff are moved to the back of the que and may remain "open". This results in delays and inefficiencies. An example, the Department cited in their request was in March 2005, a CSR was opened with the requirement to automatically disenroll clients from Medicaid once they became eligible for the Children's Basic Health Plan. At the time, the backlog of opened CSR prevented this CSR from being implemented. As a result, some clients developed overlapping enrollment spans which caused

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the Department to pay twice for the same clients (for those clients in capitated programs). The Department had to expend additional administrative resources to identify and rectify the situation.

Staff would note, that the amount recommended is not enough funding to close all open (or determine if some of the open CSRs are even applicable since some date back to 1999) CSRs. ***If not for the current budget situation, staff would have recommended additional funding for decision items.*** Staff will note that the Department has significantly increased their estimated computer programming costs for fiscal notes due to the lack of base resources available to address system changes. Legislative Council Staff and staff agree that this is not standard procedure for the fiscal note process. If base resources are insufficient, then the issue should be addressed in the budget rather incrementally on different fiscal notes for two reasons: (1) if all bills passed, the cumulative effect of additional system costs (beyond those merely required by the bill) on each bill could increase resources beyond the amount needed; and (2) solving the problem in the budget could be more cost effective. In some instances, the Department has identified contractor services or temporary services that may have a higher hourly rate than if some of these issues were addressed in house with FTE (see personal services line item for discussion on this issue). In summary, staff anticipates future decision items will be submitted by the Department on this issue until the base resources are sufficient to provide enough programming hours to close all high to mid CSRs.

Provider Web Portal Reprocurement (DI #15): The Department requests and staff recommends a \$350,514 increase in total funds for contract increases resulting from the rebid of the web portal contract. The web portal provides a web application front-end for providers to submit electronic transactions to and from the Medicaid Management Information System, Colorado Benefits Management System, and Business Utilization System. The contractor provides the following services: (1) maintenance and support of web internet applications; (2) web hosting costs and fees to support 700 concurrent users; (3) 264 hours of change requests.

Under the new contract that begins July 1, 2010, the Department requests and staff recommends the following increases: (1) \$297,464 for web hosting services including help desk support and bandwidth to increase the number of concurrent users from 700 to 1,000 users; and (2) \$50,050 to increase the number of programming hours for change requests from 264 to 500 hours. These increases are paid with a 25 percent State match and a 75 percent federal match.

Pharmacy Efficiencies (BRI #1): Staff recommends the Department's request to implement an automated prior authorization process and a state maximum allowable cost reimbursement methodology (see Medical Services Premiums line item for more details). The system costs associated with implementing these initiatives is \$16,380 total funds (\$4,095 General Fund).

HIPAA Rule Changes (BA #16): The Department requests and staff recommends an increase of \$546,020 total funds (\$52,964) to modify the MMIS and Web Portal systems for two changes to

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HIPAA (Health Insurance Portability and Accounting Act) rules. The first rule change modifies the uniform diagnosis coding for classification of diseases. The change in the coding will require system changes to update the diagnosis coding to the new rule. The new rule requires 68,000 diagnosis codes which provide more detail within each code than the previous rule provided. The second rule change standards related to HIPAA compliant electronic transactions. The new rule attempts to simplify data transmissions by reducing redundant and unnecessary data content, by providing structural changes to simplify data elements, and by issuing new guidelines to reduce the number of times the same data have multiple codes or qualifiers.

Provider Volume and Rate Reductions (BA #33): The Department requests and staff recommends \$504,000 total funds (\$126,000 General Fund) for system changes related denying inpatient claims for 24 hour readmission and ensuring Medicaid pays only after all Medicare benefits have been exhausted for home health (see Medical Services Premiums for more detail).

FRAUD DETECTION SOFTWARE: This line item was added last year to provide funding to the Department to purchase software that enables the Department to detect fraud, abuse, or waste in the Medicaid program. Specifically, the software will support such functions as compliance monitoring, provider referrals, and utilization reviews.

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
FY 2008-09 Original Appropriation	\$100,000	\$1,000,000	\$100,000	\$1,000,000	\$0
Long Bill Supplemental Adjustments	0	0	27,764	(221,597)	27,764
FY 2008-09 Final Appropriation	\$100,000	\$1,000,000	\$127,764	\$778,403	\$27,764
Remove One-Time Funding, Add Funding for on-going software licensing	(37,500)	(750,000)	(65,264)	(528,403)	(27,764)
FY 2009-10 Base Recommendation	\$62,500	\$250,000	\$62,500	\$250,000	\$0
No Policy Adjustments	0	0	0	0	0
FY 2009-10 Request / Recommendation	\$62,500	\$250,000	\$62,500	\$250,000	\$0

*This line item is funded with General Fund and matching federal funds only.

Issue Detail

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Remove One-Time Funding, Add Funding for on-going software licensing: The Department requests and staff recommends a FY 2009-10 appropriation of \$250,000 for this line item. The \$250,000 represents the ongoing technology maintenance, updates and licensing for the fraud detection software.

CBMS MEDICAL ASSISTANCE PROJECT: This line item funds a CBMS project to make the user interface easier to navigate in order to streamline the eligibility process for the Department's medical programs. The goals of the project were: (1) decrease application processing time; (2) reduce future system change costs; (3) better enable the Department to respond to expansions in eligibility; and (4) streamline the application processes for other public benefit programs. This line item also funds a project to add a client web portal to allow clients to apply for medical programs on-line and to track their applications.

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
FY 2008-09 Original Appropriation	\$2,536,236	\$5,300,000	\$2,536,236	\$5,300,000	\$0
S.B. 09-187 -- HCPF Supplemental Bill	(1,789,243)	(3,739,000)	(1,789,243)	(3,739,000)	0
FY 2008-09 Revised Appropriation	\$746,993	\$1,561,000	\$746,993	\$1,561,000	\$0
Adjust Funding for On-Going Expenses	1,669,609	3,489,000	686,267	1,434,100	(983,342)
FY 2009-10 Base Recommendation	\$2,416,602	\$5,050,000	\$1,433,260	\$2,995,100	(\$983,342)
No Policy Adjustments	0	0	0	0	0
FY 2009-10 Request / Recommendation	\$2,416,602	\$5,050,000	\$1,433,260	\$2,995,100	(\$983,342)

*In order to accurately compare the Department's request to staff's recommendation, the Department's request has been modified to build off the most current appropriation (including S.B. 09-187) rather than from the original appropriation.

** The fund source for this line item is entirely from the General Fund and matching Federal Funds.

Issue Detail

Adjust Funding for On-Going Expenses: The Department requests \$5,050,000 total funds in FY 2009-10 to continue developing the CBMS Medical Assistance Project. Staff recommends \$4,556,000 total funds in FY 2009-10 to continue the project.

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Last year, the General Assembly appropriated \$5.3 million (H.B. 08-1375) of the anticipated \$10.4 million needed to develop a more user friendly front-end to the CBMS system. The Department's request built off the original appropriation and assumed that \$5.1 million would be appropriated in FY 2009-10 to finish the project. The Department did not submit any supplementals or budget amendments related to this project.

During the supplemental process in January, staff recommended a decrease to the original appropriation based on the following assumptions:

- 1) The Department would not be able to expend their entire appropriation in FY 2008-09 due to a new vendor being selected for the CBMS contract and thus, a slow initial start-up for this project as the Department transition to the new CBMS contractor.
- 2) The project could be developed over a 3-year time period rather than 2-year period originally funded.

Based on information supplied to staff from the Department, staff recommended the following changes to the project timing and funding.

1st Year FY 2008-09	2nd Year FY 2009-10	3rd Year FY 2010-11*	Total Costs
\$746,993	\$1,433,260	\$2,772,585	\$4,952,838
<u>\$814,007</u>	<u>\$1,561,840</u>	<u>\$3,021,315</u>	<u>\$5,397,162</u>
\$1,561,000	\$2,995,100	\$5,793,900	\$10,350,000

*Cost to be reassessed after the functional design and requirements are completed in FY 2008-09.

In phase II of the project, the Department plans to spend a total of \$2.0 million on developing, testing and implementing new user interfaces for the CBMS medical program eligibility screens. The Department also plans to spend \$995,100 on developing and testing a new web based portal for clients to use to apply for eligibility and to track their application.

CENTRALIZED ELIGIBILITY VENDOR CONTRACT PROJECT: This line item was established to provide funding for the implementation and administration of a modernization to the State's public assistance eligibility processes. In FY 2007-08, the Department was originally appropriated with \$614,400 (\$460,800 in FY 2007-08 and \$153,600 in FY 2008-09) to hire a contractor to study the various models available to transition to a centralized eligibility vendor model.

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Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
FY 2008-09 Original Appropriation	\$73,503	\$153,600	\$73,503	\$153,600	\$0
Eliminate One-Time Funding	(73,503)	(153,600)	(73,503)	(153,600)	0
FY 2009-10 Base Recommendation	\$0	\$0	\$0	\$0	\$0
New Study for DHS Eligibility Processes (DI #5 & BA #35)	47,850	100,000	47,850	100,000	0
FY 2009-10 Request / Recommendation	\$47,850	\$100,000	\$47,850	\$100,000	\$0

** The fund source for this line item is entirely from the General Fund and matching Federal Funds.

Eliminate One-Time Funding: The Department requests and staff recommends a decrease of \$153,600 total funds to eliminate the one-time funding to complete a study of the State's medical eligibility processes.

New Study for DHS Eligibility Processes: The Department requests and staff recommends an increase of \$100,000 total funds to complete a study of how the Department of Human Services programs would be impacted by a centralized eligibility process.

Due to the current economic and budget situation, the Department has significantly modified their November 1, 2008 budget request for the "Eligibility Modernization Project". In their November 1, 2008 request, the Department requested a total of \$7.7 million in this line item for the Eligibility Modernization Project. Included in that request was \$100,000 to contract for study on the impact of this project to the Department of Human Services programs and other programs administered by the counties. Under the Department's revised proposal, the Department would contract for the study of the possibility impacts to other public benefit programs. The Department also would continue to go forward with their request for proposals based on the work that has already been completed. The Department anticipates that their implementation date for a new Eligibility Modernization Vendor contract would begin July 1, 2010 instead of the January 1, 2010 date originally planned. As the bids from the RFP come in, the Department would be able to update the Committee in future budget requests regarding the potential costs of this project.

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**Eligibility Determinations and Client Services --
Subdivision Summary**

Subdivision Overview: This Executive Director's Office 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 2007-08 Actual	FY 2008-09 App.	FY 2009-10 Dept. Req.	FY 2009-10 Staff Rec.
Medical Identification Cards	98,730	120,000	120,000	120,000
Contracts for Special Eligibility Determinations	2,251,335	2,310,994	2,418,712	2,418,712
County Administration	31,449,101	27,082,683	25,082,683	27,895,163
Administrative Case Management	3,714,209	539,744	539,744	539,744
Customer Outreach	3,410,364	3,790,283	3,780,427	3,573,001
Total	\$40,923,739	\$33,843,704	\$31,941,566	\$34,546,620
General Fund	13,916,797	11,317,497	10,342,729	11,239,016
Cash Funds	6,322,420	5,407,658	5,411,380	5,817,620
Reappropriated Funds	1,593	1,593	1,593	1,593
Federal Funds	20,682,929	17,116,956	16,185,864	17,488,391

**Eligibility Determinations and Client Services Subdivision
-- Line Item Detail Information**

MEDICAL IDENTIFICATION CARDS: This line item provides funding for the Department to provide clients with plastic medical identification cards to show proof of Medicaid or Old Age Pension Medical Program eligibility.

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Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	General Fund Only
FY 2008-09 Current Appropriation	\$48,444	\$120,000	\$48,444	\$120,000	\$0
Policy Adjustments for Long Bill - none	0	0	0	0	0
FY 2009-10 Request / Recommendation	\$48,444	\$120,000	\$48,444	\$120,000	\$0

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
GF - General Fund	48,444	48,444	0	0.00%
CF - Health Care Expansion Fund	10,759	10,759	0	0.00%
RF - Old Age Pension Medical Fund	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%

Issue Detail

Continuation Funding: The Department requests and staff recommends continuation funding in FY 2009-10.

CONTRACTS FOR SPECIAL ELIGIBILITY DETERMINATIONS: This line item funds services provided through three Department programs: Disability Determination Services, Nursing Home Preadmission and Resident Assessments, and School District Eligibility Determinations. Other eligibility determinations are funded in the County Administration line item.

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
FY 2008-09 Original Appropriation	\$913,610	\$2,410,994	\$913,610	\$2,410,994	\$0
S.B. 09-187 -- HCPF Supplemental Bill	(25,000)	(100,000)	(25,000)	(100,000)	0

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Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
FY 2008-09 Revised Appropriation	\$888,610	\$2,310,994	\$888,610	\$2,310,994	\$0
Restore One-time reductions from S.B. 09-187	25,000	100,000	25,000	100,000	0
FY 2009-10 Base Recommendation	\$913,610	\$2,410,994	\$913,610	\$2,410,994	\$0
School Eligibility Pilot Program (DI #16)	11,410	32,718	11,410	32,718	0
Reduce Nursing Facility Preadmission Training (BA #40)	(6,250)	(25,000)	(6,250)	(25,000)	0
FY 2009-10 Request / Recommendation	\$918,770	\$2,418,712	\$918,770	\$2,418,712	\$0

*In order to accurately compare the Department's request to staff's recommendation, the Department's decision items and budget amendments in this summary table have been modified to build off the most current appropriation (including S.B. 09-187) rather than from the original appropriation.

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	918,770	918,770	0	0.00%
CF - Health Care Expansion Fund	29,576	29,576	0	0.00%
CF - Autism Treatment Fund	5,000	5,000	0	0.00%
FF - Federal Funds	1,465,366	1,465,366	0	0.00%
TOTAL FUNDS	\$2,418,712	\$2,418,712	\$0	0.00%

Issue Detail

Restore One-time reductions from S.B. 09-187: The Department requests and staff recommends an increase of \$100,000 total funds in FY 2009-10 to restore one-time savings in FY 2008-09. The Department requested this one-time reduction in FY 2008-09 to the special eligibility contract for disability determinations in order to achieve the required OSPB's hiring freeze savings.

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School Eligibility Pilot Program: The Department requests and staff recommends an increase of \$32,718 total funds to increase the contracts for the school districts participating in the school-based medical assistance sites pilot project. In 2006, the General Assembly enacted H.B. 06-1270 to create a pilot program for school districts to perform Medicaid and Children's Basic Health Plan eligibility. Contracts with three school districts (Adams/Arapahoe 28J, Jefferson County R-1, and Pueblo City School District 60) were signed and implemented in FY 2007-08. The recommended increase would increase the appropriation for school-based eligibility determinations from \$227,292 to \$260,010. The increase is needed to provide enough funding for the school districts' administrative costs associated with participating in the pilot program and ensure their continued participation until the pilot program is completed.

Reduce Nursing Facility Preadmission Training: The Department requests and staff recommends a decrease of \$25,000 total funds to reduce the administrative costs associated with training community mental health centers regarding the preadmission screenings necessary for nursing home placement for individuals with major mental illness or developmental disabilities. The Department plans to achieve the savings by distributing compact discs instead of paper manuals (an estimated savings of \$15,860) and by consolidating training sessions and using public facilities instead of hotels (an estimated savings of \$9,140).

COUNTY ADMINISTRATION: 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.

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
FY 2008-09 Original Appropriation	\$8,248,943	\$27,203,133	\$8,248,943	\$27,203,133	\$0
S.B. 09-132 -- Eliminate Colorado Cares RX Fund appropriation	0	(120,450)	0	(120,450)	0
FY 2008-09 Revised Appropriation	\$8,248,943	\$27,082,683	\$8,248,943	\$27,082,683	\$0
Technical Adjustments - none	0	0	0	0	0
FY 2009-10 Base Recommendation	\$8,248,943	\$27,082,683	\$8,248,943	\$27,082,683	\$0
Change in County Funding (BA #33)	1,000,000	(2,000,000)	0	812,480	(1,000,000)
FY 2009-10 Request / Recommendation	\$9,248,943	\$25,082,683	\$8,248,943	\$27,895,163	(\$1,000,000)

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Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	7,248,943	8,248,943	1,000,000	13.80%
CF - Health Care Expansion Fund	0	406,240	406,240	n/a
CF - Certified County Expenditures	5,332,531	5,332,531	0	0.00%
FF - Federal Funds	12,501,209	13,907,449	1,406,240	11.25%
TOTAL FUNDS	\$25,082,683	\$27,895,163	\$2,812,480	25.04%

**Letternote to state that this appropriation shall be from interest earnings in the Health Care Expansion Fund.*

Issue Detail

Change in County Funding: The Department requests a total fund decrease of \$2.0 million in county administration in FY 2009-10. The Department's requests annualizes a prior Department supplemental request to reduce county administration by \$833,333 total funds in FY 2008-09. The Committee did not include this FY 2008-09 budget reduction in S.B. 09-187 (HCPF's supplemental bill).

Staff does not recommend the Department's \$2.0 million reduction to county administration. Staff recommends an increase of \$812,480 total funds. Of this amount, \$406,240 is from the Health Care Expansion Fund and \$406,240 is from federal funds. Staff's recommendation is a 3.0 percent increase to the overall appropriation for county administration. Currently, expenditures from the Health Care Expansion Fund are approximately 3.0 percent of all expenditures for the Medical Services Premiums line item. However, the county administration line item has never been financed to recognize the administrative costs associated with determining eligibility for Health Care Expansion Fund clients. Staff recommends using the Health Care Expansion Fund to provide a 3.0 percent increase in the County Administration appropriation to recognize the increased county workloads associated with the recent Medicaid caseload increases.

Additional Information Regarding this Recommendation

County Administration is funded in both the Department of Human Services and the Department of Health Care Policy and Financing. In 2007, a workload study was completed regarding the counties' actual costs for determining eligibility for the State's social and medical programs. The workload study concluded that the counties' actual costs for County Administration were \$85.2 million, which

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was \$28.2 million above the \$57 million that was appropriated in FY 2006-07. In addition, the study found that the total expenditures related to medical assistance programs administered by the Department of Health Care Policy and Financing, was equal to \$35 million, which was \$11.2 above the \$23.8 million appropriated in FY 2007-08.

In FY 2008-09, the General Assembly increased the Department's County Administration line item by \$3.4 million through shifting funding from the County Tax Base Relief Fund. House Bill 08-1250 changed the methodology for determining which counties received payments from the County Tax Base Relief Fund so that fewer counties received a payment, leaving additional funding available to transfer to the County Administration line item.

Please note, due to the American Recovery and Reinvestment Act, appropriations from the Health Care Expansion Fund will receive an enhanced federal match during FY 2008-09, FY 2009-10, and FY 2010-11. Staff recommends that an "H" notation be placed by any cash fund appropriation from the Health Care Expansion Fund. Therefore, as higher federal match is received for these appropriations, the appropriations from the Health Care Expansion Fund will revert, creating a larger than originally forecasted fund balance in this fund. Staff's will utilize the higher fund balance in the Health Care Expansion Fund to increase the County Administration appropriation. However, staff will caution the Committee that the Health Care Expansion Fund is anticipated to exhaust its fund balance by FY 2011-12. Staff's recommendation is a temporary solution to the County Administration problem, not a long-term solution.

Currently, the Department is working on a study to determine if additional County expenditures could be certified to draw down federal match. At this time, the results of the study are not available and therefore, staff does not recommend any increase to the current appropriation for county certified funds. However, staff did want to make the Committee aware that the Department is investigating whether additional county funds can be certified to draw down additional federal funds.

Alternative to Staff Recommendation:

Rather than providing the \$406,240 Health Care Expansion Fund appropriation as an additional appropriation, the Committee could use this funding to offset \$406,240 in General Fund. Under this proposal, the County Administration Line Item would receive continuation funding rather than an increase of 3.0 percent.

Line Item Fund Split Detail By Fund Source	Staff FY 2009-10 Recommendation	Staff FY 2009-10 Alt #1 Rec.	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	8,248,943	7,842,703	(406,240)	(4.92)%

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Line Item Fund Split Detail By Fund Source	Staff FY 2009-10 Recommendation	Staff FY 2009-10 Alt #1 Rec.	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
CF - Health Care Expansion Fund	406,240	406,240	0	0.00%
CF - Certified County Expenditures	5,332,531	5,332,531	0	0.00%
FF - Federal Funds	13,907,449	13,501,209	(406,240)	(2.92)%
TOTAL FUNDS	\$27,895,163	\$27,082,683	(\$812,480)	(2.91)%

ADMINISTRATIVE CASE MANAGEMENT: This line item provides Medicaid reimbursement for qualifying administrative case management costs associated with State supervision and county administration for child welfare programs.

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds**	General Fund	Total Funds**	GF Only
FY 2008-09 Original Appropriation	\$1,458,764	\$2,917,528	\$1,458,764	\$2,917,528	\$0
S.B. 09-187 - Revised calculation for amount of funding qualifying for Medicaid match	(1,188,892)	(2,377,785)	(1,188,892)	(2,377,785)	0
FY 2008-09 Revised Appropriation	\$269,872	\$539,743	\$269,872	\$539,743	\$0
Technical Adjustments - none	0	0	0	0	0
FY 2009-10 Base Recommendation	\$269,872	\$539,743	\$269,872	\$539,743	\$0
Continuation Funding	0	0	0	0	0
FY 2009-10 Request / Recommendation	\$269,872	\$539,743	\$269,872	\$539,743	\$0

*In order to accurately compare the Department's request to staff's recommendation, the Department's decision items and budget amendments in this summary table have been modified to build off the most current appropriation (including S.B. 09-132) rather than from the original appropriation.

**Funding for this line item is entirely from General Fund and matching federal funds.

Issue Detail

Continuation Funding: The Department requests and staff recommends continuation funding for this line item in FY 2009-10.

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CUSTOMER OUTREACH: 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 the health and improve 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.

Incremental Budget Change Issue	Department Request		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
FY 2008-09 Original Appropriation	\$1,861,628	\$3,790,283	\$1,861,628	\$3,790,283	\$0
Eliminate One-Time Expenses for Medical Home Program	(108,641)	(217,282)	(108,641)	(217,282)	0
FY 2009-10 Base Recommendation	\$1,752,987	\$3,573,001	\$1,752,987	\$3,573,001	\$0
Medicaid Value-Based Initiative (DI #6 & BA #38)	103,713	207,426	0	0	(103,713)
FY 2009-10 Request / Recommendation	\$1,856,700	\$3,780,427	\$1,752,987	\$3,573,001	(\$103,713)

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	1,856,700	1,752,987	(103,713)	(5.59)%
CF - Health Care Expansion Fund	33,514	33,514	0	0.00%
FF - Federal Funds	1,890,213	1,786,500	(103,713)	(5.49)%
TOTAL FUNDS	\$3,780,427	\$3,573,001	(\$207,426)	(11.07)%

Issue Detail

Eliminate One-Time Expenses for Medical Home Program: The Department requests and staff recommends a FY 2009-10 decrease of \$217,282 total funds from eliminating one-time costs associated with notifying clients about the Medical Home program. Last year, the Committee funded \$362,282 total funds for increased printing and postage costs and additional customer service calls associated with notifying all eligible children (and their families) about enrolling with a Medical

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Home provider. Now that the program has been operational for a year, the estimated on-going costs to the enrollment broker for Medical Home program are estimated at \$145,000 per year, a reduction of \$217,282 total funds from the current FY 2008-09 appropriation.

Medicaid Value-Based Initiative: The Department requests \$207,426 total funds in FY 2009-10 to increase their contract costs for enrollment broker services based on new clients being enrolled in the Administrative Service Organization managed care pilot program. Staff assumes that contractors will not be selected until sometime between January 2010 to April 2010. Based on information presented the Committee Schaller Anderson, contractors would need up to six months to ramp-up their program. Therefore, staff anticipates that clients will not enroll in the ASO manage care pilot program until sometime between July 2010 to September 2010. *Based on these assumptions, staff does not recommend the Department's request for additional funding FY 2009-10.*

**Utilization and Quality Review Contracts --
Subdivision Summary and Detail Information**

Subdivision Overview: 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 2007-08 Actual	FY 2008-09 App.	FY 2009-10 Dept. Req.	FY 2009-10 Staff Rec.
Professional Service Contracts	4,505,599	4,669,035	4,681,355	4,576,355
Total	\$4,505,599	\$4,669,035	\$4,681,355	\$4,576,355
General Fund	1,301,011	1,362,318	1,385,398	1,359,148
Cash Funds - Health Care Expansion Fund	55,674	54,949	54,949	54,949
Federal Funds	3,148,914	3,251,768	3,241,008	3,162,258

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Incremental Budget Change Comparative SUBDIVISION & LINE ITEM SUMMARY:

Incremental Budget Change Issue	Department Request		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	General Fund
FY 2008-09 Original Appropriation	\$1,362,318	\$4,669,035	\$1,362,318	\$4,669,035	\$0
Annualize Preferred Drug List	(43,170)	(172,680)	(43,170)	(172,680)	0
FY 2009-10 Base Recommendation	\$1,319,148	\$4,496,355	\$1,319,148	\$4,496,355	\$0
Medicaid Value-Based Care Coordination Initiative (DI #6, BA #38)	26,250	105,000	0	0	(26,250)
Medicaid Efficiencies - Hospital Back-up Program Software	40,000	80,000	40,000	80,000	0
FY 2009-10 Request / Recommendation	\$1,385,398	\$4,681,355	\$1,359,148	\$4,576,355	(\$26,250)

Issue Detail

Annualize Preferred Drug List: In FY 2008-09 the contract with Evidence Based Policy Research for Phase II of implementing the preferred drug list was \$259,020 total funds. In FY 2009-10 the Department will be in Phase III of implementing the preferred drug list and the contract with Evidence Based Policy Research in anticipate to decrease to \$86,340 total funds. Therefore, the Department requests and staff recommends a decrease of \$172,680 to realign the appropriation to the anticipated costs for implementing the preferred drug list in FY 2009-10.

Medicaid Value-Based Care Coordination Initiative: The Department requests an increase of \$105,000 to their external quality review contract in FY 2009-10 in order to conduct 5 site visits of potential Administrative Service Organizations (ASO). The estimated cost for each site visit is \$21,000 and will qualify for an enhanced match rate of 25 percent state funds and 75 percent federal funds. Staff does not recommend this funding. Staff assumes that contracts for the ASO agreements will not be signed until April 2010. Staff assumes that after the contractors have been awarded, the contractors will need up to six months of implementation time before they can be to enroll clients. Therefore staff assumes that the site visits can occur between July 2010 and September 2010 and no additional funding is required in FY 2009-10.

For a complete discussion on the Medicaid Value-Based Care Coordination Initiative see the discussion in Medical Services Premiums.

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Medicaid Efficiencies - Hospital Back-up Program Software: The Department requests and staff recommends an increase of \$80,000 total funds for the utilization review contractor for the hospital back-up program to develop and implement a web-based system that would reduce the application and admission process for the hospital back-up program from the current average of 58 days to no more than 5 days.

For more discussion on this recommendation, see the Medical Services Premiums line item.

Provider Audits and Services -- Summary and Detail Information

Subdivision Overview: This subdivision in the Executive Director's Office Division contains only one active line item. The current 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 2007-08 Actual	FY 2008-09 App.	FY 2009-10 Dept. Req.	FY 2009-10 Staff Rec.
Primary Care Provider Rate Task Force and Study /1	\$351	\$0	\$0	\$0
Prepaid Inpatient Health Plans Feasibility Study /1	70,015	0	0	0
Professional Audit Contracts	1,662,241	1,853,300	2,272,266	2,272,266
Total	\$1,732,607	\$1,853,300	\$2,272,266	\$2,272,266
General Fund	831,297	926,650	919,283	919,283
CFE/Reappropriated Funds	35,008	0	0	0
Federal Funds	866,302	926,650	1,352,983	1,352,983

/1 These line item were for special projects that ended in FY 2007-08.

/2 The cash funds in the staff FY 2009-10 recommendation shall be from estate recoveries.

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Incremental Budget Change Comparative SUBDIVISION & LINE ITEM SUMMARY:

Incremental Budget Change Issue	Department Request		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	General Fund
FY 2008-09 Original Appropriation	\$854,350	\$1,708,700	\$854,350	\$1,708,700	\$0
S.B. 09-187 -- HCPF Supplemental Bill /1	72,300	144,600	72,300	144,600	0
FY 2008-09 Revised Appropriation	\$926,650	\$1,853,300	\$926,650	\$1,853,300	\$0
Remove One-Time Funding	(72,300)	(144,600)	(72,300)	(144,600)	0
FY 2009-10 Base Recommendation	\$854,350	\$1,708,700	\$854,350	\$1,708,700	\$0
Nursing Facility Audit Reprocurement (DI #14)	64,933	129,866	64,933	129,866	0
School Health Service Auditor (DI #17)	0	433,700	0	433,700	0
FY 2009-10 Request / Recommendation	\$919,283	\$2,272,266	\$919,283	\$2,272,266	\$0

/1 There is a contingency appropriation clause in this bill that would change this appropriation to a cash fund impact rather than a General Fund impact if a Nursing Facility Provider Fee Waiver is approved by the Centers for Medicare and Medicaid Services by April 30, 2009.

Issue Detail

Remove One-Time Funding: The Department requests and staff recommends eliminating one-time funding provided in S.B. 09-187 for additional audit costs associated with auditing nursing facilities in order to set reimbursement rates according the new requirements contained in H.B. 08-1114.

Nursing Facility Audit Reprocurement: The Department requests and staff recommends an increase of \$129,866 total funds (\$64,933 General Fund) for increased costs associated with the nursing facility audit contract.

The Department contracts with an independent accounting firm to perform audits of nursing facility cost reports. These audits are necessary in order to determine which costs are reasonable, necessary, and patient related to subsequently set rates based on those costs. These audits are required under state and federal law and must be independently conducted. Currently, the Department contracts at

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a fixed-price contract for a five-year period. In FY 2009-10, the nursing facility audit contract will need to be reprocured.

The recommended increase will raise the annual contract to \$1,227,366, an 11.83 percent increase. Under the contract, the contractor will conduct field and desk review audits, rate calculations, and provide consulting services to the Department. Staff does not anticipate that the contract costs will increase again until the next reprocurement in five years (FY 2014-15). The current contract has not increase since FY 2004-05.

Independent audits of nursing facility cost reports helps the Department to avoid potential additional costs from misallocations by nursing facility providers and to identify savings when costs are discovered that are not allowed under Medicaid regulations. The Department currently estimates cost avoidance in Medical Services Premiums line item of approximately \$3.25 million due to their auditing activities. Not funding the contract at competitive rates has the potential of reducing the scope of work the contractor is willing to do and could result in higher overall costs in the Medical Services Premiums line item.

School Health Service Auditor: The Department requests and staff recommends an increase of \$433,700 in federal funds for this line item. This increase is a transfer of funding from two other Department line items, and the net Department federal funds impact is zero. This recommendation has two components:

- 1) The recommendation transfers \$233,700 from the Public School Health Services federal fund appropriation to this line item. This \$233,700 would be used to procure the services of an auditor to provide the Department with greater program oversight and auditing of the School Health Care Services Program. Specifically, the auditor will perform the following activities:
 - a) Develop and document and audit method;
 - b) Perform audits and oversight for participating district providers across the state;
 - c) Complete and provide to the Department reports of audits performed;
 - d) Monitor and follow-up with those districts with corrective action plans;
 - e) Assist with the audit of annual cost reports from each district; and,
 - f) Monitor that the program complies with federal regulations.

This recommendation will *not* cause the Department to exceed the 10 percent administrative cap for this program. Currently, all administrative costs for the program are anticipated to be only 6.6 percent of total federal funds available.

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- 2) The recommendation also transfers \$200,000 from the Transfer to Department of Education for Public School Health Services Administration. Currently, that line item contains the funding that is transferred to DOE to administer this program plus the Department's \$200,000 contract with Public Consulting Group (PCG). Transferring the PCG Contract costs to this line item will result in greater transparency and accuracy related to the true costs for DOE and for the Department to audit and maximize federal funding available for this program.

**Recoveries and Recoupment Contract Costs Subdivision --
 Summary and Detail Information**

Subdivision Overview: 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 2007-08 Actual	FY 2008-09 App.	FY 2009-10 Dept. Req.	FY 2009-10 Staff Rec.
Payment Error Rate Measurement Project Contract /1	\$441,365	\$0	\$0	\$0
Estate Recovery	405,872	700,000	700,000	700,000
Total	\$847,237	\$700,000	\$700,000	\$700,000
General Fund	110,340	0	0	0
Cash Funds /2	202,936	350,000	350,000	350,000
CFE/Reappropriated Funds	77,240	0	0	0
Federal Funds	456,721	350,000	350,000	350,000

/1 This line item was a one-time expenditure in FY 2007-08 for costs related to the Federal PERM project.

/2. The cash funds in the staff FY 2009-10 recommendation shall be from estate recoveries.

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Issue Detail

The Department requests and staff recommends continuation funding for the Estate Recovery contract in FY 2009-10.

Medical Services Premiums Division -- Summary and Detail Information

Division Overview: This division provides funding for the health care services of individuals qualifying for the Medicaid program. Health care services include both acute 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. However, the Long Bill shows the estimated cost per eligible client group for information purposes only.

For the original FY 2008-09 appropriation, the Medical Services Premiums line item contained 70 percent of the Department's total General Fund appropriation and 62 percent of the Department's total fund appropriation.

Historical Summary:

By Line Item TOTAL FUNDS	FY 2007-08 Actual	FY 2008-09 App.*	FY 2009-10 Dept. Req.	FY 2009-10 Staff Rec.
Medical Services Premiums Line Item	2,237,284,805	2,479,840,307	2,528,160,532	2,672,204,912
Total	\$2,237,284,805	\$2,479,840,307	\$2,528,160,532	\$2,672,204,912
General Fund	714,806,487	767,327,250	751,547,984	822,002,303
General Fund Exempt	327,500,000	369,000,000	369,000,000	369,000,000
Cash Funds	466,522	100,747,936	140,299,303	139,126,607
CFE/Reappropriated Funds	71,785,891	2,661,475	241,976	2,804,548
Federal Funds	1,122,725,905	1,240,103,646	1,267,071,269	1,339,271,454

*Includes the impact of H.B. 08-1114 and S.B. 09-187.

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Incremental Budget Change Comparative DIVISION & LINE ITEM SUMMARY:

Incremental Budget Change Issue	Department Request		Staff Recommendation		Staff-Dept
	GF & GFE	Total Funds	GF & GFE	Total Funds	GF Only
FY 2008-09 Original Appropriation	\$1,072,222,480	\$2,333,951,919	\$1,072,222,480	\$2,333,951,919	\$0
S.B. 09-187 -- HCPF Supplemental Bill	64,104,770	145,888,388	64,104,770	145,888,388	0
FY 2008-09 Revised Appropriation	\$1,136,327,250	\$2,479,840,307	\$1,136,327,250	\$2,479,840,307	\$0
Long Bill Supplemental Adjustments (includes H.B. 08-1114)	(1,946,275)	47,145,495	(9,772,367)	(15,420,182)	(7,826,092)
FY 2008-09 Final Req*/Rec. App.	\$1,134,380,975	\$2,526,985,802	\$1,126,554,883	\$2,464,420,125	(\$7,826,092)
Caseload & Cost Increase & annualization (DI #2 & BA #2 plus annualizes & BA #7, BA 24)	54,807,829	145,984,875	77,350,172	233,886,645	22,542,343
FY 2009-10 Base + Caseload/Cost Adj.	\$1,189,188,804	\$2,672,970,677	\$1,203,905,055	\$2,698,306,770	\$14,716,251
Medicaid Value Added - DI #6 & BA #38	42,574	103,056	0	0	(42,574)
DHS DD Community - NP #3	46,283	92,565	0	0	(46,283)
Pharmacy Efficiencies - BRI #1	(511,443)	(1,022,887)	(511,443)	(1,022,887)	0
Medicaid Efficiencies - BRI #2	(1,182,972)	(2,365,945)	(897,952)	(1,795,904)	285,020
Community Transition Services - BA #15	(186,695)	(373,390)	(186,695)	(373,390)	0
Rebase FQHCs - BA # 26	(2,747,227)	(6,083,076)	0	0	2,747,227
Utilization & Rate Reductions -BA #33	(63,230,480)	(133,418,747)	(10,435,802)	(21,167,956)	52,794,678
Enhanced Estate & Income Recovery - BA #36	(558,360)	(1,116,721)	(558,360)	(1,116,721)	0
Increased Enrollment in HIBI - BA #37	(312,500)	(625,000)	(312,500)	(625,000)	0
FY 2009-10 Request / Recommendation	\$1,120,547,984	\$2,528,160,532	\$1,191,002,303	\$2,672,204,912	\$70,454,319

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Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
GF - General Fund	\$751,547,984	\$822,002,303	\$70,454,319	9.37%
GFE - General Fund Exempt	369,000,000	369,000,000	0	0.00%
CF - Certified Funds	21,019,486	21,019,485	(1)	0.00%
CF - Health Care Expansion Fund	85,243,314	84,090,391	(1,152,923)	-1.35%
CF - Autism Treatment Fund	784,875	784,875	0	0.00%
CF - Breast and Cervical Cancer Treatment Fund	874,603	854,831	(19,772)	-2.26%
CF - Nursing Facility Cash Fund	32,377,025	32,377,025	0	0.00%
RF - Transfer from DPHE for Breast & Cervical Cancer	241,976	804,548	562,572	232.49%
RF - Transfer from DPHE for Disease Management	0	2,000,000	2,000,000	n/a
FF - Federal Funds	<u>1,267,071,269</u>	<u>1,339,271,454</u>	<u>72,200,185</u>	<u>5.70%</u>
TOTAL FUNDS	\$2,528,160,532	\$2,672,204,912	\$144,044,380	\$0

Issue Detail

As the table above shows, staff's recommendation is \$70.5 million General Fund higher than the Department's request. Following are the major reasons for staff's higher General Fund recommendation:

- 1) Staff's recommendation is approximately \$14.7 million General Fund higher for the base forecast calculations. This is due to staff's slightly higher caseload assumptions and other modeling outcomes. Overall, staff is \$25.3 million higher than the Department's request for base caseload and costs assumptions. On a Medical Services Premiums base of \$2.67 billion, this is only a 1.0 percent difference.
- 2) Staff does not include her nursing facility statutory change in this table (staff's statutory change would save approximately \$7.2 million General Fund). The Department's request reflects a \$11.3 million General Fund savings from nursing facility rate cuts. Again, because

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staff uses this section of the document to explain her Long Bill recommendation, she doesn't include any statutory impacts in this section.

- 3) The Department's request includes a \$2.7 million General Fund reduction to Federal Qualify Health Center rates. Staff recommends a \$2.7 million transfer from the Comprehensive Primary Care Grant program instead of this rate reduction. Because staff's recommendation requires a statutory change and affects a different line item, it not included in the summary table.
- 4) The Department's request includes \$63.2 million in General Fund savings from different rate reductions and other saving initiatives. Staff's recommendation includes only \$10.4 million in General Fund savings for these issues. Please note, staff has prepared two alternatives to her initial recommendation for the Committee to choose from. Staff also proposes legislation to maximize the FMAP from American Recovery and Reinvestment Act (ARRA) in order to reduce some of the necessary provider rate reductions. Staff's proposed legislation contains approximately \$34.2 million General Fund offsets that could be used to reduce the amount of rate cuts necessary. Staff has developed different scenarios for the Committee to choose from regarding provider cuts.

Following are detail descriptions of the issues listed in the summary table. (Format note: Decision Items are Bold and Underlined in the narrative that follows).

Caseload & Cost Increase & Annualization: The Department requests \$2.67 billion total funds for the base caseload and cost in FY 2009-10. Staff recommends \$2.70 billion total funds for the base caseload and cost estimates in FY 2009-10.

Overview Discussion of Base Increase:

Both the Department's request and staff's recommendation are a function of multiple calculations that go into forecasting both the caseload and cost-per-client for the next fiscal year. Based on the outputs of the different forecasts, the Department anticipates a total FY 2009-10 base Medicaid caseload of 469,137 with an overall average per-capita-cost of \$5,644.18 (excludes bottom of the line financing). Staff forecasts a total FY 2009-10 base Medicaid caseload of 471,718 with an average per-capita-cost of \$5,667.01 (excludes bottom of the line financing). Table 1 below summarizes this information.

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	FY 2008-09 Staff Recommended Supplemental	FY 2009-10 Dept. Est.	% Change	FY 2009-10 Staff Est.	% Change to FY 2008-09	% Change to Dept. Req.
Caseload	433,304	469,137	8.27%	471,718	8.87%	0.55%
Medical Cost Estimate/1	\$2,452,565,805	\$2,647,895,817	7.96%	\$2,673,231,910	9.00%	0.96%
Overall Average Per Capita Cost	\$5,660.15	\$5,644.18	-0.28%	\$5,667.01	0.12%	0.40%

/1 Does not include bottom of the line financing.

As Table 1 shows, staff's per capita estimate for medical services is 0.4 percent higher than the Department's request. Staff's caseload estimate is 0.55 percent higher than the Department's request. This results in staff's overall recommendation being 0.96 percent higher than the Department's base request for medical services costs (excludes bottom of the line impacts). Staff would note that Table 1 also shows that staff's overall caseload increase is 8.87 percent higher than staff's estimated FY 2008-09 estimate and that staff's per capita cost estimate is only 0.12 percent higher than staff's estimated FY 2008-09 overall per capita costs. Overall, staff is anticipating the base Medical Services Premiums costs will increase by 9.0 percent over staff's final expenditure estimates for FY 2008-09.

What is driving the increase in the base costs for the Medical Services Premiums

Table 2 shows staff's estimate of how much of the overall base increase is being driven by caseload and how much is being driven by cost for service changes.

	FY 2008-09 Staff Recommended Appropriation	FY 2009-10 Department's Request	FY 2009-10 Staff Rec.	FY 2009-10 Department Compared to Suppl. App.	FY 2009-10 Staff Rec. Compared to Suppl App.	FY 2009-10 Staff Rec. compared to Dept. Request
Total Cost Estimated	\$2,452,565,805	\$2,647,895,817	\$2,673,231,910	\$195,330,012	\$220,666,105	\$25,336,093
Caseload	433,304	469,137	471,718	35,833	38,414	2,581
\$/Client*	\$5,660.15	\$5,644.18	\$5,667.01	(\$15.97)	\$6.86	\$22.83

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Table 2: Analysis of Factors Driving the Medicaid Budget (Medical Service Costs ONLY)						
	FY 2008-09 Staff Recommended Appropriation	FY 2009-10 Department's Request	FY 2009-10 Staff Rec.	FY 2009-10 Department Compared to Suppl. App.	FY 2009-10 Staff Rec. Compared to Suppl App.	FY 2009-10 Staff Rec. compared to Dept. Request
Impact Associated with Overall Caseload Change				\$202,820,169	\$217,429,017	\$14,567,640
Impact Associated with Overall Cost per Client Changes (includes compounding effect)				(\$7,490,157)	\$3,237,088	\$10,768,453
Subtotal Medical Services for base forecasting				\$195,330,012	\$220,666,105	\$25,336,093

/1 Medical Cost only – does not include the reduction to bottom of the line financing.

Bottom-of-the-Line Financing

In addition to the medical and long-term care costs for clients, the Department recommends \$25.1 million for bottom-of-the line issues. These issues include: (1) certifying public expenditures at public hospitals and home health agencies in order to draw down additional federal funds, and (2) additional certification at Denver Health to offset their out-stationing and outpatient costs. Staff recommends the Department's request for these issues.

Detail on Base Request by Service Area

Table 3 shows the difference between staff's and the Department's assumptions for medical service costs for both the traditional and expansion populations broken out by service category.

Table 3: Comparison of Department's Request to Staff's Recommendation -- FY 2009-10 Base Expenditures			
	Department's Estimate*	Staff's Expenditure Estimate	Difference (Staff Est. - Current App.)
Acute Care Services	\$1,574,440,559	\$1,597,148,824	\$22,708,265
Community Care Services	293,313,560	295,690,034	2,376,474
Nursing Homes	567,054,651	567,649,875	595,224
PACE	77,043,335	77,043,335	0
Specialized Medicare Insurance Benefit	99,348,711	100,076,903	728,192
Health Insurance Buy-In	1,659,060	942,623	(116,437)

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Table 3: Comparison of Department's Request to Staff's Recommendation -- FY 2009-10 Base Expenditures

	Department's Estimate*	Staff's Expenditure Estimate	Difference (Staff Est. - Current App.)
ASO Administration	25,548,289	24,668,722	(879,567)
Disease Management	5,008,706	5,008,706	0
Single-Entry Point Administration	5,078,946	5,002,888	(76,058)
Bottom-Line Financing	\$25,074,860	\$25,074,860	\$0
Total	\$2,672,970,677	\$2,698,306,770	\$25,336,093

The difference result from staff's slightly higher caseload estimates multiplied by the trends staff selected compared to the Department's trending methodology. Staff also had slightly different costs estimates in FY 2008-09 that carried forward in her trending model and can cause slight difference between the Department and staff. Again, overall the Department's request and staff recommendation are very similar.

More information on the calculations for the base FY 2009-10 Medical Services Premiums line item can be found in Appendix A of this packet.

DEPARTMENT DECISION ITEMS FOR MEDICAL SERVICES PREMIUMS

Medicaid Value Added (DI #6 & BA #38): The Department requests an increase of \$103,056 total funds (\$42,574 General Fund) to pay a \$20.00 per month per client for care coordination for the clients enrolling in the Department's proposed Administrative Service Organization pilot program (Care Management Program). The Department amended their original request to remove the rate increase of \$3.00 (from \$25.00 to \$28.00) for their existing Prepaid Inpatient Health Plan (Rocky Mountain Health Plan).

Staff does **not** recommend this request. The Department implementation plan for the pilot program is as follows:

- | | | |
|--------------------------------|----|---------------------------------|
| Internal Research and Planning | -- | January 2008 through March 2009 |
| RFP Written | -- | April 2009 |
| RFP Issued | -- | July 2009 |
| System Modification Made | -- | July 2009- March 2010 |
| RFP Awarded | -- | January 2010 |
| Contract or MOU Written | -- | February 2010 |
| First Clients Enrolled | -- | April 2010. |

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Based on information presented to the Committee from Schaller Anderson, a contractor will need significant lead team before accepting clients into the proposed pilot program. Schaller Anderson stated there is a need of "six month minimum ramp-up time". If the Department does not sign a contract until February, then staff estimates that it will be July 2010 before any clients are enrolled in the pilot project. Therefore, staff does **not** recommend this funding for FY 2009-10.

It is important to note that staff's recommendation does not prohibit the Department from going forward with the Administrative Services Organization (ASO) proposal. Staff's recommendation is based only on a slight delay related to implementation.

Department of Human Services Developmental Disability Community Resources Increase - Medical Services Premiums Impact (NP #3): The Department's request reflected an increase of \$92,565 to the Medical Services Premium line item from increasing services for the developmentally disabled. It is staff's understanding that this issue was not funded in the Department of Human Services and therefore, there will be no corresponding increase to the Medical Services Premiums line item. Therefore, staff does **not** recommend the Department's request.

Pharmacy Efficiencies (BRI #1): Staff recommends the Department's requested decrease of \$1.0 million total funds for estimated savings resulting from implementing two pharmacy initiatives: (1) an automated prior authorization process; and (2) implementing a state maximum allowable cost reimbursement methodology.

Automated Process: In order to avoid future administrative costs and to improve customer service, the Department requested and staff recommends that the prior authorization process be automated. An automated prior authorization system screens pharmacy claims against client information from the medical and pharmacy database and determines if a client meets the prior authorization approval criteria. The Department estimates that in FY 2009-10, the automated prior authorization process would result in savings of \$737,764 total funds to the Medical Services Premiums line item. The Department anticipates that these savings will result from putting 12 drug classes on prior authorization lists. These savings are anticipated to grow to \$1.6 million total funds by FY 2010-11. These savings are in addition to the Department's savings estimates for the preferred drug list. These savings are offset by the costs to the automated prior authorization contract of \$750,000 total funds in both fiscal years. The contractor is anticipated to have \$375,000 in development costs in the first year and then monthly management costs of \$62,500 thereafter.

Proposed Process: The Department proposes adding one more methodology to the four methodologies used to determine pharmacy reimbursement. The Department proposes a State Maximum Allowable Cost (MAC) reimbursement methodology. Under the MAC

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methodology, the reimbursement would be determined as the average acquisition cost plus 18 percent. The markup would serve to both ensure that pharmacies are not reimbursed below acquisition costs and to create incentives for greater pharmacy participation. The Department would use the lowest of the five pricing methodologies. However, in the case that the lowest pricing methodology would fall below acquisition costs, the Department would then use the MAC rate to ensure that pharmacies are not underpaid for a drug. Additional savings are anticipated from moving to a MAC program because: (1) more drug classes can be covered under this methodology than are under the federal UPL, and (2) the reimbursement rates may fall under the federal UPL for certain drugs. The Department estimates that in FY 2009-10, the MAC program will result in savings of \$285,123 total funds to the Medical Services Premiums line item. In FY 2010-11, these savings are anticipated to grow to \$510,806 total funds. These savings are offset by the costs to the implement the MAC of \$225,000 in FY 2009-10 and \$300,000 in FY 2010-11. The administrative costs reflect a monthly contract amount of \$25,000 (based on the state of Indiana's experience). The first reflects only 9 months of operation while in the 2nd year the costs are fully annualized.

Medicaid Efficiencies (BRI #2): The Department requests a total fund reduction of \$2.4 million in the Medical Services Premiums line item for three Medicaid efficiency issues. These reductions are offset by administrative costs of \$634,927 total funds. Thus, the total savings estimated is \$1.7 million. Table 1 below shows the total Department wide costs for this initiative.

Table 1: Medicaid Reform Initiatives Cost Savings -- Department Request				
	Total Funds	General Fund	Federal Funds	FTE
Medicaid Benefit Reform -- administrative costs*	\$300,000	\$150,000	\$150,000	0.0
Health Outcomes Survey -- administrative costs*	\$141,964	\$70,982	\$70,982	0.0
Hospital Back-up Program Enhancements -- administrative costs	\$100,000	\$50,000	\$50,000	0.0
Oxygen Durable Medical Equipment -- administrative costs	\$73,463	\$36,731	\$36,732	0.9
Serious Reportable Events -- administrative costs	<u>\$19,500</u>	<u>\$9,750</u>	<u>\$9,750</u>	<u>0.0</u>
Total Administrative Costs	\$634,927	\$317,463	\$317,464	0.9
Fluoride Varnish -- benefit cost	\$146,182	\$73,091	\$73,091	0.0
Hospital Back-up Program -- Cost Savings	(\$1,937,867)	(\$968,933)	(\$968,934)	0.0

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Table 1: Medicaid Reform Initiatives Cost Savings -- Department Request				
	Total Funds	General Fund	Federal Funds	FTE
Oxygen Durable Medical Equipment -- Cost Savings*	(\$574,260)	(\$287,130)	(\$287,130)	0.0
Total Cost Savings or Benefit Increase	(\$2,365,945)	(\$1,182,972)	(\$1,182,973)	0.0
Total Reform Savings (cost savings - administrative costs)	(\$1,731,018)	(\$865,509)	(\$865,509)	0.9

*Staff does not recommend these items.

Staff recommends the following issues from the Department's request that impact the Medical Services Premiums line item:

Fluoride Varnish: Staff recommends the Department's request to start a fluoride varnish benefit for Medicaid children up to the age of six. Studies show that over a 2 year period, children receiving fluoride varnish treatments showed a significantly lower cavity rate. In FY 2009-10, the Department anticipates that 4,016 clients will receive the benefit at a cost of \$36.40 per client. Staff anticipates that this preventative treatment may result in future cost savings to the dental expenditures in the Medical Services Premiums line item.

Hospital Back-up Program: Staff recommends the Department's estimated cost savings of \$1.9 million associated with increasing the capacity of the hospital back-up program. These savings are offset by administrative costs of \$100,000 in order to implement the program. Currently, the hospital back-up program has about 30 beds available. The program is at capacity. The Department believes that by adding additional beds, the Department could move high cost clients in a hospital setting to a lower cost setting in the hospital back-up program. The Department also believes that there is the possibility of starting a pediatric hospital program that could potentially move 30 children to lower cost alternatives.

Oxygen Durable Medical Equipment Administrator: The Department requests \$574,260 in savings in FY 2009-10 for changes to the oxygen benefit. These savings are offset by an increase of \$73,463 and 1.0 FTE to administer the new program. Staff recommends the FTE (see personal services) but does **not** recommend the cost savings at this time. As staff noted at the budget briefing, the Department's request indicated that the new Oxygen Administrator would have to establish new rules and guidelines before any savings could be achieved. Staff is doubtful that the savings could be achieved the first year but that there may be savings in future years. Therefore, staff recommends that the Department move forward with this initiative but does not recommend adjusting the appropriation for potential savings until after the program is fully operational.

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Community Transitions (BA #15): The Department requests and staff recommends a total fund reduction of \$373,390 in FY 2009-10 for a community transition benefit for clients enrolled in the Mental Illness Home and Community-Based Waiver program. Under this program, the clients are provided with a one-time benefit of \$2,000 per client to assist them with transitioning from institutional care to independent living. This funding can be used for security deposits, utility set-up fees, moving expenses and one-time pest eradication and cleaning. The Department estimates that savings of \$22,260 minus the \$2,000 administrative costs for a total of \$20,260 can be achieved per client moved from an institutional care treatment setting. The total number of clients anticipated to be served by this program in FY 2009-10 is approximately 18 clients.

Rebase Federal Qualifying Health Center (FQHC) Rates to Minimum Allowed Under Federal Law: The Department requests a total fund reduction of \$6.1 million in FY 2009-10 from reducing FQHC rates to the lowest level allowable under federal law. FQHCs are required, under federal law, to be paid 100 percent of costs. The Department believes that their current rate structure for FQHCs is more generous than what is required under federal law. Under the Department's proposal, the FQHCs would receive a 10.2 percent rate cut.

Staff does **not** recommend the Department's request. Staff may revisit this rate issue for FY 2010-11. However, for FY 2009-10, staff proposes that the Comprehensive Primary Care Grant Program distribution to the FQHCs be reduced by \$2.7 million (this change would be made in the Conference Committee on S.B. 09-210). Staff's recommendation will achieve the same amount of General Fund savings as the Department's request, but will not result in the loss of federal funds.

Utilization and Provider Rate Reductions: The Department requests a total fund reduction of \$137.7 million for a number of provider rate reductions and other saving options. Staff recommends a total fund reduction of \$21.2 million for this issue. The table below summarizes the Department's request and staff's recommendation. Please note that staff has prepared alternatives to her recommendation in order to bring her recommendation closer to the Department's request. Also note that staff proposes legislation to maximize the amount of additional FMAP available to the State in order to avoid the full amount of provider rate cuts requested by the Department. Staff believes provider rate cuts will be necessary in FY 2010-11 and perhaps, FY 2011-12 when the additional FMAP phases-out. Therefore, staff is trying to preserve a somewhat reasonable base from which to make provider reimbursement changes to in the future years.

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	Department Request*		Staff Recommendation*		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
Reduce Selected Physician Codes to 100% Medicare	(2,633,646)	(5,432,902)	(2,633,646)	(5,432,902)	0
Repurpose Disease Management Programs	(500,871)	(5,008,706)	0	0	500,871
Reduce Pharmacy Reimbursement	(3,927,944)	(8,102,885)	(983,458)	(2,025,721)	2,944,486
Enroll Eligible Veterans in the VA System	(12,199,319)	(24,398,631)	(5,413,476)	(10,826,952)	6,785,843
Add Prior Authorization/ PDL for Anti-Consultants	(465,368)	(960,000)	(465,368)	(960,000)	0
Prenatal Plus Program Changes	(157,254)	(314,508)	0	0	157,254
HCBS Cost Sharing for High Income Families	(364,000)	(728,000)	(11,192)	(22,383)	352,809
Correct Home Health Billing for Dual Eligibles	(250,000)	(500,000)	(250,000)	(500,000)	0
Restrict Inpatient Hospital Claims for Readmission within 24 Hours	(678,662)	(1,400,000)	(678,662)	(1,400,000)	0
Provider Volume and Rate Reductions*	(30,754,982)	(63,781,498)	0	0	30,754,982
Nursing Facility Rate Reduction	(11,298,438)	(22,791,616)	0	0	11,298,438
	(\$63,230,484)	(\$133,418,746)	(\$10,435,802)	(\$21,167,958)	\$52,794,683

*Staff has included alternatives to this recommendation.

Reduce Selected Physician Codes to 100% Medicare: Staff recommends the Department's request to reduce selected physician codes that are higher than 100 percent of the Medicare upper payment limit. Staff recommended this issue for S.B. 09-187 but it was amended out of the bill as part of the amendment to restore provider rate cuts. Staff recommends this issue again for FY 2009-10.

Repurpose Disease Management Programs: The Department's request reflects an annualization of their original supplemental request. The Department's original supplemental request was made so that a part of the fund balance in the Prevention, Detection and Early Treatment Fund could be transferred to the General Fund. OSPB later removed this fund transfer from their requested list. Staff did not recommend this issue for the supplemental bill and staff still does **not** recommend this issue. Staff

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believes that the disease management funding allows the Department to avoid costs within the Medical Services Premium program or to pursue initiatives to avoid costs.

Reduce Pharmacy Reimbursement: This request was included in the Department's supplemental request and was previously adopted by the Committee. This rate cut was restored in S.B. 09-187 in the Senate. Staff recommends the Department's request for this issue but recommends an April 2010 implementation rather than the July 1, 2009. This will give enough time to evaluate if the savings from the State Maximum Allowable Cost (MAC) reimbursement methodology change are producing the savings anticipated and if another pharmacy reduction is necessary. This issue would reduce pharmacy rates to AWP minus 14.5 percent for brand name and AWP minus 45.0 percent for generic medication. Currently, the State reimburses pharmacies at AWP minus 13.5 percent for brand name and AWP minus 35.0 percent for generic medication. This reimbursement was adopted in October 2002 (during the last budget downturn) has not changed since.

Enroll Eligible Veterans in the VA System: The Department requests \$24.4 million total funds reduction from savings that will occur from identifying veterans eligible to receive health care from the Veterans Administration. Staff recommends a reduction of \$10.8 million total funds for this issue. Staff recommends a more conservative estimate until the actual past medical costs for the impacted clients have been identified. The table below compares the Department's assumption with staff's assumptions.

	Department	Staff	Difference
Estimated SSI 65+ Clients Impacted	3,750	3,600	(150)
-- Estimated Per Capita Savings	<u>(\$5,278.97)</u>	<u>(\$1,391.21)</u>	<u>\$3,887.76</u>
Estimated Savings SSI 65+	(\$19,796,148)	(\$5,008,346)	\$14,787,802
Estimated SSI 60-64 Clients Impacted	250	240	(10)
-- Estimated Per Capita Savings	<u>(\$4,384.66)</u>	<u>(\$4,365.31)</u>	<u>\$19.35</u>
Estimated Savings SSI 60-64	(\$1,096,164)	(\$1,047,674)	\$48,490
Estimated SSI Disabled Clients Impacted	1,000	960	(40)
-- Estimated Per Capita Savings	<u>(\$3,506.32)</u>	<u>(\$4,969.72)</u>	<u>(\$1,463.40)</u>

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	Department	Staff	Difference
Estimated SSI Disabled Clients	(\$3,506,320)	(\$4,770,931)	(\$1,264,611)
Total Clients	5,000	4,800	(200)
Total Cost Savings	(\$24,398,632)	(\$10,826,952)	\$13,571,680

Staff estimates lower savings for the SSI 65+ category because she assumes that Medicare is already providing a lot of the acute care costs for these clients. Staff does not have enough information to understand the relationship between Long-Term Care benefits under Medicaid and the Long-Term Care benefits from the Veteran's Administration. Staff would note that a recent newspaper article stated that California is also pursuing this option. California's assumptions were that their state Medicaid program could save \$250 million from enrolling 144,000 Medicaid veterans. This is a per capita cost savings of \$1,736. Staff believes her estimates are reasonable until additional data is obtained.

Add Prior Authorization/ PDL for Anti-Consultants: Staff recommends the Department saving estimates of \$960,000 for including anti-convulsant pharmaceutical on a prior authorization list. The Department's estimate is based on the savings that the state of Idaho achieved from a similar program.

Prenatal Plus Program Changes: The Department requests a reduction of \$314,508 total funds by changing the reimbursement methodology for the prenatal plus program. Staff does **not** recommend this request. Last year, the Committee approved a rate increase for this program of \$500,000 based on current reimbursements not covering the cost of the program. However, this rate increase was not effective before the state hiring freeze, and the Department did not implement the rate increase. Because the current rate methodology already does not adequately fund the program according information submitted last year, staff does not recommend further reductions at this time.

HCBS Cost Sharing for High Income Families: The Department requests a reduction of \$728,000 based on charging a \$1.00 co-pay for Home and Community-Based Services provided to clients with family incomes over \$250,000. The Department estimated that there are approximately 3,500 clients with resources over this limit that receive approximately 4 services per week. Staff estimates that approximately 0.5 percent of the clients on waiver programs, or 108 clients, would have income over \$250,000 and subject to the Department's proposed co-pay. Assuming the same level of 4 services of week this would result in only \$22,383 in total fund savings. This is the amount of staff's recommendation. For information purposes, only 2.0 percent of U.S. households have incomes over \$250,000. The Department's recommendation would seem to indicate to staff that approximately 16 percent of the clients receiving Medicaid waiver services have income over \$250,000.

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Correct Home Health Billing for Dual Eligibles: Staff recommends the Department's request for a \$500,000 total fund reduction due to increased efforts to make sure clients have exhausted their Medicare home health benefit before Medicaid is billed. The Department's estimate is a conservative savings amount based on a claims review on FY 2006-07 data.

Restrict Inpatient Hospital Claims for Readmission within 24 Hours: Staff recommends the Department's request for a \$1.4 million total fund reduction to restrict claim payment on a readmission after 24 hour discharge. Current Department policy does not allow for separate billing in instances where the client is readmitted to the same hospital for the same condition within a 24 hour period. Currently, the Department pays a contractor to monitor for such occurrences. Under the Department's proposal, the Department would alter the claims system to automatically deny these claims rather than wait for an after the fact review. Exceptions will be granted on an as-needed basis. The Department's estimate is based on a conservative savings amount based on a data analysis of prior occurrences.

Provider Volume and Rate Reductions: The Department requests a total fund reduction of \$63.7 million from implementing a 4.33 percent rate reduction (or volume control measure) on the following services: Physicians Services & EPSDT, Emergency Transportation, Non-emergency Medical Transportation, Dental Services, Inpatient Hospitals, Outpatient Hospitals, Lab & X-Ray, Durable Medical Equipment, Home Health, Private Duty Nursing, Hospice and Single Entry Points. Under the Department's proposal, HCBS providers would receive a 2.17% volume and rate reduction target.

Staff has produced the following scenarios for the Committees consideration:

1. The Department's request (with staff's calculations of the base applied against) -- a 4.33% rate reduction for most providers, 2.17% for HCBS providers, implemented July 1, 2009. The Department's request but implemented April 1, 2010.
2. 1.5 percent across the board cut for all of the mentioned providers implemented on July 1, 2009 or April 1, 2010.
3. 2.15 percent across the board cut for all of the mentioned provider implemented on July 1, 2009 or April 2010.

	Department Request	Scenario 2	Scenario 3
July Implementation -- Total Funds	\$63,781,498	\$23,673,949	\$33,932,660
Estimated GF	\$30,754,982	\$11,415,409	\$16,362,086

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	Department Request	Scenario 2	Scenario 3
April Implementation - Total Funds	\$15,945,375	\$5,918,487	\$8,483,165
Estimated GF	\$7,688,746	\$2,853,852	\$4,090,521

Nursing Facility Rate Reduction: The Department requests a \$22.8 million total fund reduction to nursing facility rates. See the Legislation Summary Section for staff's recommendation.

Enhanced Estate & Income Recovery - BA #36: Staff recommends the Department's request for a total fund reduction of \$1,116,721 for enhanced estate and income recovery. The Department's current estimate for estate recoveries is \$7.1 million. The Department estimates that an additional \$1.1 million could be recovered from additional efforts. Because the contractor estate recoveries is paid on a contingency basis, no additional administrative costs are necessary.

Medicaid Mental Health Community Programs -- Summary Information

Division Overview: This division provides mental health services to eligible Medicaid clients through contracts with five regional behavioral health organizations (BHOs). The BHO contracts are based on a capitated, risk-based model. The division also contains funding for Medicaid mental health fee-for-service programs for those mental health services not covered within the capitation contracts and rates.

For the original FY 2008-09 appropriation, the Medicaid Mental Health Community Programs division contained 6 percent of the Department's total General Fund appropriation and 5 percent of the Department's total fund appropriation.

Historical Summary:

By Line Item TOTAL FUNDS	FY 2007-08 Actual	FY 2008-09 App.*	FY 2009-10 Dept. Req.	FY 2009-10 Staff Rec.
Mental Health Capitation Payments for Medicaid Eligible Clients	\$196,011,033	\$215,696,640	\$229,894,657	\$229,561,121
Medicaid Mental Health Fee for Service Payments	1,335,736	1,437,155	1,731,529	1,731,529
Total	\$197,346,769	\$217,133,795	\$231,626,186	\$231,292,650
General Fund	98,840,019	99,622,603	104,419,468	106,663,689

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By Line Item TOTAL FUNDS	FY 2007-08 Actual	FY 2008-09 App.*	FY 2009-10 Dept. Req.	FY 2009-10 Staff Rec.
Cash Funds	0	8,925,452	6,881,467	8,960,887
CFE/Reappropriated Funds	4,311,729	7,330	8,480	9,208
Federal Funds	98,195,021	108,578,410	111,333,825	115,658,866

*Includes the impact of S.B. 09-187 but not the impact of any Long Bill supplementals recommended.

Medicaid Mental Health Community Programs -- Line Item Detail

MEDICAID MENTAL HEALTH CAPITATION PAYMENTS: The Mental Health Capitation Payments line item contains all of the capitated payments paid to the five Behavioral Health Organizations on behalf the eligible Medicaid clients. The behavioral health organizations are responsible for providing or arranging all medically necessary mental health services to Medicaid-eligible clients within a specific geographic locations for a pre-determined capitation rate. Capitation rates vary across behavioral health organizations based on cost and utilization, as well as eligibility categories.

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	General Fund Only
FY 2008-09 Original Appropriation	\$96,906,217	\$207,799,886	\$96,906,217	\$207,799,886	\$0
S.B. 09-187 -- HCPF Supplemental Bill	1,997,808	7,896,754	1,997,808	7,896,754	0
FY 2008-09 Revised Appropriation	\$98,904,025	\$215,696,640	\$98,904,025	\$215,696,640	\$0
Long Bill Supplemental Adjustments	2,401,481	(845,686)	1,376,761	(923,000)	(1,024,720)
FY 2008-09 Final Req/Rec. App.	\$101,305,506	\$214,850,954	\$100,280,786	\$214,773,640	(\$1,024,720)
Annualize Prior Year Funding	7,595	0	7,595	0	0
FY 2009-10 Base Recommendation	\$101,313,101	\$214,850,954	\$100,288,381	\$214,773,640	(\$1,024,720)
Caseload and Cost Increase (DI & BA #2, #33)	6,281,917	15,032,879	5,509,543	14,787,481	(772,374)
FY 2009-10 Base + Caseload/Cost Adj.	\$107,595,018	\$229,883,833	\$105,797,924	\$229,561,121	(\$1,797,094)

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Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	General Fund Only
DHS DD Community Placement Increase (NP #3)	5,412	10,824	0	0	(5,412)
FY 2009-10 Request / Recommendation	\$107,600,430	\$229,894,657	\$105,797,924	\$229,561,121	(\$1,802,506)

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	107,600,430	105,797,924	(1,802,506)	(1.68)%
CF - Health Care Expansion Fund	7,252,712	8,888,202	1,635,490	22.55%
CF - Breast and Cervical Cancer Treatment Fund	10,276	10,028	(248)	(2.41)%
Colorado Autism Treatment fund	62,657	62,657	0	0.00%
RF - Transfer from DPHE for Breast and Cervical Cancer	8,713	9,208	495	5.68%
FF - Federal Funds	114,959,869	114,793,102	(166,767)	(0.15)%
TOTAL FUNDS	\$229,894,657	\$229,561,121	(\$333,536)	(0.15)%

Issue Detail:

Annualize Prior Year Fund: The Department requests and staff recommends a General Fund increase of \$7,595 to annualize the impact of H.B. 08-1373. Pursuant to H.B. 08-1373, beginning in FY 2009-10, 50 percent of the State match for the Breast and Cervical Cancer Treatment program is paid from the General Fund and 50 percent of the State match is paid from the Breast and Cervical Cancer Treatment and Prevention Fund. In FY 2008-10, 100 percent of the State match was paid from the Breast and Cervical Cancer Treatment and Prevention Fund.

Legislation Recommended: This issue is impacted by legislation recommended by staff. Please see the Summary of Legislation section of this packet for more detail.

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Caseload and Cost Increase: The Department requests \$229,883,833 total funds for the program's forecasted caseload and cost in FY 2009-10. This amount is an increase of \$15,032,879 total funds over the Department's total FY 2008-09 revised request.

Staff recommends \$229,561,121 total funds for the program's forecasted caseload and costs in FY 2009-10. This is an increase of \$14,787,481 total fund over staff's final estimate for FY 2008-09. Staff's recommendation is \$333,536 total funds (\$1,797,094 General Fund) lower than the Department's request. The main difference between the Department and staff recommendation is the difference in the forecasted caseload by aid category and their associated costs, including staff's estimate for the amount of caseload that can be funded through the Health Care Expansion Fund. Staff recommends the Department's per capita estimates for the different aid categories. Table 1 below compares the Department and staff's costs estimates for the program.

Eligible MH Medicaid Caseload	Department Est.	Est. Capitation Rate for Aid Category	Cost Estimate	Staff Est.	Est. Capitation Rate for Aid Category	New Cost Estimate	Cost Difference
SSI 65+	38,332	\$165.12	\$6,329,228	38,142	\$165.12	\$6,298,007	(\$31,221)
Disabled Younger than 65+	59,173	\$1,670.84	\$98,868,349	58,694	\$1,670.84	\$98,068,283	(\$800,066)
Adults	75,296	\$259.31	\$19,525,072	79,466	\$259.31	\$20,606,328	\$1,081,256
Children	257,356	\$192.69	\$49,589,693	255,970	\$192.69	\$49,322,859	(\$266,834)
Foster Children	18,686	\$2,969.49	\$55,487,881	18,584	\$2,969.33	\$55,182,033	(\$305,848)
BCCTP Adults	<u>321</u>	<u>\$260.47</u>	<u>\$83,610</u>	<u>321</u>	<u>\$260.47</u>	<u>\$83,611</u>	<u>\$1</u>
Total	449,164		\$229,883,833	451,177		\$229,561,122	(\$322,711)

*This table has slight rounding errors. The total amount of funding recommended is shown in Exhibit L.

The BHO capitation rates are set on a calendar year basis. Therefore, new rates became effective on January 1, 2009. Pursuant to federal rules, managed care rates must be actuarially sound. When the actuary sets rates, the actuary establishes a lower and upper limit. Typically, the Department sets the rate in the mid-range. However, the actuary report for rates beginning in January 2009, had lower rates for several aid categories. To lessen this impact, the Department had initially decided to set the rates at above the mid-range due to the amount of the reduction from the prior year. However, on January 15, 2009, the Department requested to move these rates back to the mid-range. The Committee

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approved this request and included the cost savings in the introduced version of S.B. 09-187. However, as the Committee is aware, this funding was restored in the enacted S.B. 09-187.

The Department's per capita estimates assume that the rates from July 1, 2009 through December 31, 2009 will be adjusted to the mid-range. The per capita estimates for January 1, 2010 through June 30, 2009 build the estimated increase based on this lower calendar year 2009 estimate. By keeping the rates at the mid-range, the Department estimates that \$8.4 million total funds (\$3.7 million General Fund) will be avoided in FY 2009-10. **By accepting the Department's per capita estimates, staff is recommending that no capitation rates be set at above the mid-range of actuary sound rate beginning on July 1, 2009.**

Staff recommends the following footnote:

XX **Department of Health Care Policy and Financing, Medicaid Mental Health Community Programs, Mental Health Capitation Payments:** It is the intent of the General Assembly that capitation rates for the mental health capitation program not be set above the mid-range of the actuary sound rates in FY 2009-10.

XX **Department of Health Care Policy and Financing, Medicaid Mental Health Community Programs, Mental Health Capitation Payments:** The appropriation includes \$8,888,202 from the Health Care Expansion Fund. Included in this funding is an estimated \$960,744 for adults and \$2,802,580 for children who receive Medicaid benefits due to the removal of the asset test. These estimates are based on the same methodology that was used to estimate the costs associated with removing the asset test in the Medical Services Premiums line item. Because this caseload can not be tracked separately from other Medicaid caseload, it is the intent of the General Assembly that Department not revert any of the \$3,763,324 appropriated from Health Care Expansion Fund for this Medicaid eligibility population beyond the amount that will revert due to invoking the (H) notation.

Staff recommends the following request for report:

XX **Department of Health Care Policy and Financing, Medicaid Mental Health Community Programs, Mental Health Capitation Payments:** The Department is requested to submit a report to the Joint Budget Committee by August 1, 2009 regarding any changes to capitation rates for the mental health program that were made on or before July 1, 2009 to reduce capitation rates to the mid-range of the actuary sound range. This information is requested by behavioral health region contractor and by aid category. Within the report, the Department is requested to provide the Committee with information on how these adjustments will impact

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rates for calendar year 2010. The Department is also requested to provide the Committee with estimated savings in FY 2009-10 from any capitation adjustments.

DHS DD Community Placement Increase: The Department's request includes an increase of \$10,824 total funds for associated impacts to Medicaid mental health for additional Developmental Disability Community Placements. It is staff's understanding that this decision item in the Department of Human Services budget was not funded as originally requested by the Department. Therefore, consistent with the Committee's action for the Department of Human Services, staff does not recommend this request.

MEDICAID MENTAL HEALTH FEE FOR SERVICES PAYMENTS: This line item contains all of the other Medicaid mental health payments that are not made as part of the capitation payments. This line item pays for the mental health services for Medicaid clients who are not enrolled in behavioral health organization or for mental health services that are not covered by a behavioral health organization according to their contract with the Department. In addition, Medicare crossover claims are included in the costs paid from this line item. These are BHO covered costs for clients who are eligible for both Medicaid and Medicare.

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	General Fund Only
FY 2008-09 Original Appropriation	\$792,635	\$1,585,270	\$792,635	\$1,585,270	\$0
S.B. 09-187 -- HCPF Supplemental Bill	(74,057)	(148,114)	(74,057)	(148,114)	0
FY 2008-09 Revised Appropriation	\$718,578	\$1,437,156	\$718,578	\$1,437,156	\$0
Long Bill Supplemental Adjustments	78,851	157,702	60,000	120,000	(18,851)
FY 2008-09 Final Req/Rec. App.	\$797,429	\$1,594,858	\$778,578	\$1,557,156	(\$18,851)
No Technical Adjustments	0	0	0	0	0
FY 2009-10 Base Recommendation	\$797,429	\$1,594,858	\$778,578	\$1,557,156	(\$18,851)
Caseload and Cost Increase (DI & BA #2, #33)	68,336	136,671	87,187	174,373	18,851
FY 2009-10 Base + Caseload/Cost Adj.	\$865,765	\$1,731,529	\$865,765	\$1,731,529	\$0
No Policy Changes	0	0	0	0	0
FY 2009-10 Request / Recommendation	\$865,765	\$1,731,529	\$865,765	\$1,731,529	\$0

*This line item is funded entirely from General Fund and matching federal funds.

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Issue Detail:

Caseload and Cost Increase: The Department requests a total funding of \$1,731,529 in FY 2009-10 based on current expenditure patterns and the projected increase in Medicaid caseload. No adjustments are made for rate utilization changes. **Staff recommends the Department's request for this line item.**

Indigent Care Program -- Summary Information

Division Overview: 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 underinsured and uninsured individuals (6 line items); and (4) specific fund appropriations required by law (3 line items).

The Indigent Care Program division represents approximately 3 percent of the Department's total General Fund appropriation and approximately 15 percent of the Department's total fund appropriation.

Historical Summary:

By Line Item TOTAL FUNDS	FY 2007-08 Actual	FY 2008-09 App.*	FY 2009-10 Dept. Req.	FY 2009-10 Staff Rec. Long Bill
Safety Net Provider Payments	\$296,188,630	\$296,188,630	\$296,188,630	\$310,715,422
Colorado Health Care Services Fund	15,000,000	15,000,900	15,000,000	15,000,000
TCH - Clinic Based Indigent Care	26,291,760	27,029,760	27,767,760	27,767,760
Health Care Services Fund Programs	11,053,421	9,090,000	8,352,000	8,352,000
Pediatric Speciality Hospital	8,439,487	12,828,534	12,865,212	12,820,718
General Fund Appropriation to Pediatric Speciality Hospital Fund	490,885	495,000	495,000	504,000
Appropriation from Tobacco Tax Cash Fund to General Fund	490,885	495,000	495,000	504,000
Primary Care Fund	30,967,650	31,294,657	31,294,657	31,920,000
Inpatient Provider Fee	0	0	2,154,322	0
Outpatient Provider Fee	0	0	3,051,374	0

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By Line Item TOTAL FUNDS	FY 2007-08 Actual	FY 2008-09 App.*	FY 2009-10 Dept. Req.	FY 2009-10 Staff Rec. Long Bill
Children's Basic Health Plan Trust Fund	6,671,262	0	3,105,552	1,800,000
Children's Basic Health Plan Administration	5,514,804	6,352,590	5,537,590	5,537,590
Children's Basic Health Plan Premiums	104,684,790	128,481,289	143,804,129	145,664,212
Children's Basic Health Plan Dental	8,715,754	10,404,713	10,633,355	10,948,462
Comprehensive Primary and Preventative Care (CPPC) Grants Program	5,586,419	3,082,680	3,173,081	3,093,575
CPPC Rural and Public Hospitals Payments	0	6,260,962	6,572,310	6,041,096
Total	\$520,095,747	\$547,003,865	\$570,489,972	\$580,668,835
General Fund	39,438,109	36,701,662	39,484,391	39,579,866
General Fund Exempt	490,885	495,000	495,000	504,000
Cash Funds	283,367	224,977,582	230,195,405	235,859,895
CFE/Reappropriated Funds	230,249,530	15,495,000	18,600,552	17,227,928
Federal Funds	249,633,856	269,334,621	281,714,624	287,497,146
AMOUNT EXEMPT FROM THE 6.0 PERCENT LIMIT ON GENERAL FUND				504,000

*Includes the impact of S.B. 09-187 and S.B. 09-211 (Does not include impact of S.B. 09-210).

Indigent Care Program -- Line Item Detail Information

SAFETYNET PROVIDER PAYMENTS: This line item contains the funding for hospital providers who participate in the Colorado Indigent Care Program (CICP). The CICP served 194,710 uninsured or underinsured clients in FY 2007-08 with incomes below 250 percent of the federal poverty level. This was a 12.9 percent increase in the number of clients served. Payments to the providers are made through four distribution calculations to determine the amount of funding available for reimbursement of uncompensated costs associated with treating indigent clients. The federal match for this program comes from the Federal Disproportionate Share Hospital (DHS) payments or through the Upper Payment Limit (UPL) financing mechanisms. The state match for the federal funds comes either from funds certified at public hospitals or through the General Fund.

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Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
FY 2008-09 Original Appropriation	\$13,090,782	\$296,188,630	\$13,090,782	\$296,188,630	\$0
Long Bill Supplemental Adjustments	0	0	1,078,204	8,168,656	1,078,204
FY 2008-09 Final Req*/Rec. App.	\$13,090,782	\$296,188,630	\$14,168,986	\$304,357,286	\$1,078,204
Increase DSH funding from American Recovery and Reinvestment Act	0	0	0	6,358,136	0
FY 2009-10 Base Recommendation	\$13,090,782	\$296,188,630	\$14,168,986	\$310,715,422	\$1,078,204
No Policy Adjustments	0	0	0	0	0
FY 2009-10 Request / Recommendation	\$13,090,782	\$296,188,630	\$14,168,986	\$310,715,422	\$1,078,204

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	13,090,782	14,168,986	1,078,204	8.24%
CF - Certified Funds from Public Hospitals	135,003,533	141,188,725	6,185,192	4.58%
FF - Federal Funds	148,094,315	155,357,711	7,263,396	4.90%
TOTAL FUNDS	\$296,188,630	\$310,715,422	\$14,526,792	4.90%

Issue Detail

Increase DSH Funding from the American Recovery and Reinvestment Act: Staff recommends \$310.7 million total funds in FY 2009-10 for the Safety Net Provider program. Staff's recommendation adjusts both the FY 2008-09 and FY 2009-10 appropriations to reflect the additional funding available for the Disproportionate Share Hospital (DSH) Program. This results in a total fund increase of \$14.5 million increase over the Department's request.

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Additional Information

The Safety Net Provider Payment line item funds payments to public-owned and private-owned hospitals that participate in the Colorado Indigent Care Program (CICP). Before the passage of ARRA, the Department estimated that total payments to hospitals will be \$158.3 million in FY 2008-09 (Department Request for Information #23 response). At the distribution amount, staff estimates that total expenditures will be \$290.4 million (rather than the \$296.2 million currently appropriated). However, because the Department makes rate setting changes through the final quarter of each fiscal year in order to maximize the amount distributed to CICP hospitals, staff has increased her estimate for certified funds and the matching federal funds by 2.0 percent to ensure that adequate expenditure authority remains for the program. Based on these assumptions, staff recommends a decrease of \$456,978 total funds (from certified and federal funds only -- the General Fund appropriation is unchanged).

The current FY 2008-109 appropriation assumed that the federal DSH payment would be \$87.1 million. However, Congress increased the DSH cap for both FY 2008-09 and FY 2009-10. Based on this new information, staff has adjusted the appropriation to reflect the current DSH allotment for both FY 2008-09 and FY 2009-10. The table below shows staff's calculations for the recommended appropriations.

Safety Net Provider Fee -- Appropriation Calculations					
	General Fund	Certified Funds	Federal Funds	Total Amount Appropriated	Estimated Distribution*
FY 2008-09					
Original DSH Estimate	588,318	86,539,282	87,127,600	174,255,200	87,715,918
<u>Original UPL Estimate</u>	<u>12,502,464</u>	<u>48,464,251</u>	<u>60,966,715</u>	<u>121,933,430</u>	<u>73,469,179</u>
Total Original Estimate	13,090,782	135,003,533	148,094,315	296,188,630	161,185,097
Adjust based on actual FY 2007-08 expenditures	0	(228,489)	(228,489)	(456,978)	(228,489)
Adjust for New DSH allocation from ARRA	<u>1,078,204</u>	<u>3,234,613</u>	<u>4,312,817</u>	<u>8,625,634</u>	<u>5,391,021</u>
Final FY 2008-09 Rec.	14,168,986	138,009,657	152,178,643	304,357,286	166,347,629
FY 2009-10					
Adjust for New DSH allocation from ARRA	<u>0</u>	<u>3,179,068</u>	<u>3,179,068</u>	<u>6,358,136</u>	<u>3,179,068</u>

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Safety Net Provider Fee -- Appropriation Calculations					
	General Fund	Certified Funds	Federal Funds	Total Amount Appropriated	Estimated Distribution*
Final FY 2009-10 Rec.	14,168,986	141,188,725	155,357,711	310,715,422	169,526,697
Estimated DSH Funds	1,666,522	92,952,963	94,619,485	189,238,970	96,286,007
Estimated UPL Funds	12,502,464	48,235,762	60,738,226	121,476,452	73,240,690

*Certified Funds are used to draw down federal match but are not distributed.

Staff's recommendation also increases the General Fund appropriation by \$1.1 million in FY 2008-09 and retains this increase in FY 2009-10. Private hospitals that participate in the CICP program can not certify funds. Therefore, the only distributions that the private hospitals receive are from General Fund and associated matching federal funds. Currently private hospitals receive approximately 33.4 percent reimbursement relative to indigent care costs while public hospitals on average receive 58.8 percent reimbursement. If the General Fund appropriation is not increased, then all of the new DSH money will go to the public hospitals. Staff's recommendation would provide a total increase of \$2.2 million (General Fund and federal funds) to private hospitals in FY 2008-09 that continues in FY 2009-10. Public hospitals will receive a total increase of \$3.2 million in FY 2008-09 (all federal funds) and \$6.4 million in FY 2009-10 (the \$3.2 million continuing from FY 2008-09 plus an additional \$3.2 million available in FY 2009-10).

Legislation Recommended

Staff recommends a legislative change in order to maximize the amount of additional FMAP available to the State from the American Recovery and Reinvestment Act (ARRA).

UPL Funds ONLY -- Does not include DSH Funds because they are ineligible	Staff Assumes Same Base Appropriation for FY 2008-09 through FY 2010-11	FY 2008-09 With ARRA*	FY 2009-10 With ARRA**	FY 2010-11 With ARRA***
General Fund	\$12,502,464	\$10,767,747	\$9,954,462	\$11,228,463
CF - Certified Funds Public Hospitals	48,235,762	48,235,762	48,235,762	48,235,762
FF -- Medicaid Match	60,738,226	78,014,799	87,979,643	72,958,055
Total Funds	\$121,476,452	\$137,018,308	\$146,169,867	\$132,422,280

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UPL Funds ONLY -- Does not include DSH Funds because they are ineligible	Staff Assumes Same Base Appropriation for FY 2008-09 through FY 2010-11	FY 2008-09 With ARRA*	FY 2009-10 With ARRA**	FY 2010-11 With ARRA***
Transfer to ARRA Fund to be used to offset GF Appropriations	0	(15,541,856)	(24,693,415)	(10,945,828)
Total Funding Distributed to Program (including admin costs)	\$121,476,452	\$121,476,452	\$121,476,452	\$121,476,452

* Assumes 50% match 1st Quarter, 58.78% match 2nd Quarter, 58.78% match 3rd Quarter, 60.19% match 4th Quarter.

** Assumes 60.19% match for four quarters. *** Assumes 60.19% and 50.00% match for two quarters each.

See staff's legislation summary section in this packet for additional details on this recommendation.

COLORADO HEALTH CARE SERVICES FUND: 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 million be appropriated to this fund for FY 2007-08, FY 2008-09 and FY 2009-10 from the Referendum C General Fund moneys.

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	General Fund Only
FY 2008-09 Current Appropriation	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$0
Policy Adjustments for Long Bill - none	0	0	0	0	0
FY 2009-10 Request / Recommendation	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$0

*All of the funding for this line item is General Fund. This line item is a General Fund appropriation into the Colorado Health Care Services Fund.

Issue Detail

Continuation Funding: The Department requests and staff recommends continuation funding in FY 2009-10. This line item's appropriation is required by Section 25.5-3-112 (1) (b), C.R.S. (2008). As a reminder to the Committee, this appropriation is no longer required after FY 2009-10.

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Legislation Recommended

Staff recommends a legislative change to reduce the required \$15.0 million General Fund transfer to the Health Care Services Fund to \$12.9 million in FY 2008-09 and \$11.9 million FY 2009-10. The Health Care Services Fund is appropriated to two other line items (The Children's Hospital, Clinic Based Indigent Care and Health Care Services Fund Program). These line items receive federal Medicaid match. Staff recommends this change to maximize the amount of additional FMAP available to the State General Fund from the American Recovery and Reinvestment Act (ARRA).

	All Fiscal Years Without ARRA	FY 2008-09 With ARRA*	FY 2009-10 With ARRA**	FY 2010-11 With ARRA***
GF - Statutory required appropriation to the Health Care Services	\$15,000,000	\$12,918,750	\$11,943,000	\$0
Amount Available for Other General Fund Purposes		\$2,081,250	\$3,057,000	\$15,000,000

See staff's legislation summary section in this packet for additional details on this recommendation.

THE CHILDREN'S HOSPITAL, CLINIC BASED INDIGENT CARE: This line item is comprised of General Fund and Colorado Health Care Services Funds that are appropriated to help 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 treating indigent and uninsured clients.

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
FY 2008-09 Original Appropriation	\$3,059,880	\$26,291,760	\$3,059,880	\$26,291,760	\$0
S.B. 09-187 -- HCPF Supplemental Bill	0	738,000	0	738,000	0
FY 2008-09 Revised Appropriation	\$3,059,880	\$27,029,760	\$3,059,880	\$27,029,760	\$0

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Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
Annualize S.B. 09-187 (BA # 11)	0	738,000	0	738,000	0
FY 2009-10 Base Recommendation	\$3,059,880	\$27,767,760	\$3,059,880	\$27,767,760	\$0
No Policy Adjustments	0	0	0	0	0
FY 2009-10 Request / Recommendation	\$3,059,880	\$27,767,760	\$3,059,880	\$27,767,760	\$0

*In order to accurately compare the Department's request to staff's recommendation, the Department's decision items and budget amendments in this summary table has been modified to build off the most current appropriation (including S.B. 09-187) rather than from the original appropriation.

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	3,059,880	3,059,880	0	0.00%
CF - Health Care Services Fund	10,824,000	10,824,000	0	0.00%
FF - Federal Funds	13,883,880	13,883,880	0	0.00%
TOTAL FUNDS	\$27,767,760	\$27,767,760	\$0	0.00%

Issue Detail

Annualize S.B. 09-187: The Department requests and staff recommends an increase of \$738,000 total funds to complete the reallocation of the funding from the Health Care Services Fund that was begun in S.B. 09-187.

The Health Care Services Fund was created during the 2006 legislative session in S.B. 06-044. This fund receives an annual appropriation of \$15.0 million General Fund through FY 2009-10. Eighteen percent of this appropriation, or \$2.7 million, is allocated to Denver Health Medical Center, the remaining \$12.3 million is allocated to community health clinics and primary care clinics in amounts determined based on prior client utilization data as specified by Department rule beginning with the allocation in FY 2007-08.

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In FY 2007-08, the Medical Services Board directed the Department to allocate the funding to community health clinics and primary care clinics in the same percentages used for the FY 2006-07 allocation (which was set in S.B. 08-044). However, the Board instructed the Department to research prior utilization data so that future year allocations could be adjusted according to the intent of the statute.

Based on the Department's analysis of the utilization data, the Department believes that approximately 88 percent of the funding should be allocated to community health clinics and that 12 percent of the funding should be allocated to primary care clinics. However, in order to minimize the initial reduction in FY 2008-09 to the primary care clinics, the Medical Services Board's rule allocated 85 percent of the funding to the community health clinics (\$10,455,000 in S.B. 09-187) and 15 percent to the primary care clinics (\$1,845,000 in S.B. 09-187). In FY 2009-10, the Board's rule would allocate 88 percent to the community health clinics (\$10,824,000) and 12 percent to the primary care clinics (\$1,476,000).

Based on the new allocation plan, the Department requests that \$738,000 total funds (\$369,000 from the Health Care Services Fund and \$369,000 federal match) be transferred from the Health Care Services Fund Programs line item into the Children's Hospital, Clinic-Based Indigent Care line item in FY 2009-10. The Department's request is consistent with state law and staff recommends the transfer. The net impact of this recommendation is zero.

Legislation Recommended

Staff recommends a legislative change to reduce the required \$15.0 million General Fund transfer to the Health Care Services Fund to \$12.9 million in FY 2008-09 and \$11.9 million FY 2009-10. The following table shows how this recommendation impacts this line item.

	FY 2008-09 Without ARRA	FY 2008-09 With ARRA	FY 2009-10 Without ARRA	FY 2009-10 With ARRA
General Fund*	\$3,059,880	\$2,635,322	\$3,059,880	\$2,436,276
CF - Health Care Services Fund	10,455,000	9,004,369	10,824,000	8,618,069
Federal Funds	<u>13,514,880</u>	<u>15,390,069</u>	<u>13,883,880</u>	<u>16,713,415</u>
Total Funds	\$27,029,760	\$27,029,760	\$27,767,760	\$27,767,760
Amount Transferred from HCS Fund to General Fund		\$1,450,631		\$2,205,931

*The table above shows the General Fund impact of the ARRA FMAP increase. **However, staff recommends that the General Fund appropriation remain at \$3,059,000 in the Long Bill for FY 2008-09 and FY 2009-10.** The (M) notation in the Long Bill will

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automatically reduce the General Fund appropriation (to the amount shown in the table above) as additional matching federal funds are received. Maintaining the General Fund appropriation at the current level will ensure that the 6.0 percent limit (or a portion thereof) is maintained. Therefore, when this temporary federal funding is reduced there will be room to add the General Fund back in under the 6.0 percent limit.

See staff's Legislation Summary Section of this packet for additional details on this recommendation.

HEALTH CARE SERVICES FUND PROGRAMS: Senate Bill 06-044 required three different payments from the Colorado Health Care Services Fund: (1) 18 percent to Denver Health; (2) an allocation to clinics operated by hospitals based on prior client utilization data as specified by Department rule; and (3) an allocation to federally qualified health centers (FQHCs) based on prior client utilization data as specified by Department rule. The appropriation for the FQHCs is found in the Children's Hospital, Clinic Based Indigent Care line item discussed above. The other two appropriations (for Denver Health and hospital clinics) are contained in this line item.

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
FY 2008-09 Original Appropriation	\$0	\$9,828,000	\$0	\$9,828,000	\$0
S.B. 09-187 -- HCPF Supplemental Bill	0	(738,000)	0	(738,000)	0
FY 2008-09 Revised Appropriation	\$0	\$9,090,000	\$0	\$9,090,000	\$0
Annualize S.B. 09-187 (BA # 11)	0	(738,000)	0	(738,000)	0
FY 2009-10 Base Recommendation	\$0	\$8,352,000	\$0	\$8,352,000	\$0
No Policy Adjustments	0	0	0	0	0
FY 2009-10 Request / Recommendation	\$0	\$8,352,000	\$0	\$8,352,000	\$0

*In order to accurately compare the Department's request to staff's recommendation, the Department's decision items and budget amendments in this summary table have been modified to build off the most current appropriation (including S.B. 09-187) rather than from the original appropriation.

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
CF - Health Care Services Fund	4,176,000	4,176,000	0	0.00%

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Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
FF - Federal Funds	4,176,000	4,176,000	0	0.00%
TOTAL FUNDS	\$8,352,000	\$8,352,000	\$0	0.00%

Issue Detail

Annualize S.B. 09-187: The Department requests and staff recommends a decrease of \$738,000 total funds in FY 2009-10 to complete the reallocation of the funding from the Health Care Services Fund that was begun in S.B. 09-187. This funding is transferred to The Children's Hospital, Clinic Based Indigent Care line item. The net impact of this issue is zero. See The Children's Hospital, Clinic Based Indigent Care line item for a more detailed explanation and background.

Legislation Recommended

Staff recommends a legislative change to reduce the required \$15.0 million General Fund transfer to the Health Care Services Fund to \$12.9 million in FY 2008-09 and \$11.9 million FY 2009-10. The following table shows how this recommendation impacts this line item.

	FY 2008-09 Without ARRA	FY 2008-09 With ARRA	FY 2009-10 Without ARRA	FY 2009-10 With ARRA
CF - Health Care Service Fund allocation to Denver Health	\$2,700,000	\$2,325,375	\$2,700,000	\$2,149,740
CF - Health Care Services Fund allocation to Hospital Clinics	1,845,000	1,589,006	1,476,000	1,175,191
Federal Funds	<u>4,545,000</u>	<u>5,175,619</u>	<u>4,176,000</u>	<u>5,027,069</u>
Total Funds	\$9,090,000	\$9,090,000	\$8,352,000	\$8,352,000
Amount of HCS Fund to be transferred to General Fund		\$630,619		\$851,069

See staff's legislation summary section for additional details on this recommendation.

PEDIATRIC SPECIALITY HOSPITAL: This line item was first added during FY 2005-06. The line item provides funding for The Children's Hospital in an effort to help offset the costs of

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providing care to large numbers of Medicaid and indigent care clients. The line item is funded with General Fund, Cash Funds (Pediatric Specialty 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.

Incremental Budget Change Issue	Department Request		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
FY 2008-09 Original Appropriation	\$5,551,000	\$12,865,212	\$5,551,000	\$12,865,212	\$0
S.B. 09-187 -- HCPF Supplemental Bill*	0	0	0	0	0
FY 2008-09 Revised Appropriation	\$5,551,000	\$12,865,212	\$5,551,000	\$12,865,212	\$0
Revenue Adjustment for Amendment 35 Tobacco Tax	0	0	0	18,000	0
Revenue Adjustment for Master Tobacco Tax Settlement	0	0	0	(62,494)	0
FY 2009-10 Base Recommendation	\$5,551,000	\$12,865,212	\$5,551,000	\$12,820,718	\$0
Reduction due to economic conditions (BA #22 & BA #22a)	0	0	0	0	0
FY 2009-10 Request / Recommendation	\$5,551,000	\$12,865,212	\$5,551,000	\$12,820,718	\$0

*As introduced, S.B. 09-187 contained a \$4.0 million total fund reduction (\$2.0 million General Fund) to this line item. This reduction was amended out in the House of Introduction (Senate) and was not restored in the House.

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	\$5,551,000	\$5,551,000	\$0	0.00%
CF - Pediatric Speciality Hospital Fund (Master Tobacco Settlement Account in the PSH Fund)	386,606	355,359	(31,247)	(8.08)%
RF - Pediatric Speciality Hospital Fund (GFE Transfer to the PSH Fund)	495,000	504,000	9,000	1.82%
FF - Federal Funds	6,432,606	6,410,359	(22,247)	(0.35)%
TOTAL FUNDS	\$12,865,212	\$12,820,718	(\$44,494)	(0.35)%

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Issue Detail

Revenue Adjustment for Amendment 35 Tobacco Tax: Staff recommends an increase of \$18,000 total funds (\$9,000 state funds) based on the December Legislative Council Staff Amendment 35 Tobacco Tax revenue forecast and the amount of prior year funding available that was not previously appropriated. Exhibit S of this packet contains staff's calculations for Amendment 35 Tobacco Tax revenue available for this recommendation.

Revenue Adjustment for Master Tobacco Tax Settlement: Staff recommends a decrease of \$62,494 (\$31,247 state funds) based on the Legislative Council Staff revenue forecast for the Master Tobacco Settlement Payments. Staff's recommendation is consistent with the Committee's action on March 2nd related to the JBC staff presentation on "Programs Funded with Tobacco Settlement Payments."

Reduction due to economic conditions: On January 15, 2009, the Governor's Office submitted a request to reduce funding for the program by \$7,102,000 (\$3,551,000 General Fund) in FY 2009-10. On January 27, 2009 the Governor's Office withdrew this request. Because the funding for this program is discretionary, staff has included the Governor's original request on the "option list" at the end of this packet.

Legislation Recommended

Option 1: Staff recommends a legislative change to reduce the required \$504,000 General Fund transfer to the Pediatric Speciality Hospital line item to Health Care Services Fund to \$426,319 in FY 2008-09, \$401,285 in FY 2009-10, and 444,560 in FY 2010-11 and to reduce the Tier II Tobacco Master Settlement transfer to the Pediatric Speciality Hospital Fund Account to \$317,191 in FY 2008-09, \$282,937 in FY 2009-10, and \$330,763 in FY 2009-10. Staff recommends this change to maximize the amount of additional FMAP available to the State General Fund from the American Recovery and Reinvestment Act (ARRA). The following table shows how this recommendation impacts this line item.

	FY 2008-09 W/O ARRA	FY 2008-09 With ARRA	FY 2009-10 W/O ARRA	FY 2009-10 With ARRA	FY 2010-11 With ARRA
General Fund*	\$5,551,000	\$4,780,799	\$5,551,000	\$4,419,706	\$4,985,353
CF - Pediatric Speciality Hospital Fund (Master Tobacco Settlement Account in the PSH Fund)	368,292	317,191	355,359	282,937	330,763

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	FY 2008-09 W/O ARRA	FY 2008-09 With ARRA	FY 2009-10 W/O ARRA	FY 2009-10 With ARRA	FY 2010-11 With ARRA
RF - Pediatric Speciality Hospital Fund (GFE Transfer to the PSH Fund)	495,000	426,319	504,000	401,285	444,560
FF -- Medicaid Match	<u>6,414,292</u>	<u>7,304,275</u>	<u>6,410,359</u>	<u>7,716,790</u>	<u>7,067,908</u>
Total Funds	\$12,828,584	\$12,828,584	\$12,820,718	\$12,820,718	\$12,828,584
Amount that can be transferred to GF from CF & RF		\$119,782		\$179,070	\$87,969

*The table above shows the General Fund impact of the ARRA FMAP increase. **However, staff recommends that the General Fund appropriation remain at \$5,551,000 in the Long Bill for FY 2008-09 and FY 2009-10.** The (M) notation in the Long Bill will automatically reduce the General Fund appropriation (to the amount shown in the table above) as additional matching federal funds are received. Maintaining the General Fund appropriation at the current level will ensure that the 6.0 percent limit (or a portion thereof) is maintained. Therefore, when this temporary federal funding is reduced there will be room to add the General Fund back in under the 6.0 percent limit.

See the Legislative summary section of this packet for a complete write-up of this proposal.

Option 2: Staff recommends eliminating the Pediatric Speciality Hospital Fund. The Colorado Constitution requires that 3 percent of Amendment 35 tobacco tax revenues be appropriated for health related purposes to provide revenue for the state's General Fund, Old Age Pension Fund, and municipal and county governments. House Bill 05-1262 provided that 20 percent of the 3 percent (0.6 percent of total Amendment Tobacco Tax revenues) be appropriated to the General Fund and that 50 percent of those revenues be appropriated to Pediatric Speciality Hospital Fund (the other 50 percent of the GF revenues are appropriated to the Department of Public Health and Environment). ***These requirements result in the same money being appropriated three times in the Long Bill as follows:***

- A) \$504,000 Tobacco Tax Cash Fund appropriation to General Fund (HCPF portion) required by the Colorado Constitution (can not change this).
- B) \$504,000 General Fund Exempt appropriation into the Pediatric Speciality Hospital Fund required by statute (can change this).
- C) \$504,000 Reappropriated Funds appropriation in the Pediatric Speciality Hospital Program Line Item (actual expenditure authority - the constitution requires that revenues generated from the Tobacco Tax shall be annually appropriated).

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The only Constitutional requirement is for the transfer from the Tobacco Tax Cash Fund to the General Fund. The Constitution also requires that this General Fund money be used for a health related purpose. There is no need to appropriate funds from the General Fund into the Pediatric Speciality Hospital Program. A direct General Fund appropriation can go to the Pediatric Speciality Program line item without first passing through a special fund. There is no need for this appropriation. (Because these funds are exempt from the 6.0% limit, it doesn't matter if it is a GF appropriation).

Staff also recommends eliminating the Master Tobacco Tax Account in the Pediatric Speciality Program. Staff has prepared three scenarios for Option 2 as follows:

- 1) Eliminate the Pediatric Speciality Hospital Fund and the entire appropriations into it from both the Amendment 35 Tobacco Tax Revenues and from the Master Tobacco Settlement Revenues.
- 2) Appropriate the same amount of revenues that are currently appropriated from the Pediatric Speciality Hospital Fund and Account but appropriate these funds directly from their current revenue source (instead of creating special funds and accounts that end of double counting the same appropriations twice in the Long Bill).
- 3) Reduce, but don't eliminate, the amount of revenue appropriated to the Pediatric Hospital Program line item from these revenue sources but make the appropriation directly from the current revenue source (instead of a special fund or account that ends up double counting the same appropriations twice in the Long Bill). The table below shows this scenario at a 50% funding level.

This table does not show the ARRA impacts	Current Law No Change	FY 2009-10 Scenario 1	FY 2009-10 Scenario 2	FY 2009-10 Scenario 3
General Fund	\$5,551,000	\$5,551,000	\$5,551,000	\$5,551,000
General Fund Exempt -- from Amendment 35 Tobacco Tax	0	0	504,000	252,000
Cash Fund - Direct Appropriation from Master Tobacco Settlement Fund	0	0	355,359	177,680
Cash Fund - Pediatric Speciality Hospital Fund (revenues from Supplemental Tobacco Litigation Settlement Moneys)	355,359	0	0	0

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This table does not show the ARRA impacts	Current Law No Change	FY 2009-10 Scenario 1	FY 2009-10 Scenario 2	FY 2009-10 Scenario 3
Reappropriated Fund - Pediatric Speciality Hospital Fund (revenues from GFE appropriation required by H.B. 05-1262)	504,000	0	0	0
FF -- Medicaid Match	<u>6,410,359</u>	<u>5,551,000</u>	<u>6,410,359</u>	<u>5,980,680</u>
Total Funds	\$12,820,718	\$11,102,000	\$12,820,718	\$11,961,359
Funding transferred to other General Fund purposes (or to avoid other General Fund reductions)		\$1,718,718	\$0	\$859,359

See staff's legislation summary section for full details on this recommendation.

Other Items to Consider Related to Staff's Legislative Recommendations

1. The Governor's Office current budget balancing proposal contains a 4.33% cut to inpatient hospitals rates in the Medical Services Premiums line item (this did not change with the passage of ARRA and the Governor's Office latest balancing letter on February options). The Governor's Office estimated savings for a 4.33% inpatient rate reduction is \$18.8 million total funds. The impact to Children's Hospital could be greater than scenario 1 or 3 above if the Committee has to implement a 4.33% inpatient hospital provider rate reduction as proposed by the Governor's Office. (In FY 2007-08, The Children's Hospital expenditures from the MSP line item were \$43.6 million -- a 4.33% cut on that base is approximately \$1.7 million).
2. Staff has recommended a total fund increase of \$2.2 million (\$1.1 General Fund) for private hospitals in the Safety Net Provider Payments line item in both FY 2008-09 and FY 2009-10. The Children's Hospital allocation from the Safety Net Provider Payments should receive some increase do to that recommendation. The Children's Hospital receives about 11.0 percent of the funding distributed to the private hospitals from the Safety Net Provider line item (Legislative Request for Information #23).

H.B. 05-1262 APPROPRIATION FROM GENERAL FUND TO PEDIATRIC SPECIALITY HOSPITAL FUND: Section 24-22-117 (1) (c) (I) (A), C.R.S. (2007) requires that 0.6 percent of all tobacco tax revenues appropriated into the Tobacco Tax Cash Fund be appropriated to the

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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 Speciality Hospital Fund. This line item fulfills this statutory requirement.

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund Exempt	Total Funds	General Fund Exempt	Total Funds	GF Only
FY 2008-09 Appropriation	\$495,000	\$495,000	\$495,000	\$495,000	\$0
Updated Amendment 35 Tobacco Tax Revenue Forecast	0	0	0	9,000	0
FY 2009-10 Base Recommendation	\$495,000	\$495,000	\$495,000	\$504,000	\$0
No Policy Adjustments	0	0	0	0	0
FY 2009-10 Request / Recommendation	\$495,000	\$495,000	\$495,000	\$504,000	\$0

*This fund source for this line item is totally from General Fund Exempt. This General Fund Exempt appropriation is exempt from both the TABOR limits and the 6.0% statutory limit on General Fund appropriations.

Issue Detail

Updated Amendment 35 Tobacco Tax Revenue Forecast: Staff recommends an increase of \$9,000 based on the December Legislative Council Staff Amendment 35 Tobacco Tax revenue forecast plus the amount of prior year funding that was not previously appropriated. Exhibit S of this packet contains staff's calculations for this recommendation.

Legislation Recommended

Option 1: See the discussion of Option 1 under the Pediatric Speciality Hospital line item for a description of this legislative proposal and the impacts to this line item.

Option 2: See the discussion of Option 2 under the Pediatric Speciality Hospital line item for a description of this legislative proposal. Under all 3 scenarios staff has proposed for Option 2, this line item could be eliminated in future Long Bills and therefore, eliminate an unnecessary double counting of the same appropriation.

See staff's Legislation Summary Section for full details on all statutory change recommendations.

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H.B. 05-1262 APPROPRIATION FROM TOBACCO TAX CASH FUND TO THE GENERAL FUND TO PEDIATRIC SPECIALITY HOSPITAL FUND: Section 24-22-117 (i) (c) (I) (A), C.R.S. (2008) that requires that 0.6 percent 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.

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund Exempt	Total Funds	General Fund Exempt	Total Funds	GF Only
FY 2008-09 Appropriation	\$0	\$495,000	\$0	\$495,000	\$0
Updated Amendment 35 Tobacco Tax Revenue Forecast	0	0	0	9,000	0
FY 2009-10 Base Recommendation	\$0	\$495,000	\$0	\$504,000	\$0
No Policy Adjustments	0	0	0	0	0
FY 2009-10 Request / Recommendation	\$0	\$495,000	\$0	\$504,000	\$0

*This fund source for this line item is totally from the Tobacco Tax Cash Fund. This appropriation meets the Constitutional requirement that a portion of 3 percent of the revenues collected under Amendment 35 be appropriated to the General Fund for a Health Related Purpose.

Issue Detail

Updated Amendment 35 Tobacco Tax Revenue Forecast: Staff recommends an increase of \$9,000 based on the December Legislative Council Staff Amendment 35 Tobacco Tax revenue forecast plus the amount of prior year funding that was not previously appropriated. Exhibit S of this packet contains staff's calculations for this recommendation.

Legislation Recommended

Option 1: See the discussion of Option 1 under the Pediatric Speciality Hospital line item for a description of this legislative proposal's impacts to this line item.

Option 2: See the discussion of Option 2 under the Pediatric Speciality Hospital line item for a description of this legislative proposal.

See staff's Legislation Summary Section for full details on all statutory change recommendations.

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PRIMARY CARE FUND PROGRAM: 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.

Incremental Budget Change Issue	Department Request		Staff Recommendation		Staff-Dept
	General Fund	Total Funds*	General Fund	Total Funds*	GF Only
FY 2008-09 Appropriation	\$0	\$31,294,657	\$0	\$31,294,657	\$0
Updated Amendment 35 Tobacco Tax Revenue Forecast	0	0	0	625,343	0
FY 2009-10 Base Recommendation	\$0	\$31,294,657	\$0	\$31,920,000	\$0
No Policy Adjustments	0	0	0	0	0
FY 2009-10 Request / Recommendation	\$0	\$31,294,657	\$0	\$31,920,000	\$0

*The fund source for this line item is totally from the Primary Care Fund created Section 24-22-117 (1) (b) (I), C.R.S.

Issue Detail

Updated Amendment 35 Tobacco Tax Revenue Forecast: Staff recommends an increase of \$625,343 based on the December Legislative Council Staff Amendment 35 Tobacco Tax revenue forecast plus the amount of prior year funding that was not previously appropriated. Exhibit S of this packet contains staff's calculations for this recommendation.

Legislation Recommended

Option 1: See the discussion of Option 1 under the Pediatric Speciality Hospital line item for a description of this legislative proposal's impacts to this line item.

Option 2: See the discussion of Option 2 under the Pediatric Speciality Hospital line item for a description of this legislative proposal.

See staff's Legislation Summary Section for full details on all statutory change recommendations.

S.B. 06-145 INPATIENT PROVIDER FEE: This line item reflects the estimated matching federal funds available for local government inpatient hospital payments that may be possible from the passage of S.B. 06-145. Because the Department is the single state agency to receive all Medicaid

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funding, the federal funds for these local funds must be appropriated to the Department for later disbursement to the local governments. The local government match is also reflected in appropriation.

Incremental Budget Change Issue	Department Request		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
FY 2008-09 Original Appropriation	\$0	\$2,154,322	\$0	\$2,154,322	\$0
S.B. 09-187 -- HCPF Supplemental Bill	0	(2,154,322)	0	(2,154,322)	0
FY 2008-09 Revised Appropriation	\$0	\$0	\$0	\$0	\$0
Reverse S.B. 09-187 Supplemental	0	2,154,322	0	0	0
FY 2009-10 Base Recommendation	\$0	\$2,154,322	\$0	\$0	\$0
No Policy Issues	0	0	0	0	0
FY 2009-10 Request / Recommendation	\$0	\$2,154,322	\$0	\$0	\$0

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
CF - Local Government Hospital Provider Fees	\$1,077,161	\$0	(\$1,077,161)	(100.00)%
FF - Federal Funds	1,077,161	0	(1,077,161)	(100.00)%
TOTAL FUNDS	\$2,154,322	\$0	(\$2,154,322)	(100.00)%

Issue Detail

Reverse S.B. 09-187 Supplemental: The Department requests an appropriation of \$2,154,322 in order to implement S.B. 06-145 related a local government inpatient provider fee. **Staff does not recommend a FY 2009-10 appropriation at this time for this line item.**

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Background Information

During the 2006 Legislative Session, the General Assembly passed S.B. 06-145 which authorized local governments to assess a provider fee on the inpatient and outpatient revenues of private hospitals within their jurisdiction. The monies collected from the fee were to be supplemented with federal Medicaid funds, subject to the available upper payment limit (UPL), and redistributed to private hospitals based on their unreimbursed costs of treating Medicaid and Colorado Indigent Care Program clients. Local Government participation is voluntary, but participation by hospital providers with the local government's jurisdiction is mandatory (i.e. all hospitals must be assessed the fee within the taxing jurisdiction).

In 2007, the City of Brighton expressed interest in charging the provider fee on Platte Valley Medical Center (the only hospital provider in Brighton). The Department submitted state plan amendments (TN 06-013 for inpatient and TN 06-014 for outpatient) to the Centers for Medicare and Medicaid Services (CMS) regarding a reimbursement methodology in order to implement S.B. 06-145. The General Assembly approved appropriations in FY 2007-08 and FY 2008-09 based on the assumption that the state plan amendments would be approved. However, CMS rejected the state plan amendments. Therefore, the Department reverted the FY 2007-08 appropriations and the FY 2008-09 appropriations were eliminated in S.B. 09-187.

The state plan amendments were rejected by CMS because CMS concluded that the Department's reimbursement methodology did not meet the federal regulation requirements regarding hold harmless arrangements. In general, a health care related provider fee must:

- ✓ Be broad-based;
- ✓ Be uniform; and
- ✓ Avoid hold harmless arrangements.

Because S.B. 06-145 exempts public hospitals from the imposition of the local government provider fee, CMS will require the Department to submit a waiver request from the "broad-based" requirement. In addition, CMS found that the Department's proposal did not avoid the hold harmless requirement in that the local government was holding the sole tax payer (only one hospital) harmless for all or a portion of the tax.

Currently, the Department is exploring alternatives to the proposed provider fee. The Department requests that the funding be appropriated in FY 2009-10 in order to safeguard against a lack of spending authority in the case that the revised provider fee can be implemented in FY 2009-10. Staff believes that obtaining a waiver for the broad-based requirement will not be granted in FY 2009-10. Staff is also doubtful that CMS will approve any plan where there is only one provider affected and

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the provider is receiving all of the provider tax fee back with additional federal match. Staff also believes that if the Hospital Provider Fee bill becomes law, Platte Valley Medical Center and the City of Brighton may no longer want to pursue this option. Therefore, staff does not recommend an appropriation in FY 2009-10. If the Department receives approval of additional state plan amendments or waiver requests, they can submit a 1331 supplemental or regular supplemental to add the expenditure authority at the time approval has been obtained.

S.B. 06-145 OUTPATIENT PROVIDER FEE: This line item reflects the estimated matching federal funds available for local government outpatient hospital payments that may be possible from the passage of S.B. 06-145. Because the Department is the single state agency to receive all Medicaid funding, the federal funds for these local funds must be appropriated to the Department for later disbursement to the local governments. The local government match is also reflected in appropriation.

Incremental Budget Change Issue	Department Request		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
FY 2008-09 Original Appropriation	\$0	\$3,051,374	\$0	\$3,051,374	\$0
S.B. 09-187 -- HCPF Supplemental Bill	0	(3,051,374)	0	(3,051,374)	0
FY 2008-09 Revised Appropriation	\$0	\$0	\$0	\$0	\$0
Reverse S.B. 09-187 Supplemental	0	3,051,374	0	0	0
FY 2009-10 Base Recommendation	\$0	\$3,051,374	\$0	\$0	\$0
No Policy Issues	0	0	0	0	0
FY 2009-10 Request / Recommendation	\$0	\$3,051,374	\$0	\$0	\$0

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
CF - Local Government Hospital Provider Fees	\$1,525,687	\$0	(\$1,525,687)	(100.00)%
FF - Federal Funds	1,525,687	0	(1,525,687)	(100.00)%
TOTAL FUNDS	\$3,051,374	\$0	(\$3,051,374)	(100.00)%

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Issue Detail

Reverse S.B. 09-187 Supplemental: The Department requests an appropriation of \$3,051,374 in order to implement S.B. 06-145 related a local government outpatient provider fee. **Staff does not recommend a FY 2009-10 appropriation for this line item at this time.** See staff's explanation for the S.B. 06-145 Inpatient Provider Fee line item recommendation for more detail.

CHILDREN'S BASIC HEALTH PLAN: The next four line items provide funding for the Children's Basic Health Plan program. The first two line items discussed provide funding for the health and dental costs of the eligible clients. The third line is the external administrative costs for the CBHP program (the Department's internal administrative costs are funded in the Executive Director's Office and CBMS line item). The last line item is for supplemental appropriations into the CBHP Trust Fund if funding for the dedicated fund sources are insufficient to meet the State matching requirements for program costs.

CHILDREN'S BASIC HEALTH PLAN PREMIUM COSTS: This line item contains the medical costs associated with serving the eligible children and adult pregnant women on the CBHP program. 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.

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
FY 2008-09 Original Appropriation	\$0	\$154,739,207	\$0	\$154,739,207	\$0
S.B. 09-187 - HCPF Supplemental Bill	0	(23,374,872)	0	(23,374,872)	
S.B. 09-211 -- Eliminate CBHP Expansion to 225% FPL	0	(2,883,046)	0	(2,883,046)	0
FY 2008-09 Revised Appropriation	\$0	\$128,481,289	\$0	\$128,481,289	\$0
Long Bill Supplemental Adjustments	0	(6,540,672)	0	(7,600,324)	0
FY 2008-09 Final Req*/Rec. App.	\$0	\$121,940,617	\$0	\$120,880,965	\$0
Annualize Prior Year Legislation	0	646,751		646,751	0
FY 2009-10 Base Recommendation	\$0	\$122,587,368	\$0	\$121,527,716	\$0

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Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
Caseload and Cost Adjustment (DI #3, BA #3, BA #21, #33 & Prior Year Budget Actions for Building Blocks and Gaps in Funding)	0	24,116,761	0	27,036,496	0
FY 2009-10 Base + Caseload/Cost Adj.	\$0	\$146,704,129	\$0	\$148,564,212	\$0
Provider Utilization and Rate Adjustments (BA #33)	0	(2,900,000)	0	(2,900,000)	0
FY 2009-10 Request / Recommendation	\$0	\$143,804,129	\$0	\$145,664,212	\$0

*In order to accurately compare the Department's request to staff's recommendation, the Department's decision items and budget amendments in this summary table has been modified to build off the most current appropriation (including S.B. 09-187 and S.B. 09-211) rather than from the original appropriation.

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
CF - CBHP Trust Fund Enrollment Fees	\$0	\$329,045	\$329,045	n/a
CF - CBHP Trust Fund	\$25,055,902	\$25,743,220	\$687,318	2.74%
CF - CBHP Trust Fund (Supplemental Master Tobacco Settlement Revenue)	\$1,776,793	\$1,761,388	(\$15,405)	(0.87)%
CF - Health Care Expansion Fund	\$20,141,930	\$21,177,045	\$1,035,115	5.14%
CF - Immunization Fund	\$461,102	\$461,727	\$625	0.14%
RF - CBHP Trust Fund from Enrollment Fees	\$322,822	\$0	(\$322,822)	(100.00)%
RF - CBHP Trust Fund from General Fund	\$2,782,730	\$1,723,928	(\$1,058,802)	(38.05)%
FF - Federal Funds	93,262,850	94,467,859	1,205,009	1.29%
TOTAL FUNDS	\$143,804,129	\$145,664,212	\$1,860,083	1.29%

Issue Detail

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Annualize Prior Year Legislation: The Department requests and staff recommends an increase of \$5.5 million total funds in FY 2009-10 to annualize prior year budget actions and legislation. Specifically, the following increases are added: (1) \$584,251 to annualize the costs associated with increasing the CBHP mental health benefit to the same benefit offered to Medicaid children as required by S.B. 08-160; and (2) \$62,500 to annualize the costs of increasing the hearing aide benefit as required by S.B. 08-057.

Caseload and Cost Adjustment: The Department requests an increase of \$24.1 million total funds for forecasted increases to the CBHP program caseload and medical costs. The Department's recommendation is based on serving 65,882 children at a per capita cost of \$1,929.26 and 1,805 women in the prenatal program at a per capita cost of \$10,859.07. Staff recommends an increase of \$27.0 million total funds for this issue. Staff's recommendation is based on serving 67,152 children at a per capita cost of \$1,917.89 and 1,821 women at a per capita cost of \$10,869.07. Please note the per capita costs sighted in this issue include the costs associated with annualizing S.B. 08-057 and S.B. 08-160.

Provider Utilization and Rate Adjustments: The Department requests and staff recommends a decrease of \$2.9 million total fund in FY 2009-10. The savings for this issue result from two issue:

- (1) *Pay Some Immunization Costs from the Vaccines for Children Program:* The Department estimates that program costs could be reduced by \$900,000 by requiring CBHP programs providers to utilize the federal Vaccines for Children (VFC) program when providing vaccinations to CBHP children. Staff recommends the Department's request. However, because this is a new cost saving initiative, staff recommends a "Request for Information" report regarding the actual implementation and savings achieved. See the "Request for Information" section for more details.
- (2) *Recoup Funding from Reinsurance Providers:* The Department estimates, based on information provided by their actuary, that there are approximately \$2.0 million in outstanding claims that can be recovered from reinsurance providers. The Department plans to more aggressively pursue these recoupments. Staff recommends the Department's request for this issue.

Additional Information

The CBHP program is not an entitlement program per federal law or state law. The CBHP program can be capped based on the amount of funding the General Assembly appropriates.

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Therefore, the Committee could make a decision to not fund the natural caseload and costs forecasted (this was done in FY 2003-04). However, because the program's caseload and funding can not be capped without disenrolling pregnant women (children can not be capped under federal law if adults are served on the program), staff recommends that the Committee fund the forecasted caseload and costs for the CBHP program. Table 1 below shows the differences between the Department's and staff's recommendation for the base caseload and costs (does not include the saving initiatives discussed above).

Table 1: Base Caseload Assumptions for Department and Staff Forecasts			
	Department Request	Staff Recommendation	Difference
Children's Caseload	65,882	67,152	1,270
Children's Per Capita Costs	<u>\$1,929.26</u>	<u>\$1,917.89</u>	(\$11.37)
Total Costs for Children	\$127,103,507	\$128,789,846	\$1,686,339
Adult Caseload	1,805	1,821	16
Adult Per Capita Costs	<u>\$10,859.07</u>	<u>\$10,859.07</u>	\$0.00
Total Costs for Adults	\$19,600,621	\$19,774,366	\$173,745
Total Premiums	\$146,704,129	\$148,564,212	\$1,860,084

Staff's children caseload is 1,270 clients (1.9 percent) higher than the Department's forecast. Staff's forecast is the outcome of staff's trend analysis for the three different children populations (up to 185% FPL, from 185% to 200% FPL and from 200% to 205% FPL). Staff's children's caseload forecast is an increase of 8.7 percent over staff's final FY 2008-09 caseload estimate of 61,801 children. Staff believes that healthy caseload growth will occur in FY 2009-10 for the following reasons:

- (1) State unemployment will continue to be higher than usual throughout FY 2009-10 causing clients to enter and stay on the program longer, and

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- (2) the negative impact from the Deficit Reduction Act (DRA) citizenship rules will have worked its way through the caseload trend by the end of FY 2008-09 and normal caseload growth will once again occur in FY 2009-10.

Staff's adult prenatal caseload forecast is only 16 clients (0.9 percent) higher than the Department's forecast. Both the Department and staff forecast a slowing of the growth trend for this population in FY 2009-10 based on similar patterns for the Baby Care Adult Medicaid program.

Staff's per capita estimate for the children is slightly lower than the Department's based on staff's lower forecast for FY 2008-09. Staff trends her FY 2008-09 estimate by the same trend factor used by the Department (approximately 18%) based on the recommendations of the Department's actuary and costs of benefits added under special legislation. However, because staff forecasted a slightly lower trend in FY 2008-09, her FY 2009-10 per capita is also slightly lower. Staff recommends the Department's per capita estimate for the adult prenatal program. See Exhibit O for additional information regarding caseload and cost estimates.

Table 2 below shows what is driving the costs for the children's population.

Table 2: Analysis of Factors Driving the Children's Premium Costs						
	FY 2008-09 Staff Recommended Appropriation	FY 2009-10 Department's Request	FY 2009-10 Staff Rec.	FY 2009-10 Department Compared to Suppl. App.	FY 2009-10 Staff Rec. Compared to Suppl App.	FY 2009-10 Staff Rec. compared to Dept. Request
Total Cost Estimated	\$100,472,358	\$127,103,507	\$128,789,846	\$26,631,149	\$28,317,488	\$1,686,339
Caseload	61,801	65,882	67,152	4,081	5,351	1,270
\$/Client*	\$1,625.74	\$1,929.26	\$1,917.89	\$303.52	\$292.15	(\$11.37)
Impact Associated with Caseload Change				\$6,634,645	\$8,699,335	\$2,450,160
Impact Associated with Cost per Client Changes (includes compounding effect)				\$19,996,504	\$19,618,154	(\$763,821)
Subtotal CBHP base forecasting				\$26,631,149	\$28,317,488	\$1,686,339

The Department has changed their methodology for estimating capitation rates in FY 2009-10 by incorporating more current plan specific data. In doing so, the contracted actuaries capitation

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estimates showed large increases for both the HMO and self-funded network. Reasons for these increases could include:

- 1) The program is seeing higher enrollment in the 0 through 2 age group, which has higher costs;
- 2) Utilization of services has been increasing and the unit cost for those services has increased; and
- 3) A number of benefit expansions have occurred since FY 2007-08 (i.e. mental health, medical home, hearing aides, cervical cancer vaccine, etc.).

Because of the high per capita cost increased projected for FY 2009-10, staff recommends a Request for Information Report (to be submitted with the November 1 Budget Request) updating the Committee on whether the forecasted cost trends are occurring.

Table 3 below shows what is driving the costs for the adult prenatal program population.

Table 3: Analysis of Factors Driving the Adult Pregnant Premium Costs						
	FY 2008-09 Staff Recommended Appropriation	FY 2009-10 Department's Request	FY 2009-10 Staff Rec.	FY 2009-10 Department Compared to Suppl. App.	FY 2009-10 Staff Rec. Compared to Suppl App.	FY 2009-10 Staff Rec. compared to Dept. Request
Total Cost Estimated	\$20,408,607	\$19,600,621	\$19,774,366	(\$807,986)	(\$634,241)	\$173,745
Caseload	1,693	1,805	1,821	112	128	16
\$/Client*	\$12,054.70	\$10,859.07	\$10,859.07	(\$1,195.63)	(\$1,195.63)	\$0.00
Impact Associated with Caseload Change				\$1,350,126	\$1,543,002	\$173,745
Impact Associated with Cost per Client Changes (includes compounding effect)				(\$2,158,112)	(\$2,177,243)	\$0
Subtotal Adult Prenatal Program for base forecasting				(\$807,986)	(\$634,241)	\$173,745

Per capita rates for the prenatal program are anticipated to decrease in FY 2009-10 from the FY 2008-09 rates mainly because the Department will implement a new methodology for reimbursing hospitals under the CBHP program beginning in FY 2009-10. Because this population has high

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hospital utilization (i.e. births) the change in methodology will significantly change the costs in FY 2009-10. Currently, the Department reimburses inpatient hospitals at approximately 65 percent of billed charges for the self-funded network (all the prenatal population is served in the self-funded network). In FY 2009-10, the Department will begin paying on a diagnosis-related group (DRG) payment methodology that is very similar to the methodology used under Medicaid. This change will bring the per capita costs for adult pregnant women in the CBHP program closer to the per capita costs in the Medicaid program.

CHILDREN'S BASIC HEALTH PLAN DENTAL BENEFIT COSTS: This line item funds the dental services provided to eligible children enrolled in the Children's Basic Health Plan. The Department currently has a \$600 yearly maximum benefit per client, and a statewide network with several hundred participating dentists.

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
FY 2008-09 Original Appropriation	\$0	\$12,450,809	\$0	\$12,450,809	\$0
S.B. 09-187 - HCPF Supplemental Bill	0	(1,763,681)	0	(1,763,681)	
S.B. 09-211 -- Eliminate CBHP Expansion to 225% FPL	0	(282,415)	0	(282,415)	0
FY 2008-09 Revised Appropriation	\$0	\$10,404,713	\$0	\$10,404,713	\$0
Long Bill Supplemental Adjustments	0	(490,179)	0	(328,678)	0
FY 2008-09 Final Req*/Rec. App.	\$0	\$9,914,534	\$0	\$10,076,035	\$0
No Technical Adjustments	0	0	0	0	0
FY 2009-10 Base Recommendation	\$0	\$9,914,534	\$0	\$10,076,035	\$0
Caseload and Cost Adjustment (DI #3, BA #3, Prior Year Budget Actions for Building Blocks and Gaps in Funding)	0	718,821	0	872,427	0
FY 2009-10 Base + Caseload/Cost Adj.	\$0	\$10,633,355	\$0	\$10,948,462	\$0
No Long Bill Policy Adjustments	0	0	0	0	0
FY 2009-10 Request / Recommendation	\$0	\$10,633,355	\$0	\$10,948,462	\$0

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Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
CF - CBHP Trust Fund	\$2,360,491	\$2,525,196	\$164,705	6.98%
CF - CBHP Trust Fund -- Supplemental	\$133,825	\$0	(\$133,825)	(100.00)%
CF - Health Care Expansion Fund	\$1,227,358	\$1,306,766	\$79,408	6.47%
FF - Federal Funds	6,911,681	7,116,500	204,819	2.96%
TOTAL FUNDS	\$10,633,355	\$10,948,462	\$315,107	2.96%

Issue Detail

Caseload and Cost Adjustment: The Department requests an increase of \$718,821 total funds in FY 2009-10 from their FY 2008-09 estimate of \$9,914,534 for forecasted increases to the CBHP program caseload and medical costs. The Department's recommendation is based on serving 65,882 children at a per capita cost of \$161.40. Staff recommends an increase of 872,427 total funds in FY 2009-10 over her final estimate of \$10,076,035 in FY 2008-09. Staff's recommendation is based on serving 67,152 children at a per capita cost of \$163.04. Staff's final FY 2009-10 recommendation is \$315,107 total funds (2.96 percent) higher than the Department's final request.

Staff's caseload forecast is based on her trend model for the children served in the CBHP program. For more details on the caseload, see the CBHP Premium line item. Staff's recommended per capita funding is based on the staff's estimate of per capita costs in FY 2008-09 based on 8 months of expenditure data.

CHILDREN'S BASIC HEALTH PLAN ADMINISTRATION: 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.).

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Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
FY 2008-09 Original Appropriation	\$0	\$6,952,590	\$0	\$6,952,590	\$0
S.B. 09-187 - HCPF Supplemental Bill	0	(600,000)	0	(600,000)	0
FY 2008-09 Revised Appropriation	\$0	\$6,352,590	\$0	\$6,352,590	\$0
Remove One-Time Funding and Annualize S.B. 09-187 (BA #23)	0	(815,000)	0	(815,000)	0
FY 2009-10 Base Recommendation	\$0	\$5,537,590	\$0	\$5,537,590	\$0
No Long Bill Policy Adjustments	0	0	0	0	0
FY 2009-10 Request / Recommendation	\$0	\$5,537,590	\$0	\$5,537,590	\$0

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
CF - CBHP Trust Fund	\$1,933,301	\$1,933,301	\$0	0.00%
CF - Health Care Expansion Fund	\$540,000	\$540,000	\$0	0.00%
FF - Federal Funds	3,064,289	3,064,289	0	0.00%
TOTAL FUNDS	\$5,537,590	\$5,537,590	\$0	0.00%

Issue Detail

Remove One-Time Funding and Annualize S.B. 09-187: The Department requests and staff recommends a decrease of \$815,000 total funds in FY 2009-10 from the revised FY 2008-09 appropriation. The decrease results from two issues:

- (1) \$15,000 total fund decrease related to one-time funding that was provided in H.B. 08-1375 for administrative costs associated with implementing the medical home; and

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- (2) \$800,000 decrease to remove all of the additional funding that was initially provided in FY 2008-09 for additional marketing and outreach activities. IN FY 2008-09, the Department was originally appropriated \$1.4 million for additional marketing and outreach activities. Senate Bill 09-187 reduced the FY 2008-09 appropriation by \$600,000 to remove the unspent funding for this marketing campaign. This recommendation will remove the remaining \$800,000 from the Department's base appropriation in FY 2009-10. The following table shows the administrative activities funded by this line item.

Activity	Cost
Primary Administration and Customer Service	\$3,920,590
Actuary Services	170,000
Quality Assurance	84,610
Claims Audit	62,390
Marketing and Outreach (H.B. 05-1262 requirement)	<u>1,300,000</u>
Total External Administration Contracts	\$5,537,590

CHILDREN'S BASIC HEALTH PLAN TRUST FUND: This line item contains the appropriation of enrollment fees into the Children's Basic Health Plan Trust Fund and any General Fund appropriations that need to be made to the fund in order to meet the obligations from the Trust for the children and adult prenatal caseload eligible to be funded from the Trust Fund. Beginning in the FY 2008-09 staff supplemental, staff recommends that the enrollment fees no longer be shown as an appropriation in the Long Bill. The statute allows for these fees to be deposited into the CBHP Trust Fund without an appropriation. Therefore, appropriating the fees in the Long Bill results in the need to double count funding (when the enrollment fees are spent in the program line items that are shown as "reappropriated funds).

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
FY 2008-09 Original Appropriation	\$0	\$406,045	\$0	\$406,045	\$0
S.B. 09-187 - HCPF Supplemental Bill	0	(406,045)	0	(406,045)	
FY 2008-09 Revised Appropriation	\$0	\$0	\$0	\$0	\$0

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Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
Long Bill Supplemental Adjustments	0	283,866	0	0	0
FY 2008-09 Final Req*/Rec. App.	\$0	\$283,866	\$0	\$0	\$0
No Technical Adjustments	0	0	0	0	0
FY 2009-10 Base Recommendation	\$0	\$283,866	\$0	\$0	\$0
Caseload and Cost Adjustment (DI #3, BA #3, Prior Year Budget Actions for Building Blocks and Gaps in Funding)	2,782,729	2,821,686	1,800,000	1,800,000	(982,729)
FY 2009-10 Base + Caseload/Cost Adj.	\$2,782,729	\$3,105,552	\$1,800,000	\$1,800,000	(\$982,729)
No Long Bill Policy Adjustments	0	0	0	0	0
FY 2009-10 Request / Recommendation	\$2,782,729	\$3,105,552	\$1,800,000	\$1,800,000	(\$982,729)

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund - Appropriation of General Fund to offset Fund Deficit	\$2,782,729	\$1,800,000	(\$982,729)	(35.32)%
CF - Appropriation of Enrollment Into CBHP Trust Fund	\$322,823	\$0	(\$322,823)	(100.00)%
TOTAL FUNDS	\$3,105,552	\$1,800,000	(\$1,305,552)	(135.32)%

Issue Detail

Caseload and Cost Adjustment: The Department requests a \$3.1 million total fund (\$2.8 million General Fund) appropriation into the CBHP Trust Fund in FY 2009-10 based on a projected fund deficit due to CBHP caseload and cost growth (explained in the CBHP premium line item discussion). The Department's request includes \$322,823 in enrollment fees. Staff recommends

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an appropriation of \$1,800,000 General Fund into CBHP Trust Fund to mitigate a projected fund deficit of over \$1,750,000 in FY 2009-10. Staff's estimate is lower than the Department's estimate because staff has slightly different expenditure estimates in FY 2008-09 and FY 2009-10 than the Department's estimates. The table below compares staff's estimates with the Department's estimates.

CBHP Trust Fund	Department Request		Staff Recommendation	
	FY 2008-09	FY 2009-10	FY 2008-09	FY 2009-10
Beginning Balance	\$9,231,077	\$5,469,122	\$9,231,077	\$5,830,544
Tobacco Master Settlement Revenue (includes both distributions)	26,671,052	26,525,395	26,679,099	26,525,395
Annual Enrollment Fees	303,463	322,823	302,825	329,045
Interest Earnings	<u>578,950</u>	<u>522,898</u>	<u>543,195</u>	<u>490,275</u>
Total Revenue	\$36,784,542	\$32,840,238	\$36,756,196	\$33,175,259
CBHP Trust Fund Expenditures* (includes CBHP account and all line items)	31,315,420	35,671,943	30,925,652	34,925,440
Total Expenditures	31,315,420	35,671,943	30,925,652	34,925,440
Estimated Balance	5,469,122	(2,831,705)	5,830,544	(1,750,181)
General Fund Need	n/a	2,831,705	n/a	1,750,181
Interest Earnings on General Fund Appropriation	n/a	(48,976)	n/a	(26,253)
TOTAL APPROPRIATION RECOMMENDED	n/a	2,782,729	n/a	1,723,928

*Matches Department exhibit C.1 -- does not match exactly staff's calculations.

COMPREHENSIVE PRIMARY CARE AND PREVENTATIVE CARE GRANTS PROGRAM: 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 the Tobacco Master Settlement Agreement.

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Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds**	General Fund	Total Funds**	GF Only
FY 2008-09 Original Appropriation	\$0	\$6,459,236	\$0	\$6,459,236	\$0
S.B. 09-187 -- HCPF Supplemental Bill	0	(3,376,556)	0	(3,376,556)	0
FY 2008-09 Revised Appropriation	\$0	\$3,082,680	\$0	\$3,082,680	\$0
Revenue Adjustment for Master Tobacco Tax Settlement	0	90,401	0	10,895	0
FY 2009-10 Base Recommendation	\$0	\$3,173,081	\$0	\$3,093,575	\$0
No Policy Issues	0	0	0	0	0
FY 2009-10 Request / Recommendation	\$0	\$3,173,081	\$0	\$3,093,575	\$0

*In order to accurately compare the Department's Request to staff's recommendation, the Department's decision items and budget amendments in this summary table has been modified to build off the most current appropriation (including S.B. 09-187) rather than from the original appropriation.

**This appropriation is totally from the Comprehensive Primary and Preventive Care Fund created in Section 25.5-3-207 (1), C.R.S.

Issue Detail

Revenue Adjustment for Master Tobacco Tax Settlement: The Department requests a \$3,173,081 total fund appropriation in FY 2009-10 for this line item. Staff recommends a total fund appropriation of \$3,093,575 total funds in FY 2009-10. Staff recommendation is an increase of \$10,985 from the current FY 2008-09 appropriation. Staff's recommendation is based on the Legislative Council Staff revenue forecast for the Master Tobacco Settlement Payments. Staff's recommendation is consistent with the Committee's action on March 2, 2009 related to the JBC staff presentation on "Programs Funded with Tobacco Settlement Payments."

Legislation Recommended

Staff recommends that S.B. 09-210 (a JBC Budget Balancing Bill) be amended to transfer \$2.7 million from the Tier I Distribution to the Comprehensive Primary Care Grant Program to the General Fund in FY 2009-10. Staff's recommendation is an increase of \$1.2 million from the \$1.5 million transfer originally recommended and contained in the introduced version of S.B. 09-210. Staff recommends this legislation in order to avoid making provider rate cuts as proposed by the Governor's Office.

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Items to Consider:

- 1) The Governor's budget balancing does not include the impact from S.B. 09-210.
- 2) Under the Governor's FY 2009-10 request, the Governor rebases the FQHC Rates to the Minimum Allowable under Federal Law (this recommendation is contained in the Medical Services Premiums line item). The estimated savings from this is \$6.1 million total funds (however, only \$2.7 million is General Fund savings).
- 3) Under staff's recommendation the FQHCs would receive a \$2.7 million cut to capital and operating grants (not provider fees for seeing patients). Staff's recommendation may allow the Committee to maintain the current FQHCs provider rates (although the provider rate cut will remain on a budget balancing option list).
- 4) Under the American Recovery and Reinvestment Act (ARRA), Colorado is anticipated to receive \$1.3 million for FQHC grants. This funding can partially offset the decrease in the state funds that staff recommends.

Staff recommends that this issue be added as an amendment to S.B. 09-210 -- a new bill is not necessary to make this change. If the Committee adopts staff's recommendation, this issue could be added to the Conference Committee on S.B. 09-210 scheduled for March 13, 2009.

COMPREHENSIVE PRIMARY CARE AND PREVENTATIVE CARE RURAL AND PUBLIC HOSPITALS PAYMENT: This program provides funding to public and rural hospitals who participate in the Colorado Indigent Care Program (CICP). The state funding comes from a distribution of "TIER II" Tobacco Master Settlement moneys. This funding is eligible for a federal match through the Medicaid program.

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds**	General Fund	Total Funds**	GF Only
FY 2008-09 Original Appropriation	\$0	\$0	\$0	\$0	\$0
S.B. 09-187 -- HCPF Supplemental Bill	0	6,260,962	0	6,260,962	0
FY 2008-09 Revised Appropriation	\$0	\$6,260,962	\$0	\$6,260,962	\$0
Revenue Adjustment for Master Tobacco Tax Settlement	0	311,348	0	(219,866)	0

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Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds**	General Fund	Total Funds**	GF Only
FY 2009-10 Base Recommendation	\$0	\$6,572,310	\$0	\$6,041,096	\$0
No Policy Issues	0	0	0	0	0
FY 2009-10 Request / Recommendation	\$0	\$6,572,310	\$0	\$6,041,096	\$0

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
CF - Local Government Hospital Provider Fees	\$3,286,155	\$3,020,548	(\$265,607)	(8.08)%
FF - Federal Funds	3,286,155	3,020,548	(265,607)	(8.08)%
TOTAL FUNDS	\$6,572,310	\$6,041,096	(\$531,214)	(8.08)%

Issue Detail

Revenue Adjustment for Master Tobacco Tax Settlement. The Department requests a \$6,572,310 total fund appropriation in FY 2009-10 for this line item. Staff recommends a total fund appropriation of \$6,041,096 total funds in FY 2009-10. Staff recommendation is a decrease of \$531,214 total funds from the current FY 2008-09 appropriation. Staff's recommendation is based on the Legislative Council Staff revenue forecast for the Master Tobacco Settlement Payments. Staff's recommendation is consistent with the Committee's action on March 2, 2009 related to the JBC staff presentation on "Programs Funded with Tobacco Settlement Payments."

Legislation Recommended

Staff recommends a legislative change to transfer (at a minimum) the following amounts from the Comprehensive Primary and Preventative Care Tier II distribution to the General Fund:

- ✓ \$435,000 in FY 2008-09,
- ✓ \$616,000 in FY 2009-10, and
- ✓ \$307,000 in FY 2010-11.

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Staff recommends this change to maximize the amount of additional FMAP available to the State General Fund from the American Recovery and Reinvestment Act (ARRA). The following table shows how this recommendation impacts this line item.

	FY 2008-09 W/O ARRA	FY 2008-09 With ARRA	FY 2009-10 W/O ARRA	FY 2009-10 With ARRA	FY 2010-11 With ARRA
CF - Comprehensive Primary and Preventative Grant Program	3,130,481	2,696,127	3,020,548	2,404,960	2,712,754
FF -- Medicaid Match	<u>3,130,481</u>	<u>3,564,835</u>	<u>3,020,548</u>	<u>3,636,136</u>	<u>3,328,342</u>
Total Funds	\$6,260,962	\$6,260,962	\$6,041,096	\$6,041,096	\$6,041,096
Amount that can be transferred to GF from Cash Funds		\$434,354		\$615,588	\$307,794

Staff recommends that the FY 2008-09 impact from this recommendation be included in the Conference Committee on S.B. 09-210. Staff recommends that the FY 2009-10 and FY 2010-11 part of this recommendation be added to the bill staff proposes to "Maximize the State Budget Benefit from the Increased Medicaid Financial Participation Available from the American Recovery and Reinvestment Act."

Under the scenario presented above, the Hospitals would be "held harmless" and the State would get the benefit of the FMAP increase only. Representative Ferrandino has proposed a different scenario where the Hospitals would be receive only \$5.0 million in total funds. The table below shows the impact of the Ferrandino scenario.

	FY 2008-09 W/O ARRA	FY 2008-09 With ARRA	FY 2009-10 W/O ARRA	FY 2009-10 With ARRA	FY 2010-11 With ARRA
CF - Comprehensive Primary and Preventative Grant Program	3,130,481	2,153,125	3,020,548	1,990,500	2,245,250
FF -- Medicaid Match	<u>3,130,481</u>	<u>2,846,875</u>	<u>3,020,548</u>	<u>3,009,500</u>	<u>2,754,750</u>
Total Funds	\$6,260,962	\$5,000,000	\$6,041,096	\$5,000,000	\$5,000,000
Amount that can be transferred to GF from Cash Funds		\$977,356		\$1,030,048	\$775,298

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Other Medical Services Division -- Summary Information

Division Overview: This division contains funding for programs not administered by the Department through the Medicaid or Indigent Care Programs. Six of the line items receive Medicaid funding but are administered by other State Departments, Commissions, or Hospitals. Two of the line items relate to the Old Age Pension State-Only Medical Program. Finally, one program relates to the State Contribution Payment for the Medicare Part D Benefit. This Division represents 4.0 percent of the Department's total funding and 6.0 percent of the Department's General Fund.

Historical Summary:

By Line Item TOTAL FUNDS	FY 2007-08 Actual	FY 2008-09 App.*	FY 2009-10 Dept. Req.	FY 2009-10 Staff Rec.
Old Age Pension State Medical Program	\$9,956,951	\$15,311,715	\$13,223,483	\$15,368,483
Transfer of Tobacco Tax Cash Fund into Supplemental OAP Medicaid Fund	0	2,475,000	2,475,000	2,520,000
Commission on Family Medicine Residency Training Program	1,868,307	1,932,052	2,109,830	1,932,052
Enhanced Prenatal Care Training and Technical Assistance	108,942	117,411	117,041	119,006
Nurse Home Visitor Program	2,736,784	3,010,000	3,010,000	3,010,000
MMA State Contribution Payment	71,350,801	75,283,391	90,187,196	89,684,244
Public School Health Services	19,774,430	27,501,534	27,267,834	20,004,856
Teaching Hospitals - Denver Health	410,000	1,829,008	1,831,714	1,831,714
Teaching Hospitals - University of Colorado	95,251	697,838	723,157	700,935
Total	\$106,301,466	\$128,157,949	\$140,945,255	\$135,171,290
General Fund	83,072,252	77,571,546	92,578,068	91,975,347
Cash Funds	0	29,413,622	29,413,622	25,840,683
CFE/Reappropriated Funds	21,191,928	3,980,000	1,891,768	4,025,000
Federal Funds	2,037,286	17,192,781	17,061,797	13,330,260

*Includes the impact of S.B. 09-132 and S.B. 09-187.

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Other Medical Services Division -- Line Item Detail Information

OLD AGE PENSION STATE MEDICAL PROGRAM CLIENTS: 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. (2007) to provide health care services to persons who qualify to receive old age pensions but who are ineligible for Medicaid or Medicare. In FY 2008-09, the **current** year appropriation was based on serving approximately 5,389 clients at a per capita cost of \$2,841.29.

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	General Fund Only
FY 2008-09 Current Appropriation	\$0	\$15,311,715	\$0	\$15,311,715	\$0
Remove One-Time Fund Balance Appropriation	0	(2,088,232)	0	11,768	0
Tobacco Tax Revenue Forecast Change	0	0	0	45,000	0
FY 2009-10 Base Recommendation	\$0	\$13,223,483	\$0	\$15,368,483	\$0
Policy Adjustments for Long Bill - none	0	0	0	0	0
FY 2009-10 Request / Recommendation	\$0	\$13,223,483	\$0	\$15,368,483	\$0

*See Legislation Section of this document for additional discussion of this line item.

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
CF - Old Age Pension Medical Fund	\$9,998,483	\$9,998,483	\$0	0.00%
CF - Old Age Pension Supplemental Medical Fund	750,000	2,850,000	2,100,000	280.00%
RF - Amendment 35 Revenues in the Old Age Pension Supplemental Medical Fund	2,475,000	2,520,000	45,000	1.82%
TOTAL FUNDS	\$13,223,483	\$15,368,483	\$2,145,000	16.22%

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Issue Detail

Remove One-Time Fund Balance Appropriation: The Department requests a decrease of \$2,088,232 to eliminate a one-time appropriation from the Supplemental Old Age Pension (SOAP) Medical Fund balance provided in FY 2008-09. Staff recommends an increase of \$11,768 from the SOAP Medical Fund over the FY 2008-09 current appropriation.

In the 2008 Session, the General Assembly passed S.B. 08-131 to transfer an additional \$2.1 million in sales tax revenue into the SOAP Medical Fund. The Committee sponsored this bill in order to maintain reimbursement rates in FY 2009-10 for the OAP State Medical Program at the same percentage of Medicaid rates as was set on July 1, 2007. The \$2.1 million annual transfer increase in S.B. 08-131 would allow the Department to sustain the \$2.0 million in fund balance that was appropriated in FY 2008-09.

Since the passage of S.B. 08-131, there have been several changes in the OAP State Medical Program. When the FY 2008-09 appropriation was set last March, the caseload forecast for the program was 5,389 clients at a per capita cost of \$2,841.29. However, caseload for this program has dropped substantially from the original forecast. Staff now forecasts that the average OAP monthly caseload for FY 2008-09 will be approximately 4,450 clients. Staff forecasts that the FY 2009-10 caseload will be approximately 4,517 clients (an increase of 1.5 percent).

The reasons for the decline in the caseload from prior years include:

- 1) Between July 2007 and January 2008 caseload in the OAP State Medical Program dropped by 973 clients due to uneven implementation of the Systematic Alien Verification for Entitlement (SAVE) program. When investigating this issue, the Department found clients that were erroneously dropped from coverage. The Department has added these clients back into the program. However, during this review the Department also found clients that were ineligible for the program and these clients are losing eligibility at their redeterminations.
- 2) Checking the citizenship requirements allowed the Department to also identify those clients that have been in the United States for five years and therefore, could be eligible for Medicaid benefits. Specifically, since June 2007, 297 clients have left the OAP State Medical Program and have been enrolled as full beneficiaries in the Medicaid program.

The Old Age Pension (OAP) State Medical Program is 100 percent State funded and is not an entitlement program. Total payments to providers for medical services to eligible OAP clients are limited to the funds appropriated for any given fiscal year and the Department must manage to the appropriation. Because eligibility for the program is defined by the State Constitution and State Statute, the only way the Department can manage to the appropriation is to increase or reduce

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reimbursement rates for medical providers. As the Committee is aware, because of the capped funding for this program (the program's revenues are capped by the State Constitution and Statute), the reimbursement rates for medical providers are lower than the reimbursement rates paid through the Medicaid program. Staff recommends that the current \$15.3 million appropriation level (with technical adjustments) be maintained so that the Department can raise the program's reimbursement rates closer to the Medicaid rates. Based on information the Department submitted to staff in December 2008, the table shows *possible* reimbursement rates under staff's recommendation.

Rate Category	Current Rate	Proposed Rate
Capitation	100%	100%
Pharmacy Claim	70%	75%
Inpatient	10%	10%
Outpatient	60%	65%
Practitioner/Physician	60%	65%
Dental	60%	65%
Independent Laboratory	60%	65%
Medical Supply	60%	65%
Home Health	60%	65%
Transportation	60%	65%
Medicare Part A Crossover	100%	100%
Medicare Part B Crossover	100%	100%
Medicare UB92 Part B Crossover	100%	100%

Staff's recommendation will increase the funding available for medical providers that serve underinsured and uninsured individuals. As noted in the Department's 2007 Budget Hearing:

"Clients enrolled in Old Age Pension Medical Program can receive care from hospitals (through their Medicaid contract) and Federally Qualified Health Centers that participate in Medicaid. Further, a significant number of these hospitals and all Federally Qualified Health Centers participate in the Colorado Indigent Care Program."

The Department estimates that if the rates are not increased, then the program will need only \$13.2 million in FY 2009-10. Under current statute the SOAP Medical Fund will receive \$15.4 million in revenue in FY 2009-10. Under the Department's FY 2009-10 request, an additional \$2.1 million will accumulate in the SOAP Medical Fund Balance. Under staff's recommendation, this funding will be distributed to indigent care providers serving OAP State Medical clients.

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Tobacco Tax Revenue Forecast Change: Staff recommends an increase of \$45,000 reappropriated funds in order to reflect the revenue available to this program from the Amendment 35 Tobacco Tax transfer to the SOAP Medical Fund.

Additional Background Information About OAP State Medical Program

1. Staff forecasts a FY 2009-10 caseload of 4,517 clients.
2. With staff's recommendation, the per capita cost for the OAP Medical program is estimated at \$3,402.55. To put this amount into perspective, the FY 2007-08 actual acute care per capita Medicaid expenditures for SSI Medicaid clients ages 60 to 64 was \$8,193.98. Also a web-based quote from Kaiser Health Insurance for an individual between the ages of 60 to 64 for a non-deductible plan without prescription drug coverage has an annual premium cost of \$8,536.44.
3. With staff's recommendation, the fund balance in the SOAP Medical Fund is anticipated to be \$10,504,674 at the end of FY 2009-10.

SOAP Medical Fund Balance (Does Not Include OAP Medical Fund)	FY 2007-08 Actual	FY 2008-09 Est.	FY 2009-10 Forecast	FY 2010-11 Forecast
Beginning Cash Balance	\$2,542,498	\$6,181,191	\$10,504,674	\$10,504,674
Revenues				
--Section 39-26-123 (3), C.R.S. Transfer	750,000	2,850,000	2,850,000	2,850,000
--Section 25.5-2-101 (2), C.R.S. Transfer	2,888,693	2,475,000	2,520,000	2,250,000
Expenditures				
--Total expenditures minus OAP Medical Fund Expenditures*	0	1,001,517	5,370,000	5,370,000
AVAILABLE CASH BALANCE	\$6,181,191	\$10,504,674	\$10,504,674	\$10,234,674

*FY 2008-09 Expenditures assumes the Department does not increase rates from the December 2008 estimated rates and is based on year-to-date expenditures through December 2008. Expenditures for FY 2009-10 are based on Staff's recommendation and FY 2010-11 expenditures are based on continuation funding only.

Legislation Recommended

Staff recommends that the Section 39-26-123 (3) transfer from be reduced from \$2,850,000 to \$850,00 for FY 2008-09 through FY 2010-11. See staff's legislation summary section for full details on this recommendation.

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TRANSFER OF TOBACCO TAX CASH FUND INTO SUPPLEMENTAL OLD AGE PENSION STATE MEDICAL FUND: 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, and to the 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 Tobacco Revenues to the Supplemental Old Age Pension State Medical Fund. This line item contains the annual appropriation required under H.B. 05-1262.

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	General Fund Only
FY 2008-09 Current Appropriation	\$0	\$2,475,000	\$0	\$2,475,000	\$0
Tobacco Tax Revenue Forecast Change	0	0	0	45,000	0
FY 2009-10 Base Recommendation	\$0	\$2,475,000	\$0	\$2,520,000	\$0
Policy Adjustments for Long Bill - none	0	0	0	0	0
FY 2009-10 Request / Recommendation	\$0	\$2,475,000	\$0	\$2,520,000	\$0

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
CF - Tobacco Tax Cash Fund	2,475,000	2,520,000	45,000	1.82%
TOTAL FUNDS	\$2,475,000	\$2,520,000	\$45,000	1.82%

Issue Detail

Tobacco Tax Revenue Forecast Change: Staff recommends an increase of \$45,000 based on the Legislative Council Staff December 2008 Revenue Forecast. Staff's recommendation also adjusts the appropriation to reflect any forecast error projected for FY 2008-09. This meets the Constitutional requirement that all available funds be appropriated.

COMMISSION ON FAMILY MEDICINE RESIDENCY PROGRAM: 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

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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.

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	General Fund Only
FY 2008-09 Current Appropriation	\$966,026	\$1,932,052	\$966,026	\$1,932,052	\$0
Technical Changes - none	0	0	0	0	0
FY 2009-10 Base Recommendation	\$966,026	\$1,932,052	\$966,026	\$1,932,052	\$0
Expand Access to Primary Care - NP #1	88,889	177,778	0	0	(88,889)
FY 2009-10 Request / Recommendation	\$1,054,915	\$2,109,830	\$966,026	\$1,932,052	(\$88,889)

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
GF - General Fund	1,054,915	966,026	(88,889)	(8.43)%
FF - Federal Funds	1,054,915	966,026	(88,889)	(8.43)%
TOTAL FUNDS	\$2,109,830	\$1,932,052	(\$177,778)	(8.43)%

Issue Detail

Expand Access to Primary Care: The Commission requests an increase of \$177,778 total funds in order to increase funding for the eight residency programs supported by this line item by \$22,222 per residency program. With this increase each residency program will receive \$263,728 in State funding. This funding is used to offset some of the costs associated with training family medicine physicians. Staff would note that this line item provides only a fraction of the funding necessary to maintain residency programs. The majority of funding for the residency programs come from the Medical Education program funded by the federal government. However, the state funding helps the hospitals mitigate some of the operating losses that the residency programs have been experiencing.

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Staff recommends continuation funding for this line item. Funding for this program is discretionary. At this time, staff does not recommend any General Fund increases for discretionary programs unless needed to cover the administrative costs of the Department.

Please note, staff has not prepared a separate figure setting packet for the Commission on Family Medicine.

ENHANCED PRENATAL CARE TRAINING AND TECHNICAL ASSISTANCE: 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 the administration of this program.

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	General Fund Only
FY 2008-09 Current Appropriation	\$58,706	\$117,411	\$58,706	\$117,411	\$0
Technical Adjustments	(185)	(370)	46	1,595	231
FY 2009-10 Base Recommendation	\$58,521	\$117,041	\$58,752	\$119,006	\$231
Policy Adjustments for Long Bill - none	0	0	0	0	0
FY 2009-10 Request / Recommendation	\$58,521	\$117,041	\$58,752	\$119,006	\$231

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
GF - General Fund	58,521	58,752	231	0.39%
FF - Federal Funds	58,520	60,254	1,734	2.96%
TOTAL FUNDS	\$117,041	\$119,006	\$1,965	1.68%

Issue Detail

Technical Adjustments: The Department requests a decrease of \$342 total funds to reflect the changes to AED (NP BA #37) and a decrease of \$28 total funds to reflect the changes to life insurance (NP BA #4). Staff recommends these requests. Staff also recommends an increase of

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\$1,595 to reflect the increase for "potted items" and indirect costs to this line item. Staff's recommendation is consistent with the JBC staff recommendation that was presented to the Committee on March 2, 2009.

NURSE HOME VISITOR PROGRAM: This line item was established in FY 2003-04 to receive federal matching Medicaid funding for those nurse home visiting program activities provided to eligible Medicaid clients. The Department of Public Health and Environment (DPHE) is responsible for administering this program and this funding is transferred to DPHE.

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	General Fund Only
FY 2008-09 Current Appropriation	\$1,505,000	\$3,010,000	\$1,505,000	\$3,010,000	\$0
Policy Adjustments for Long Bill - none	0	0	0	0	0
FY 2009-10 Request / Recommendation	\$1,505,000	\$3,010,000	\$1,505,000	\$3,010,000	\$0

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
GF - General Fund	1,505,000	1,505,000	0	0.00%
FF - Federal Funds	1,505,000	1,505,000	0	0.00%
TOTAL FUNDS	\$3,010,000	\$3,010,000	\$0	0.00%

*See Legislation Section of this document for additional discussion of this line item.

Issue Detail

Continuation Funding: The Department requests and staff recommends continuation funding in FY 2009-10.

Legislation Recommended

Staff recommends a legislative change to reduce the Master Tobacco Settlement transfer to the Nurse Home Visitor Program by \$200,000 FY 2008-09, \$300,000 in FY 2009-10, and \$250,000 in FY 2010-11. Staff recommends that the Master Tobacco Settlement moneys associated with this

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reduction be transferred to the General Fund. Staff recommends this change to maximize the amount of additional FMAP available to the State from the American Recovery and Reinvestment Act (ARRA).

	All Fiscal Years Without ARRA	FY 2008-09 With ARRA*	FY 2009-10 With ARRA**	FY 2010-11 With ARRA***
CF - Master Tobacco Settlement Transfer to Nurse Home Visitor Program	\$1,505,000	\$1,296,181	\$1,198,281	\$1,351,641
FF -- Medicaid Match	<u>1,505,000</u>	<u>1,713,819</u>	<u>1,811,719</u>	<u>1,658,360</u>
Total Funds	\$3,010,000	\$3,010,000	\$3,010,000	\$3,010,000

* Assumes 50% match 1st Quarter, 58.78% match 2nd Quarter, 58.78% match 3rd Quarter, 60.19% match 4th Quarter.

** Assumes 60.19% match for four quarters.

***Assumes 60.19% match for two quarters and 50.00% match for two quarters.

PUBLIC SCHOOL HEALTH SERVICES: 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.

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	General Fund Only
FY 2008-09 Current Appropriation	\$0	\$27,501,534	\$0	\$27,501,534	\$0
Long Bill Supplemental	0	0	0	(7,259,414)	(7,259,414)
FY 2008-09 Revised Appropriation	0	27,501,534	0	20,242,120	(7,259,414)
Adjustments for DOE Potted Issues	0	0	0	(3,564)	0
FY 2009-10 Base Recommendation	\$0	\$27,501,534	\$0	\$20,238,556	\$0
School Health Service Audits- DI #17	0	(233,700)	0	(233,700)	0
FY 2009-10 Request / Recommendation	\$0	\$27,267,834	\$0	\$20,004,856	\$0

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Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
CF - Certified Funds From Public Schools	14,101,907	10,472,200	(3,629,707)	(25.74)%
FF - Federal Funds	13,165,927	9,532,656	(3,633,271)	(27.60)%
TOTAL FUNDS	\$27,267,834	\$20,004,856	(\$7,262,978)	(26.64)%

Issue Detail

Adjustments for DOE Potted Issues: Staff recommends a federal fund reduction of \$3,564 to reflect the indirect cost assessments from the Department of Education to this program.

School Health Service Audits: The Department requests and staff recommends a transfer of \$233,700 federal funds from this line item to the Department's Executive Director's Office, Provider Audits and Services, Professional Audit Contracts line item. This funding will be used to procure the services of an auditor to provide the Department with greater program oversight and auditing of the School Health Care Services Program.

Additional Background Information About School Health Services Program

The following table shows staff's total recommendation for the School Health Services Program.

	Cash Funds	Federal Funds	Total Funds
Base Appropriation	\$10,472,200	\$10,472,200	\$20,944,400
Subtract PCG Contract (contained in Professional Audit Contract line item)	0	(200,000)	(200,000)
New Audit Contract (contained in Professional Audit Contract line item)	0	(233,700)	(233,700)
Subtract HCPF Internal Administration	0	(294,533)	(294,533)
Subtract Department of Education Administration	0	(211,311)	(211,311)
Recommended Appropriation	\$10,472,200	\$9,532,656	\$20,004,856
Amount of Federal Funds Used for Administration			8.97%

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Legislation Recommended

Staff recommends a legislative change in order to maximize the amount of additional FMAP available to the State from the American Recovery and Reinvestment Act (ARRA).

	FY 2008-09 W/O ARRA	FY 2008-09 With ARRA*	FY 2009-10 W/O ARRA	FY 2009-10 With ARRA**	FY 2010-11 With ARRA***
CF - Certified Funds At School Districts	\$10,472,200	\$10,472,200	\$10,472,200	\$10,472,200	\$10,472,200
FF -- Medicaid Match - Admin	9,769,920	13,144,127	9,532,656	14,897,271	11,912,608
Total Funds	\$20,242,120	\$23,616,327	\$20,004,856	\$25,369,471	\$22,384,808
Transfer to ARRA Fund to be used to offset GF Appropriations	0	(3,374,207)	0	(5,364,615)	(2,379,952)
Total Funding Distributed to Program (excluding admin costs)	\$20,242,120	\$20,242,120	\$20,004,856	\$20,004,856	\$20,004,856

* Assumes 50% match 1st Quarter, 58.78% match 2nd Quarter, 58.78% match 3rd Quarter, 60.19% match 4th Quarter.

** Assumes 60.19% match for four quarters. ***Assumes 60.19% and 50.00% match for two quarters each.

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 2008 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 using the National Healthcare Expenditure average growth rate. As each calendar year passes, the 90 percent factor is reduced by 1.67 percent each year, until it reaches 75 percent, where it will remain at 2015 on a go-forward basis.

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
FY 2008-09 Original Appropriation	\$81,155,195	\$81,155,195	\$81,155,195	\$81,155,195	\$0
S.B. 09-187 -- HCPF Supplemental Bill	(5,871,804)	(5,871,804)	(5,871,804)	(5,871,804)	0
FY 2008-09 Revised Appropriation	\$75,283,391	\$75,283,391	\$75,283,391	\$75,283,391	\$0

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Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	GF Only
Long Bill Supplemental Adjustments	(850,862)	(850,862)	(1,074,557)	(1,074,557)	(223,695)
FY 2008-09 Final Req*/Rec. App.	\$74,432,529	\$74,432,529	\$74,208,834	\$74,208,834	(\$223,695)
Restore One-Time Savings	7,285,697	7,285,697	7,285,736	7,285,736	39
FY 2009-10 Base Recommendation	\$81,718,226	\$81,718,226	\$81,494,570	\$81,494,570	(\$223,656)
Caseload and Cost Adjustment (EI & BA #4)	8,468,970	8,468,970	8,189,674	8,189,674	(279,296)
FY 2009-10 Base + Caseload/Cost Adj.	\$90,187,196	\$90,187,196	\$89,684,244	\$89,684,244	(\$502,952)
No Policy Adjustments	0	0	0	0	0
FY 2009-10 Request / Recommendation	\$90,187,196	\$90,187,196	\$89,684,244	\$89,684,244	(\$502,952)

* The fund source for this line item is entirely from the General Fund.

Issue Detail

Restore One-Time Savings: The Department requests and staff recommends an increase of \$7.3 million to restore one-time savings in S.B. 09-187 (as modified by the staff's Long Bill Supplemental recommendation) that resulted from delaying the May 2009 contribution payment until July 2009. The Department uses the cash basis of accounting for this line item. Delaying the May payment until July will result in a one-time savings in FY 2008-09 because the Department will make only 11 monthly payments. Beginning in FY 2009-10, the Department will again be making 12 monthly payments (the shift of the May payment to July is a permanent shift in order to avoid making 13 payments in FY 2009-10). Therefore, the Department requests and staff recommends an increase of \$7.3 million to restore the FY 2008-09 one-time savings.

Caseload & Cost Adjustments: The Department requests a total of \$90.2 million General Fund in FY 2009-10 (an increase of \$8.5 million) for the Medicare Modernization Act State Contribution Payment. Staff recommends a total of \$89.7 million General Fund in FY 2009-10 (an increase of \$8.0 million). The difference between staff's recommendation and the Department's request is due to staff calculating the FY 2009-10 payments based on paying the May 2009 through April 2010 caseload and per capita costs in FY 2009-10 (8 months of the per capita rates at the lower CY 2009 estimate and 4 months at the higher CY 2010 estimate). The Department's request was based on the June 2009 through May 2010 payments (7 months of the per capita rates at the lower CY 2009 and

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5 months of the per capita rates at the higher CY 2010 estimate). This difference results in staff's recommendation being \$502,592 General Fund lower than the Department's request.

Table 1 below summarizes staff's recommendations. Complete caseload and monthly cost estimated are in shown in Exhibit Q.

Table 1: Calculation Assumptions for MMA State Contribution Payment for FY 2009-10	
	Estimated Cost
May 2009 through December 2009 (Paid July through February)	
Weighted Monthly Per Capita Cost multiplied by the Phase down	\$128.44
Average Monthly Enrollment (1 st Eight Months of FY) for Dual Eligibles	57,112
Total payments for the first eight months of FY 2009-10	\$58,683,110
January 2010 through April 2010 (Paid March through June)	
Weighted Monthly Per Capita Cost multiplied by the Phase down	\$134.19
Average Monthly Enrollment (Last Four Months of FY) for Dual Eligibles	57,756
Total payments for the second six months of FY 2008-09	\$31,001,134
TOTAL MMA State Contribution Payment Estimate for FY 2008-09	\$89,684,244

COLORADO CARES RX PROGRAM CONTRACT COSTS: This line item was eliminated in S.B. 09-132. Even if S.B. 09-132 is not law before the Long Bill is introduced, staff does not recommend an appropriation for this line item in the Long Bill. No revenue is anticipated to be collected in the Colorado Cares Rx Program Cash Fund in FY 2009-10 and therefore, there would be no funding available to appropriate.

STATE UNIVERSITY TEACHING HOSPITALS - DENVER HEALTH AND HOSPITAL AUTHORITY: 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 calculations 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 Centers for Medicare and Medicaid (CMS) rules defining which hospitals qualify to certify public funds. These CMS rules were vacated by the United States District Court for the District of Columbia summary judgement for "Alameda

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County Medical Center, the National Association of Public Hospitals and Systems, the American Hospital Association, and the Association of Medical Colleges vs. Michael Leavitt".

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	General Fund Only
FY 2008-09 Current Appropriation	\$914,504	\$1,829,008	\$914,504	\$1,829,008	\$0
Estimated GME expenditures	1,353	2,706	1,353	2,706	0
FY 2009-10 Base Recommendation	\$915,857	\$1,831,714	\$915,857	\$1,831,714	\$0
Policy Adjustments - none	0	0	0	0	0
FY 2009-10 Request / Recommendation	\$915,857	\$1,831,714	\$915,857	\$1,831,714	\$0

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 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%

Issue Detail

Estimated GME expenditures: The Department requests and staff recommends an increase of \$2,706 total funds based on the current forecast for Graduate Medical Education (GME) provided through Denver Health and Hospital Authority for Medicaid clients. A reduction of \$2,706 total funds is made to the Medical Services Premiums line item in order to reflect all GME for Denver Health and Hospital Authority in this line item. Therefore, the net impact of this recommendation is zero.

STATE UNIVERSITY TEACHING HOSPITALS - UNIVERSITY OF COLORADO HOSPITAL AUTHORITY: This line item was created in S.B. 08-230 in order to clarify the status of University of Colorado 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

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were appropriated in the Medical Services Premiums and Commission on Family Medicine Residency Program line items. This separate line item was created for two reasons: (1) to help the Department better identify the funding designated for GME throughout the Department, and (2) to ensure University Hospital fit under the Centers for Medicare and Medicaid (CMS) rules defining which hospitals qualify to certify public funds. These CMS rules were vacated by the United States 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*".

Incremental Budget Change Issue	Department Request*		Staff Recommendation		Staff-Dept
	General Fund	Total Funds	General Fund	Total Funds	General Fund Only
FY 2008-09 Current Appropriation	\$348,919	\$697,838	\$348,919	\$697,838	\$0
Estimated GME expenditures	1,549	3,097	1,549	3,097	0
FY 2009-10 Base Recommendation	\$350,468	\$700,935	\$350,468	\$700,935	\$0
Expand Access to Primary Care - NP #1	11,111	22,222	0	0	(11,111)
FY 2009-10 Request / Recommendation	\$361,579	\$723,157	\$350,468	\$700,935	(\$11,111)

Fund Source Detail

Line Item Fund Split Detail By Fund Source	Department FY 2009-10 Request	Staff FY 2009-10 Recommendation	\$ Difference (Staff - Dept)	% Difference (Staff - Dept)
General Fund	361,579	350,468	(11,111)	(3.07)%
Federal Funds	361,578	350,467	(11,111)	(3.07)%
TOTAL FUNDS	\$723,157	\$700,935	(\$22,222)	(3.07)%

Issue Detail

Estimated GME expenditures: The Department requests and staff recommends an increase \$3,097 total funds based on the current forecast for Graduate Medical Education (GME) provided through University Hospital for Medicaid clients. A reduction of \$3,097 total funds is made to the Medical Services Premiums line item in order to reflect all GME for University Hospital in this line item. Therefore, the net impact of this recommendation is zero.

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Expand Access to Primary Care - NP #1: The funding distributed by the Commission on Family Medicine to University Hospital is contained in this line item. The Commission requested a total fund increase of \$22,222 for all nine residency programs (8 residency programs contained in the Commission on Family Medicine Residency Training Programs line item and the 1 residency program contained in this line item). Consistent with staff's recommendation for the Commission on Family Medicine Training Program line item, staff does not recommend this request. Funding for this program is discretionary. At this time, staff does not recommend any General Fund increases for discretionary programs unless needed to cover the administrative costs of the Department.

Please note, staff has not prepared a separate figure setting packet for the Commission on Family Medicine.

Staff Recommended Footnotes

Staff recommends the addition of the following footnotes to an FY 2009-10 Long Bill:

XX **Department of Health Care Policy and Financing, Medicaid Mental Health Community Programs, Mental Health Capitation Payments:** It is the intent of the General Assembly that capitation rates for the mental health capitation program not be set above the mid-range of the actuary sound rates in FY 2009-10.

XX **Department of Health Care Policy and Financing, Medicaid Mental Health Community Programs, Mental Health Capitation Payments:** The appropriation includes \$8,888,202 from the Health Care Expansion Fund. Of this amount, \$960,744 is estimated for adults and \$2,802,580 is estimated for children who receive Medicaid benefits due to the removal of the Medicaid asset test. These estimates are based on the same methodology that the Joint Budget Committee used to estimate the costs associated with removing the asset test in the Medical Services Premiums line item. Because this caseload can not be separately tracked, it is the intent of the General Assembly that Department not revert any of the \$3,763,324 appropriated from Health Care Expansion Fund for this Medicaid eligibility population beyond the amount that will revert due to invoking the (H) notation. This \$3,763,324 appropriation from the Health Care Expansion Fund should be used in its entirety before any General Fund is expended.

Staff recommends that the following footnotes be continued:

13 **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.

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Comment: This footnote reflects the legislative intent for the Division of Medical Services Premiums to have flexibility in spending the Medical Services Premium line item. The detail by aid category is provided for tracking and policy-making purposes only and does not restrict the Department's ability to move funding from one aid category to another based on actual expenditure patterns.

- 14 **Department of Health Care Policy and Financing, Indigent Care Program, Children's Basic Health Plan Premium Costs** -- This appropriation assumes the following: (1) a total children's caseload of ~~70,044~~ 67,152 at an average per capita cost of ~~\$1,626.07~~ \$1,917.89 per year, and (2) a total adult prenatal caseload of ~~2,021~~ 1,821 at an average per capita cost of ~~\$12,723.22~~ \$10,859.07 per year. IN ADDITION, THE APPROPRIATION ASSUMES SAVINGS OF \$900,000 TOTAL FUNDS RELATED TO ADMINISTERING A NEW VACCINES FOR CHILDREN PROGRAM AND SAVINGS OF \$2,000,000 RELATED TO RECOUPMENTS FROM REINSURANCE PROVIDERS.

Comment: This footnote indicates assumptions used to calculate the FY 2009-10 Long Bill appropriation for the Children's Basic Health Plan medical costs and for special saving initiatives that are not part of the per capita calculations.

- 15 **Department of Health Care Policy and Financing, Indigent Care Program, Children's Basic Health Plan Dental Costs** -- This appropriation assumes an average cost of ~~\$161.38~~ \$163.04 per child per year.

Comment: This footnote indicates assumptions used to calculate the FY 2009-10 Long Bill appropriation for the Children's Basic Health Plan dental costs.

- 16 **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.

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Comment: This footnote is included in the Long Bill to allow some flexibility in the transfer of funds in the Department of Human Services Medicaid-funded programs in order to reconcile to centralized appropriating transfers made in the Department of Human Services.

Staff recommends that the following footnotes be eliminated:

- 8 Department of Health Care Policy and Financing, Executive Director's Office, General Administration, General Professional Services and Special Projects --** It is the intent of the General Assembly that \$150,000 of the appropriation be used to conduct a study of the adequacy of the rates paid to the Program for All Inclusive Care to the Elderly (PACE). The Department is requested to work with Centers of Medicare and Medicaid Services and the provider community in developing the criteria for assessing the frailty of PACE clients compared to the frailty of other Long-term Care clients being served in nursing homes and the home- and- community based programs. The Department is requested to submit the results of the study to the Joint Budget Committee no later than September 30, 2009.

Comment: This footnote was specific to the FY 2008-09 Long Bill assumptions and is no longer applicable.

- 9 Department of Health Care Policy and Financing, Medical Services Premiums --** The calculations for this line item include \$5,322,778 total funds for a 1.5 percent reimbursement rate increase for home and community based long term care providers, home health, and private duty nursing beginning July 1, 2008.

Comment: This footnote was specific to the FY 2008-09 Long Bill assumptions and is no longer applicable.

- 10 Department of Health Care Policy and Financing, Medical Services Premiums --** The calculations for this line item include \$4,679,688 total funds for a 1.5 percent reimbursement rate increase for inpatient hospital rates beginning July 1, 2008.

Comment: This footnote was specific to the FY 2008-09 Long Bill assumptions and is no longer applicable.

- 11 Department of Health Care Policy and Financing, Medical Services Premiums --** The calculations for this line item include \$1,000,000 total funds to increase pharmacy dispensing fees to \$5.60 beginning April 1, 2009.

Comment: This footnote was specific to the FY 2008-09 Long Bill assumptions and is no longer applicable.

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- 12 **Department of Health Care Policy and Financing, Medical Services Premiums** -- The calculations for this line item include \$24,718,783 total funds rate increases for acute care providers as adopted by the Joint Budget Committee on March 11, 2008.

Comment: This footnote was specific to the FY 2008-09 Long Bill assumptions and is no longer applicable.

Staff Recommended Requests for Information

Staff recommends the following new Requests for Information be added:

- XX **Department of Health Care Policy and Financing, Information Technology Contracts and Projects, Information Technology Contracts:** The Department is requested to submit updated implementation cost estimates for Senate Bill 08-006 if the Centers for Medicare and Medicaid Services approve a state plan amendment to suspend Medicaid eligibility, rather than eliminate eligibility, for confined persons during fiscal year 2009-10.
- XX **Department of Health Care Policy and Financing, Medicaid Mental Health Community Programs, Mental Health Capitation Payments:** The Department is requested to submit a report to the Joint Budget Committee by August 1, 2009 regarding any changes to capitation rates for the mental health program that were made on or before July 1, 2009 in order to reduce capitation rates to the mid-range of the actuarially sound range. This information is requested by behavioral health region contractor and by aid category. Within the report, the Department is requested to provide the Committee with information on how these adjustments will impact rates for calendar year 2010. The Department is also requested to provide the Committee with estimated savings in FY 2009-10 from any capitation adjustments.
- XX **Department of Health Care Policy and Financing, Indigent care Program, Children's Basic Health Plan Premiums** -- The Department is requested to submit a report by November 1, 2009 regarding the year-to-date per capita costs for the children served in the Children's Basic Health Plan. The Department is requested to provide the following information: (1) the current caseload by capitation rate served in each HMO; (2) the contracted capitation rates for each aid category; (3) the current number of children served in the self-funded network; and (4) the current claim costs for the children served in the self-funded network.
- XX **Department of Health Care Policy and Financing, Indigent Care Program, Children's Basic Health Plan Premiums** -- The Department is requested to submit a report by November 1, 2009 regarding the implementation of the Vaccines for Children program for

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clients served by the Children's Basic Health Plan. The Department is requested to provide information in the report regarding the amount of administrative costs associated with implementing this program and the amount of savings achieved or projected.

Staff recommends the following Requests for Information be continued:

- 19 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.

Comment: Staff uses this report to monitor the Department's expenditures and to develop forecast models.

- 20 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 2008-09 to the Joint Budget Committee by ~~July 25, 2008~~: SEPTEMBER 1, 2009. 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 25.5-5-403 (1) (l), C.R.S.

Comment: This information is used by staff to track annual increases to rates for managed care organizations and behavior health organizations.

- 23 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, 2009~~, FEBRUARY 1, 2010 to the Joint Budget Committee, estimating the disbursement to each hospital from the Safety Net Provider Payment line item for ~~FY 2007-08~~: FY 2009-10.

Comment: The Department submits this report every February to the Committee. This information is used to track disbursements to providers from the Indigent Care Program.

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- 24 Department of Health Care Policy and Financing, Other Medical Services, S.B. 97-101 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 S.B. 97-101 public school health service program. The report should 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.

Comment: Staff uses this annual report to provide information to the Committee about this program during the staff briefing. Staff recommends that this report be continued.

- 27 Department of Health Care Policy and Financing, Medicaid Mental Health Community Programs** -- The Department is requested to report in their annual budget submission the amount of expenditures for each year for anti-psychotic pharmaceuticals.

Comment: Please see staff's briefing on Medicaid Mental Health presented on December 4, 2008 for comment on this issue.

- 28 Department of Health Care Policy and Financing, Other Medical Services, Public School Health Services** -- The Department is requested to report to the Joint Budget Committee on November 1, 2008 regarding the impact that the Centers of Medicare and Medicaid Services rule 2287-F has had on the ability to claim federal reimbursement for Medicaid services provided by school districts.

Comment: The Department complied with request and submitted the report. Currently, no impact is anticipated from the implementation of this rule. The Medicare, Medicaid and SCHIP Extension Act of 2007, imposed a six-month moratorium on CMS rule 2287-F that was set to expire on June 30, 2008. On June 30, 2008, President Bush signed the supplemental appropriations act into law (H.R. 2642, P.L. 110-252). Section 7001 of that supplemental appropriations act placed a moratorium on six Medicaid regulations, including CMS 2287-F, which prevents the Secretary of Health and Human Services from taking any action to enforce or implement these regulations until April 1, 2009.

Staff recommends the following requests for information be eliminated:

- 21 Department of Health Care Policy and Financing, Medical Services Premiums** -- The Department is requested to provide a report to the Joint Budget Committee by August 1, 2008 on the status of the rules adopted by the Medical Services Board regarding all changes to reimbursement rates that have been enacted for FY 2008-09.

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STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

Comment: This request was specific to actions taken in the FY 2008-09 Long Bill and is not applicable to FY 2009-10.

- 22 Department of Health Care Policy and Financing, Medical Services Premiums--** The Department is requested to submit a report to the Joint Budget Committee on January 2, 2009 regarding potential savings to the Medical Services Premiums line item based on implementing the Deficit Reduction Act of 2005 average manufacture price upper payment limits for pharmacy reimbursement.

Comment: This request is no longer applicable.

- 25 Department of Health Care Policy and Financing, Medical Services Premiums --** The Department is requested to submit a report to the Joint Budget Committee by February 15, 2009 regarding the implementation of the Medical Home program. The Department is requested to report how many children have been assigned to a Medical Home, the number of providers participating in the program, and an estimate of the costs for the incentive payments.

Comment: Staff does not recommend a separate report for this information. Staff anticipates that the Department can highlight this information in their future budget requests and strategic plan reports.

- 26 Department of Health Care Policy and Financing, Medicaid Mental Health Community Programs, Mental Health Capitation Payments --** The Department is requested to provide recommendations to the Joint Budget Committee by November 1, 2008 on whether greater budget accuracy would be achieved if caseload and capitation payments were estimated and tracked for each Regional Behavioral Center. In developing their recommendations, the Department will note any additional administrative costs associated with changing systems to track caseload data in this manner and to compile and report on the data.

Comment: Staff is continuing to work the Department on this issue. Staff does not believe another report from the Department is needed.

- 29 Department of Health Care Policy and Financing, Other Medical Services, Colorado Cares RX Program Contract Costs --** The Department is requested to submit a report to the Joint Budget Committee on November 1, 2008 providing information on the number of clients that have signed up for this program. The report should also contain updated expenditures for the program and revenue estimates for the Colorado Cares Rx Program Fund.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2009-10 FIGURE SETTING**

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

Comment: This program was substantially changed by S.B. 09-132 and therefore, made this report obsolete.

Options for Balancing

These options are presented without staff recommendation in order to maximize the Committee's choices. Some of the options were discussed earlier as alternatives to staff's official recommendation.

Options with Appropriation Impacts	GF	CF	RF	FF	Total
<p>1</p> <p align="center">Reduce Appropriation to the Health Care Services Fund (Requires Statutory Change)</p> <p>Currently the Health Care Services Fund receives an annual appropriation of \$15.0 million. Staff already recommends reducing the fund to \$12.9 million in order for the state to retain the increased ARRA FMAP. This choice would just eliminate the fund. The appropriations from this fund are eliminated in FY 2010-11, so this recommendation would bring this option up one-year.</p>	(15,000,000)	0	0	(15,000,000)	(30,000,000)
<p>2</p> <p align="center">Delay Managed Care Payments</p> <p>This issue is requested by the Department for FY 2008-09 and was not recommended. The Committee could decide to do this for FY 2009-10. If the Committee decided to do this option, staff would recommend legislation providing the framework that the Department can use when deciding to delay payments.</p>	(14,102,731)			(14,102,731)	(28,205,462)
<p>3</p> <p align="center">Provider Rate Reductions</p> <p>This issue is requested by the Department but is not recommended by staff at this time. The amount of the provider rate reductions could be anywhere from \$0 to the amount requested by the Department.</p>	TBD	TBD	TBD	TBD	TBD
<p>4</p> <p align="center">Offset OAP 65+ Medical Costs with OAP Fund</p> <p>Staff recommends lowering the transfer into the Supplemental Old Age Pension Medical Fund by \$2.0 million in FY 2009-10, FY 2010-11, and FY 2011-12. Instead of this recommendation the Committee could offset \$6.0 million General Fund in FY 2009-10 of Old Age Pension medical costs. This would only be a one-time savings.</p>	(6,000,000)			6,000,000	

JBC Staff -- Figure Setting Document

Estimate of American Recovery and Reinvestment Act -- Increased FMAP

Estimated FMAP	FY 2008-09 Weighted State Match		FY 2009-10 Weighted State Match		Difference	FY 2008-09 Weighted Federal Match		FY 2009-10 Weighted Federal Match		Difference
	Before ARRA	After ARRA	Before ARRA	After ARRA		Before ARRA	After ARRA	Before ARRA	After ARRA	
	2,395,817,941	2,395,817,941	0	2,612,003,948	0	2,612,003,948	0	2,612,003,948	0	0.3981
	738,160,178	634,900,325	(103,259,853)	796,726,196	(103,259,853)	634,352,252	(162,373,944)	634,352,252	(162,373,944)	0.6019
Medical Services Premiums	369,000,000	317,381,277	(51,618,723)	369,000,000	(51,618,723)	293,797,270	(75,202,730)	293,797,270	(75,202,730)	
General Fund	90,331,796	77,695,449	(12,636,347)	138,275,052	(12,636,347)	110,094,398	(28,180,654)	110,094,398	(28,180,654)	
General Fund Exempt	2,002,122	1,722,049	(280,073)	2,003,084	(280,073)	1,594,853	(408,231)	1,594,853	(408,231)	
Cash Funds	1,196,323,845	1,364,118,840	167,794,995	1,305,999,616	167,794,995	1,572,165,176	266,165,560	1,572,165,176	266,165,560	
CFE/Reappropriated Funds										
Federal Funds										
Mental Health Division	216,258,093	216,258,093	0	231,209,040	0	231,209,040	0	231,209,040	0	
General Fund	101,059,364	87,037,377	(14,021,987)	106,653,661	(14,021,987)	84,917,645	(21,736,016)	84,917,645	(21,736,016)	
General Fund Exempt	0	0	0	0	0	0	0	0	0	
Cash Funds	7,069,683	6,088,764	(980,919)	8,950,859	(980,919)	7,126,674	(1,824,185)	7,126,674	(1,824,185)	
CFE/Reappropriated Funds	0	0	0	0	0	0	0	0	0	
Federal Funds	108,129,046	123,131,952	15,002,906	115,604,520	15,002,906	139,164,721	23,560,201	139,164,721	23,560,201	
Indigent Care Division	192,180,758	213,842,524	21,661,766	191,962,026	21,661,766	220,006,836	28,044,810	220,006,836	28,044,810	
General Fund	36,113,344	33,183,868	(2,929,476)	36,113,344	(2,929,476)	31,810,444	(4,302,900)	31,810,444	(4,302,900)	
General Fund Exempt	495,000	495,000	0	504,000	0	504,000	0	504,000	0	
Cash Funds	51,734,535	51,734,535	0	51,611,669	0	51,611,669	0	51,611,669	0	
CFE/Reappropriated Funds	15,495,000	15,495,000	0	15,504,000	0	15,504,000	0	15,504,000	0	
Federal Funds	88,342,879	112,934,121	24,591,242	88,229,013	24,591,242	120,576,723	32,347,710	120,576,723	32,347,710	
Other Medical Services Division	27,828,429	31,687,557	3,859,128	27,598,564	3,859,128	33,733,636	6,135,072	33,733,636	6,135,072	
General Fund	2,288,155	1,970,673	(317,482)	2,291,103	(317,482)	1,824,176	(466,927)	1,824,176	(466,927)	
General Fund Exempt	0	0	0	0	0	0	0	0	0	
Cash Funds	11,977,200	11,977,200	0	11,977,200	0	11,977,200	0	11,977,200	0	
CFE/Reappropriated Funds	0	0	0	0	0	0	0	0	0	
Federal Funds	13,563,074	17,739,683	4,176,609	13,330,261	4,176,609	19,932,260	6,601,999	19,932,260	6,601,999	
DHS Division	357,342,219	357,342,219	(0)	384,187,737	(0)	384,187,737	0	384,187,737	0	
General Fund	176,107,359	151,645,085	(24,462,274)	189,458,204	(24,462,274)	150,846,622	(38,611,582)	150,846,622	(38,611,582)	
General Fund Exempt	0	0	0	0	0	0	0	0	0	
Cash Funds	2,562,700	2,207,125	(355,575)	2,602,826	(355,575)	2,072,370	(530,456)	2,072,370	(530,456)	
CFE/Reappropriated Funds	0	0	0	0	0	0	0	0	0	
Federal Funds	178,672,160	203,490,009	24,817,849	192,126,707	24,817,849	231,268,745	39,142,038	231,268,745	39,142,038	
TOTAL	3,189,427,440	3,214,948,334	25,520,894	3,446,961,315	25,520,894	3,481,141,197	34,179,882	3,481,141,197	34,179,882	
General Fund	1,053,728,400	908,737,328	(144,991,072)	1,131,242,508	(144,991,072)	903,751,140	(227,491,368)	903,751,140	(227,491,368)	
General Fund Exempt	369,495,000	317,876,273	(51,618,723)	369,504,000	(51,618,723)	294,301,270	(75,202,730)	294,301,270	(75,202,730)	
Cash Funds	163,675,914	149,703,074	(13,972,840)	213,417,606	(13,972,840)	182,882,311	(30,535,295)	182,882,311	(30,535,295)	
CFE/Reappropriated Funds	17,497,122	17,217,049	(280,073)	17,507,084	(280,073)	17,098,853	(408,231)	17,098,853	(408,231)	
Federal Funds	1,585,031,004	1,821,414,606	236,383,602	1,715,290,117	236,383,602	2,083,107,625	367,817,508	2,083,107,625	367,817,508	
TOTAL GENERAL FUND IMPACT			(196,609,794)		(196,609,794)		(302,694,099)		(302,694,099)	
DEPARTMENT'S ESTIMATE			(198,400,661)		(198,400,661)		(302,840,537)		(302,840,537)	

JBC Staff -- Figure Setting Document

Estimate of American Recovery and Reinvestment Act -- Increased FMAP

0.3981
0.6019

FY 2009-10 Weighted State Match
FY 2009-10 Weighted Federal Match

0.430625
0.569375

FY 2008-09 Weighted State Match
FY 2008-09 Weighted Federal Match

Medical Services Premiums Division	FY 2008-09 Weighted State Match FY 2008-09 Weighted Federal Match		FY 2009-10 Weighted State Match FY 2009-10 Weighted Federal Match	
	Staff Final Sup. Rec. FY 2008-09	Staff Rec. w/o Law ^ FY 2008-09	Staff LB Rec. FY 2009-10	Staff Rec. w/o Law ^ FY 2009-10
Does not include line item ineligible for FMAP Increase under ARRA	Without ARRA	With ARRA FMAP CHANGE ONLY	Without ARRA	With ARRA FMAP CHANGE ONLY
	Difference	Difference	Difference	Difference
TOTAL				
Medical Services Premiums				
General Fund	2,452,565,806		2,672,204,912	
General Fund Exempt	761,266,842		822,002,303	
Cash Funds	369,000,000		369,000,000	
CFE/Reappropriated Funds	91,983,725		139,126,607	
Federal Funds	2,631,068		2,804,548	
	1,227,684,171		1,339,271,454	
Staff's Estimate of Programs Not Eligible for Enhanced Match Rate				
-- Indian Services				
-- Breast and Cervical Cancer Treatment				
-- State Only Prenatal / Family Planning				
-- Stat Only SEP Payments				
-- Medicare Not Matched				
NOT ELIGIBLE FOR ENHANCED MATCH				
General Fund	56,747,865		60,200,964	
General Fund Exempt	23,106,664		25,276,107	
Cash Funds	0		0	
CFE/Reappropriated Funds	1,651,929		851,555	
Federal Funds	628,946		801,464	
	31,360,326		33,271,838	
Medical Services Premiums ELIGIBLE FOR ENHANCED MATCH				
General Fund	2,395,817,941		2,612,003,948	0
General Fund Exempt	738,160,178		796,726,196	(162,373,944)
Cash Funds	369,000,000		369,000,000	(75,202,730)
CFE/Reappropriated Funds	90,331,796		138,275,052	(28,180,654)
Federal Funds	2,002,122		2,003,084	(408,231)
	1,196,323,845		1,305,999,616	266,165,560

SAVINGS TO GF
(154,878,575)
(12,636,347)

SAVINGS TO GF
(162,373,944)
(75,202,730)
(28,180,654)
(408,231)
266,165,560

STAFF'S ESTIMATED IMPACT
General Fund (M) Note Savings
H Notation Savings (assumed on all cash funds)

Estimate of American Recovery and Reinvestment Act -- Increased FMAP

FY 2008-09 Weighted State Match
 FY 2008-09 Weighted Federal Match

0.430625
 0.569375

FY 2009-10 Weighted State Match
 FY 2009-10 Weighted Federal Match

0.3981
 0.6019

	Staff Final Sup. Rec FY 2008-09		Staff Rec. w/o Law ^ FY 2008-09		Difference
	Without ARRA	With ARRA CHANGE ONLY	Without ARRA	With ARRA CHANGE ONLY	
Mental Health Division IMPACTED LINE ITEMS ONLY					
Does not include line item ineligible for FMAP Increase under ARRA					
TOTAL Mental Health Capitation for Medicaid Clients	214,773,640				
General Fund	100,280,786				
Cash Funds	7,086,591				
CFE/Reappropriated Funds	8,538				
Federal Funds	107,397,725				
Mental Health Capitation NOT ELIGIBLE FOR ENHANCED MATCH	72,703				
Cash Funds	16,908				
CFE/Reappropriated Funds	8,538				
Federal Funds	47,257				
Mental Health Capitation ELIGIBLE FOR ENHANCED MATCH	214,700,937				
General Fund	100,280,786				
Cash Funds	7,069,683				
Federal Funds	107,350,468				
Mental Health Fee for Service	1,557,156				
General Fund	778,578				
Federal Funds	778,578				
	229,561,121				
	105,797,924				
	8,960,887				
	9,208				
	114,793,102				
	83,611				
	10,028				
	9,208				
	54,347				
	229,477,510				
	105,787,896				
	8,950,859				
	114,738,755				
	229,477,510				
	84,228,323				
	7,126,674				
	138,122,513				
	1,731,530				
	865,765				
	865,765				
	229,477,510				
	84,228,323				
	7,126,674				
	138,122,513				
	1,731,530				
	689,322				
	1,042,208				
	0				
	(21,559,573)				
	(1,824,185)				
	23,383,758				
	0				
	(176,443)				
	176,443				

Estimate of American Recovery and Reinvestment Act -- Increased FMAP

FY 2008-09 Weighted State Match
 FY 2008-09 Weighted Federal Match

0.430625
 0.569375

FY 2009-10 Weighted State Match
 FY 2009-10 Weighted Federal Match

0.3981
 0.6019

Mental Health Division IMPACTED LINE ITEMS ONLY	Staff Final Sup. Rec. FY 2008-09		Staff Rec. w/o Law ^ FY 2008-09		Difference
	Without ARRA	With ARRA FMAP CHANGE ONLY	Without ARRA	With ARRA FMAP CHANGE ONLY	
Does not include line item ineligible for FMAP Increase under ARRA					
Total Other Medical Program Division					
Affected Line Items	216,258,093	216,258,093	216,258,093	216,258,093	0
General Fund	101,059,364	87,037,377	106,653,661	84,917,645	(21,736,016)
Cash Funds	7,069,683	6,088,764	8,950,859	7,126,674	(1,824,185)
Federal Funds	108,129,046	123,131,952	115,604,520	139,164,721	23,560,201

STAFF'S ESTIMATED IMPACT

General Fund (M) Note Savings
 Health Care Expansion & Autism Fund (H) Note Savings

SAVINGS TO GF
 (14,021,987)
 (980,919)

SAVINGS TO GF
 (21,736,016)
 (1,824,185)

JBC Staff -- Figure Setting Document

Estimate of American Recovery and Reinvestment Act -- Increased FMAP and Staff's Proposed Legislation

FY 2008-09 Weighted State Match
 FY 2008-09 Weighted Federal Match

0.430625
0.569375

FY 2009-10 Weighted State Match
 FY 2009-10 Weighted Federal Match

0.3981
0.6019

Indigent Care Program IMPACTED LINE ITEMS ONLY Does not include line item ineligible for FMAP increase under ARRA Safety Net Provider Payments TOTAL -- Includes DSH Funding (shown for information purpose only)	FY 2008-09 Staff Final Sup. Rec. FY 2008-09		FY 2008-09 Staff Rec. w/o Law ^ With ARRA FMAP		FY 2009-10 Staff Rec. w/o Law ^ With ARRA FMAP		FY 2009-10 Staff Rec. w/ Statutory		Difference of staff's legislation rec.
	Without ARRA		CHANGE ONLY		CHANGE ONLY		Change		
	Without ARRA	With ARRA	Without ARRA	With ARRA	Without ARRA	With ARRA	Without ARRA	With ARRA	
304,357,286									
General Fund	12,502,464	10,767,747	12,502,464	10,767,747	12,502,464	10,767,747	12,502,464	10,767,747	0
Cash Funds	48,235,762	48,235,762	48,235,762	48,235,762	48,235,762	48,235,762	48,235,762	48,235,762	0
Federal Funds	60,738,226	78,014,799	60,738,226	62,472,943	60,738,226	87,979,643	63,286,228	63,286,228	(24,693,414)
Safety Net Provider Payments									
Eligible for ARRA FMAP Increase (UPL ONLY)	12,502,464	10,767,747	12,502,464	10,767,747	12,502,464	10,767,747	12,502,464	10,767,747	0
General Fund	48,235,762	48,235,762	48,235,762	48,235,762	48,235,762	48,235,762	48,235,762	48,235,762	0
Cash Funds	60,738,226	78,014,799	60,738,226	62,472,943	60,738,226	87,979,643	63,286,228	63,286,228	(24,693,414)
Federal Funds									
Colorado Health Care Services Fund									
General Fund	15,000,000	15,000,000	15,000,000	12,918,750	15,000,000	15,000,000	15,000,000	15,000,000	(3,057,000)
The Children's Hospital, Clinic Based									
Indigent Care	27,029,760	30,338,425	27,029,760	27,029,760	27,029,760	33,308,908	27,767,760	27,767,760	(5,541,148)
General Fund	3,059,880	2,635,322	3,059,880	2,635,322	3,059,880	2,436,276	2,436,276	2,436,276	0
Cash Funds	10,455,000	10,455,000	10,455,000	9,004,369	10,455,000	10,824,000	10,824,000	10,824,000	(2,205,931)
CFE/Reappropriated Funds	13,514,880	17,308,103	13,514,880	15,390,070	13,883,880	20,048,632	16,713,415	16,713,415	(3,335,217)
Federal Funds									
Health Care Services Fund Programs									
CFE/Reappropriated Funds	4,545,000	4,545,000	4,545,000	3,914,381	4,545,000	4,176,000	4,176,000	4,176,000	(851,069)
Federal Funds	4,545,000	6,009,427	4,545,000	5,175,619	4,545,000	4,176,000	4,176,000	4,176,000	5,027,069
Pediatric Speciality Hospital									
General Fund	5,551,000	4,780,799	5,551,000	4,780,799	5,551,000	4,419,706	4,419,706	4,419,706	0
Cash Funds	368,292	368,292	368,292	317,191	368,292	355,359	282,937	282,937	(72,422)
CFE/Reappropriated Funds	495,000	495,000	495,000	426,319	495,000	504,000	504,000	504,000	(102,715)
Federal Funds	6,414,292	7,462,651	6,414,292	7,304,275	6,414,359	7,981,586	7,716,790	7,716,790	(264,796)
General Fund Appropriation to Pediatric Speciality Hospital									
General Fund Exempt	495,000	495,000	495,000	426,319	495,000	504,000	504,000	504,000	(102,715)
CPP Rural & Public Hospital Grant Program									
Cash Funds	3,130,481	3,130,481	3,130,481	2,696,127	3,130,481	3,020,548	3,020,548	3,020,548	(615,588)
Federal Funds	3,130,481	4,139,141	3,130,481	3,564,835	3,130,481	4,566,862	3,636,136	3,636,136	(930,727)
Total Indigent Care Program Division Affected Line Items									
General Fund	192,180,758	213,842,524	192,180,758	190,030,827	192,180,758	220,006,836	188,802,311	188,802,311	(31,204,525)
Cash Funds	36,113,344	33,183,868	36,113,344	31,102,618	36,113,344	31,810,444	28,753,444	28,753,444	(3,057,000)
CFE/Reappropriated Funds	495,000	495,000	495,000	426,319	495,000	504,000	504,000	504,000	(102,715)
Federal Funds	51,734,535	51,734,535	51,734,535	51,249,080	51,734,535	51,611,669	50,923,659	50,923,659	(688,010)
CFE/Reappropriated Funds	15,495,000	15,495,000	15,495,000	13,345,069	15,495,000	15,504,000	15,504,000	15,504,000	(3,159,715)
Federal Funds	88,342,879	112,934,121	88,342,879	93,907,741	88,229,013	120,576,723	32,347,710	96,379,638	(24,197,085)

JBC Staff -- Figure Setting Document

Estimate of American Recovery and Reinvestment Act -- Increased FMAP and Staff's Proposed Legislation

FY 2008-09 Weighted State Match
FY 2008-09 Weighted Federal Match

0.430625
0.569375

FY 2009-10 Weighted State Match
FY 2009-10 Weighted Federal Match

0.3981
0.6019

Indigent Care Program IMPACTED LINE ITEMS ONLY Does not include line item ineligible for FMAP increase under ARRA	Staff Final Sup. Rec. FY 2008-09		Staff Rec. w/o Law ^ FY 2008-09		Difference estimated impact of staff's legislation rec.	Staff Rec. w/ Statutory Change		Difference of staff's legislation rec.
	Without ARRA	With ARRA	Without ARRA	With ARRA		Without ARRA	With ARRA	
STAFF'S ESTIMATED IMPACT								
General Fund (M) Note Savings					(2,929,476)			(4,302,900)
General Fund Freed Up From Reducing Transfer to Health Care Services Fund					2,081,250			3,057,000
General Fund Freed Up From Reducing Transfer to Pediatric Speciality Fund					68,681			102,715
Transfer to General Fund from Comprehensive Primary Care Grant Program					434,354			615,588
Transfer to General Fund from Tier II Distribution to Pediatric Speciality Fund					51,101			72,422
Transfer Excess Federal Match to Special Fund to Offset General Expenditures Elsewhere in Budget					19,026,380			24,197,085
TOTAL Impact Estimated for Bill (Total Potential -- Not Necessary Amount Recommended)					21,661,766			28,044,810

Additional LEGISLATIVE OPTIONS TO THE MERELY HOLD PROVIDER ALLOCATIONS CONSTANT PRESENTED ABOVE

Option 1: Hold the CPP Rural & Public Hospital Grant Program to \$5.0 million in FY 2008-09 and FY 2009-10

	6,260,962	7,269,622	1,008,660	5,000,000	(2,269,622)	6,041,096	7,587,410	1,546,314	5,000,000	(2,587,410)
CPP Rural & Public Hospital Grant Program										
General Fund	0	0	0	0	0	0	0	0	0	0
General Fund Exempt	0	0	0	0	0	0	0	0	0	0
Cash Funds	3,130,481	3,130,481	0	2,153,125	(977,356)	3,020,548	3,020,548	0	1,990,500	(1,030,048)
CFE/Reappropriated Funds	0	0	0	0	0	0	0	0	0	0
Federal Funds	3,130,481	4,139,141	1,008,660	2,846,875	(1,292,266)	3,020,548	4,566,862	1,546,314	3,009,500	(1,557,362)

Option 2a: Eliminate the Pediatric Speciality Hospital Fund and Account and All Appropriations From it

	12,820,718	13,260,651	439,933	11,102,000	(2,158,651)	12,820,718	13,260,651	439,933	11,102,000	(2,158,651)
Pediatric Speciality Hospital										
General Fund	5,551,000	4,419,706	(1,131,294)	0	0	5,551,000	4,419,706	(1,131,294)	4,419,706	0
General Fund Exempt	0	0	0	0	0	0	0	0	0	0
Cash Funds	355,359	355,359	0	0	0	355,359	355,359	0	0	(355,359)
CFE/Reappropriated Funds	504,000	504,000	0	0	0	504,000	504,000	0	0	(504,000)
Federal Funds	6,410,359	7,981,586	1,571,227	6,682,294	(1,299,292)	6,410,359	7,981,586	1,571,227	6,682,294	(1,299,292)

Option 2b: Eliminate the Pediatric Speciality Hospital Fund and Account But Continue to Appropriate Funding to the Program from the Original Funds

	12,820,718	13,260,651	439,933	12,995,855	(264,796)	12,820,718	13,260,651	439,933	12,995,855	(264,796)
Pediatric Speciality Hospital										
General Fund	5,551,000	4,419,706	(1,131,294)	4,419,706	0	5,551,000	4,419,706	(1,131,294)	4,419,706	0
General Fund Exempt	0	0	0	0	0	0	0	0	0	0
Cash Funds	355,359	355,359	0	355,359	0	355,359	355,359	0	355,359	0
CFE/Reappropriated Funds	504,000	504,000	0	0	0	504,000	504,000	0	0	(504,000)
Federal Funds	6,410,359	7,981,586	1,571,227	7,716,790	(264,796)	6,410,359	7,981,586	1,571,227	7,716,790	(264,796)

Option 2c: Eliminate the Pediatric Speciality Hospital Fund and Account But Continue to Appropriate Only 50% of the Funding from the Original Fund to the PSH Fund

	12,820,718	13,260,651	439,933	12,048,928	(1,211,723)	12,820,718	13,260,651	439,933	12,048,928	(1,211,723)
Pediatric Speciality Hospital										
General Fund	5,551,000	4,419,706	(1,131,294)	4,419,706	0	5,551,000	4,419,706	(1,131,294)	4,419,706	0
General Fund Exempt	0	0	0	252,000	252,000	0	0	0	252,000	252,000
Cash Funds	355,359	355,359	0	177,680	(177,680)	355,359	355,359	0	177,680	(177,680)
CFE/Reappropriated Funds	504,000	504,000	0	0	(504,000)	504,000	504,000	0	0	(504,000)
Federal Funds	6,410,359	7,981,586	1,571,227	7,199,542	(782,044)	6,410,359	7,981,586	1,571,227	7,199,542	(782,044)

JBC Staff -- Figure Setting Document Estimate of American Recovery and Reinvestment Act -- Increased FMAP and Staff's Proposed Legislation

FY 2008-09 Weighted State Match
FY 2008-09 Weighted Federal Match
0.430625
0.569375

FY 2009-10 Weighted State Match
FY 2009-10 Weighted Federal Match
0.3981
0.6019

Other Medical Services Division IMPACTED LINE ITEMS ONLY Does not include line item ineligible for FMAP increase under ARRA	FY 2008-09				FY 2009-10				Difference estimated impact of staff's legislation rec.
	Staff Final Sup. Rec		Staff Rec. w/o Law ^		Staff Rec. w/o Law ^		Staff Rec. w/ Statutory		
	Without ARRA	With ARRA, FMAP CHANGE ONLY	Without ARRA	With ARRA, FMAP CHANGE ONLY	Without ARRA	With ARRA, FMAP CHANGE ONLY	Without ARRA	With ARRA, FMAP CHANGE ONLY	
Commission on Family Medicine Residency Training Programs General Fund Federal Funds	1,932,052 966,026 966,026	1,932,052 831,990 1,100,062	0 (134,036) 134,036	1,932,052 831,990 1,100,062	0 966,026 966,026	1,932,052 769,150 1,162,902	0 (196,876) 196,876	1,932,052 769,150 1,162,902	0 0 0
Enhanced Prenatal Care Training General Fund Federal Funds	117,411 58,706 58,705	117,412 50,561 66,851	1 (8,145) 8,146	117,412 50,561 66,851	0 0 0	119,006 46,778 72,228	0 (11,974) 11,974	119,006 46,778 72,228	0 0 0
Nurse Home Visitor Program Cash Funds Federal Funds	3,010,000 1,505,000 1,505,000	3,494,920 1,505,000 1,989,920	484,920 0 484,920	3,010,000 1,296,181 1,713,819	(484,920) (208,819) (276,101)	3,780,457 1,505,000 2,275,457	770,457 0 770,457	3,010,000 1,198,281 1,811,719	(770,457) (306,719) (463,738)
Public School Health Services Cash Funds Federal Funds	20,242,120 10,472,200 9,769,920	23,616,927 10,472,200 13,144,727	3,374,207 0 3,374,207	20,242,120 10,472,200 9,769,920	(3,374,207) 0 (3,374,207)	25,369,471 10,472,200 14,897,271	5,364,615 0 5,364,615	20,004,856 10,472,200 9,532,656	(5,364,615) 0 (5,364,615)
State University Teaching Hospital - DH General Fund Federal Funds	1,829,008 914,504 914,504	1,829,008 787,617 1,041,391	(0) (126,887) 126,887	1,829,008 787,617 1,041,391	0 0 0	1,831,714 729,205 1,102,509	0 (186,652) 186,652	1,831,714 729,205 1,102,509	0 0 0
State University Teaching Hospital - UCH General Fund Federal Funds	697,838 348,919 348,919	697,838 300,506 397,332	(0) (48,413) 48,413	697,838 300,506 397,332	0 0 0	700,936 279,043 421,893	0 (71,425) 71,425	700,936 279,043 421,893	0 0 0
Total Other Medical Program Division Affected Line Items General Fund Cash Funds Federal Funds	27,828,429 2,288,155 11,977,200 13,563,074	31,687,557 1,970,673 11,977,200 17,739,683	3,859,128 (317,482) 0 4,176,609	27,828,430 1,970,673 11,768,381 14,089,375	(3,859,127) 0 (208,819) (3,650,308)	33,233,636 1,824,176 11,977,200 19,932,260	5,413,072 (466,927) 0 6,601,999	27,538,564 1,824,176 11,670,481 14,103,907	(6,135,072) 0 (306,719) (5,828,353)

STAFF'S ESTIMATED IMPACT General Fund (M) Note Savings	No Law Change (466,927)	W/ Law Change (317,482)	W/ Law Change (317,482)	W/ Law Change (466,927)
Transfer to General Fund from Tobacco Tax Distribution to the Nurse Home Visitor Program Transfer Excess Federal Match to Offset General Expenditures Elsewhere in Budget TOTAL Impact Estimated for Bill (Total Potential -- Not Necessary Amount Recommended)		208,819 3,650,308 3,859,127		306,719 5,828,353 6,135,072

Estimate of American Recovery and Reinvestment Act

FY 2008-09 Weighted State Match
 FY 2008-09 Weighted Federal Match
 Request (instead of JBC Staff Rec)-- the fiscal impact will be updated for Committee Action after March 16, 2009.

FY 2009-10 Weighted State Match
 FY 2009-10 Weighted Federal Match
 Request (instead of JBC Staff Rec)-- the fiscal impact will be updated for Committee Action after March 16, 2009.

0.430625
 0.569375

0.3981
 0.6019

DHS DIVISION IMPACTED LINE ITEMS ONLY Does not include line item ineligible for FMAP increase under ARRA	FY 2008-09 Weighted State Match FY 2008-09 Weighted Federal Match Request (instead of JBC Staff Rec)-- the fiscal impact will be updated for Committee Action after March 16, 2009.		FY 2009-10 Weighted State Match FY 2009-10 Weighted Federal Match Request (instead of JBC Staff Rec)-- the fiscal impact will be updated for Committee Action after March 16, 2009.		Difference
	Without ARRA	With ARRA FMAP CHANGE ONLY	Without ARRA	With ARRA FMAP CHANGE ONLY	
Child Welfare Services	18,371,949	18,371,950	18,277,142	18,277,142	0
General Fund	9,217,764	7,911,421	9,138,571	7,276,130	(1,862,441)
General Fund Exempt	0	0	0	0	0
Cash Funds	0	0	0	0	0
CFE/Reappropriated Funds	0	0	0	0	0
Federal Funds	9,154,185	10,460,529	9,138,571	11,001,012	1,862,441
Mental Health Institutes	3,454,233	3,454,234	3,454,233	3,455,736	1,503
General Fund	1,727,117	1,487,480	1,727,117	1,375,131	(351,986)
General Fund Exempt	0	0	0	0	0
Cash Funds	0	0	0	0	0
CFE/Reappropriated Funds	0	0	0	0	0
Federal Funds	1,727,116	1,966,754	1,727,116	2,080,605	353,489
High Risk Pregnant Women	1,611,052	1,611,052	2,024,968	2,024,970	2
General Fund	805,526	693,759	1,012,485	806,141	(206,344)
General Fund Exempt	0	0	0	0	0
Cash Funds	0	0	0	0	0
CFE/Reappropriated Funds	0	0	0	0	0
Federal Funds	805,526	917,293	1,012,483	1,218,829	206,346
DD - Community Services Program Costs	284,141,779	284,141,779	304,250,398	304,250,399	1
General Fund	141,454,849	121,827,989	151,509,159	120,631,592	(30,877,567)
General Fund Exempt	0	0	0	0	0
Cash Funds	583,199	502,280	583,199	464,343	(118,856)
CFE/Reappropriated Funds	0	0	0	0	0
Federal Funds	142,103,731	161,811,510	152,158,040	183,154,464	30,996,424
DD - Community - Local Programs	2,000,000	2,000,000	2,000,000	2,000,000	0
General Fund	0	0	0	0	0
General Fund Exempt	0	0	0	0	0
Cash Funds	1,000,000	861,250	1,000,000	796,200	(203,800)
CFE/Reappropriated Funds	0	0	0	0	0

*This sheet currently shows the Department Request (instead of JBC Staff Rec)-- the fiscal impact will be updated for Committee Action after March 16, 2009.

Estimate of American Recovery and Reinvestment Act

FY 2008-09 Weighted State Match
 FY 2008-09 Weighted Federal Match

FY 2009-10 Weighted State Match
 FY 2009-10 Weighted Federal Match

0.430625
 0.569375

0.3981
 0.6019

* This sheet currently shows the Department Request (instead of JBC Staff Rec) -- the fiscal impact will be updated for Committee Action after March 16, 2009.

	FY 2008-09		FY 2009-10		Difference
	Without ARRA	With ARRA FMAP CHANGE ONLY	Without ARRA	With ARRA FMAP CHANGE ONLY	
DHS DIVISION IMPACTED LINE ITEMS ONLY					
Does not include line item ineligible for FMAP Increase under ARRA					
Federal Funds	1,000,000	1,138,750	1,000,000	1,203,800	203,800
Regional Centers					
General Fund	46,137,930	46,137,930	51,333,565	51,333,566	1
General Fund Exempt	22,089,464	19,024,551	24,647,156	19,624,066	(5,023,090)
Cash Funds	0	0	0	0	0
CFE/Reappropriated Funds	979,501	843,595	1,019,627	811,827	(207,800)
Federal Funds	23,068,965	26,269,784	25,666,782	30,897,673	5,230,891
Adult Assistance Programs					
General Fund	1,800	1,800	1,800	1,800	0
General Fund Exempt	900	775	900	717	(183)
Cash Funds	0	0	0	0	0
CFE/Reappropriated Funds	0	0	0	0	0
Federal Funds	900	1,025	900	1,083	183
Division Of Youth Corrections					
General Fund	1,623,476	1,623,478	2,845,631	2,845,632	1
General Fund Exempt	811,739	699,110	1,422,816	1,132,846	(289,970)
Cash Funds	0	0	0	0	0
CFE/Reappropriated Funds	0	0	0	0	0
Federal Funds	811,737	924,368	1,422,815	1,712,786	289,971
Total DHS Division (Rough Estimate)	357,342,219	357,342,223	384,187,737	384,189,245	1,508
General Fund	176,107,359	151,645,085	189,458,204	150,846,622	(38,611,582)
General Fund Exempt	0	0	0	0	0
Cash Funds	2,562,700	2,207,125	2,602,826	2,072,370	(530,456)
CFE/Reappropriated Funds	0	0	0	0	0
Federal Funds	178,672,160	203,490,013	192,126,707	231,270,253	39,143,546

STAFF'S ESTIMATED IMPACT
 General Fund (M) Note Savings
 Health Care Expansion (H) Note Savings

No Law Change
 (24,462,274)
 (80,919)

No Law Change
 (38,611,582)
 (118,856)

**JBC Staff Caseload Forecast March 2009
BASE FORECAST WITHOUT ANY POLICY ADJUSTMENTS**

	SSI 65	SSI 60-64	Partial Dual Eligibles	SSI Disabled	Low Income Adults	Expansion Low-Income Adults	Baby Care Adults	BCCTP	Children	Foster Children	Non-Citizens	Total
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FY 2005-06 ACTUAL	36,219	6,048	11,012	47,565	57,747	0	5,050	188	213,600	16,311	5,959	399,699
FY 2006-07 ACTUAL	35,977	6,042	12,818	48,567	51,361	4,974	5,123	230	206,170	16,601	5,214	393,077
FY 2007-08 Final Appropriation	35,790	6,098	14,086	49,565	43,972	8,567	5,895	271	198,500	16,940	3,972	383,656
FY 2007-08 ACTUAL	36,063	6,116	14,130	49,662	44,234	8,627	6,108	270	201,800	17,014	4,044	388,068
FY 2007-08 REBASE	36,284	6,146	14,214	49,933	44,555	8,918	6,288	270	204,022	17,141	4,191	391,961

Current FY 2008-09 Appropriation	35,466	6,100	15,068	48,688	35,645	0	5,768	218	173,338	17,307	3,738	341,336
Traditional Medicaid	812	116	0	700	676	0	260	0	856	92	0	3,512
Legal Immigrants	0	0	0	735	5,346	9,629	0	83	19,290	1,459	0	36,542
Expansion Medicaid	36,278	6,216	15,068	50,123	41,667	9,629	6,028	301	193,484	18,858	3,738	381,390
TOTAL CASELOAD	36,028	6,201	15,055	50,111	43,091	10,527	6,510	301	200,169	18,351	3,968	390,312
Staff March 08 Rec.												

Revised FY 2008-09 (JBC Staff March Estimate)	37,097	6,311	15,147	49,888	41,908	0	6,899	200	207,850	17,333	4,000	386,633
Traditional Medicaid	481	82	0	653	942	0	87	0	2,720	218	0	5,183
Legal Immigrants	0	0	0	757	5,843	12,484	0	101	21,844	459	0	41,487
Amendment 35 Expansion	37,578	6,393	15,147	51,298	48,693	12,484	6,986	301	232,414	18,010	4,000	433,303
TOTAL CASELOAD	37,438	6,361	14,982	51,119	47,274	11,946	6,967	295	227,466	17,891	4,008	425,747
% Growth from rebase	3.57%	4.02%	6.56%	2.73%	9.29%	39.98%	11.10%	11.62%	13.92%	5.07%	-4.56%	10.55%
YTD AVERAGE												

Department 02/17/09 Forecast	37,558	6,384	15,129	51,411	48,266	12,316	6,861	299	232,585	18,031	3,953	432,793
TOTAL CASELOAD												

Staff - Department Forecast	20	9	18	(113)	427	168	125	2	(171)	(21)	47	510
Total Caseload												

Revised FY 2009-10 (JBC Staff March Estimate)	37,594	6,428	16,350	50,672	48,783	0	7,288	220	226,881	17,454	4,192	415,862
Traditional Medicaid	548	93	0	743	1,072	0	99	0	3,097	248	0	5,901
Legal Immigrants	0	0	0	757	6,338	15,886	0	101	25,992	881	0	49,955
Amendment 35 Expansion	38,142	6,521	16,350	52,173	56,193	15,886	7,387	321	255,970	18,584	4,192	471,718
TOTAL CASELOAD												

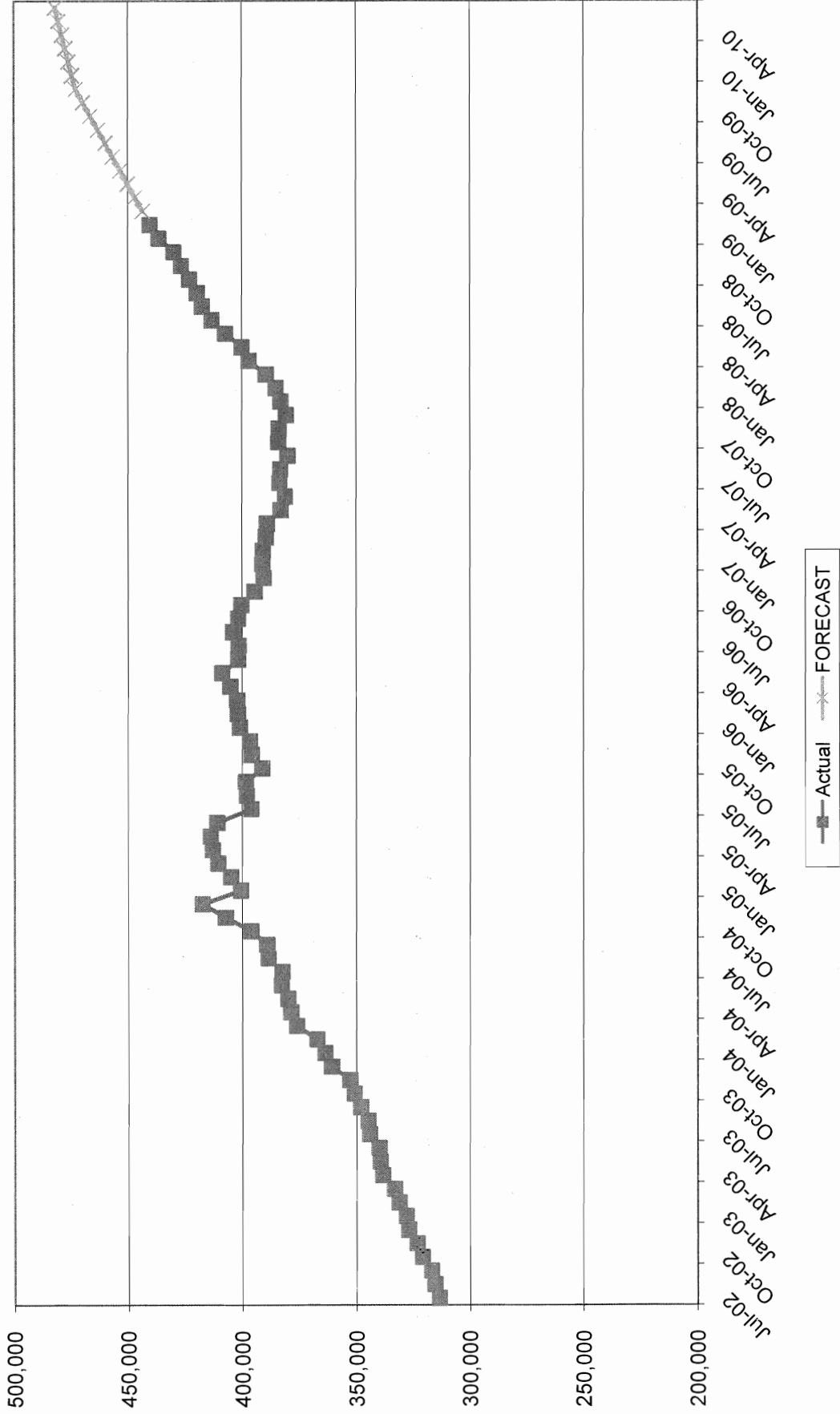
Department 02/17/09 Forecast	38,332	6,544	16,016	52,629	54,116	14,430	6,750	321	257,356	18,686	3,957	469,137
TOTAL CASELOAD												

Staff - Department Forecast	(190)	(23)	334	(456)	2,077	1,456	637	0	(1,386)	(102)	235	2,581
Total Caseload												

**JBC Staff Caseload Forecast March 2009
BASE FORECAST WITHOUT ANY POLICY ADJUSTMENTS**

	SSI 65	SSI 60-64	Partial Dual Eligibles	SSI Disabled	Low Income Adults	Expansion Low-Income Adults	Baby Care Adults	BCCTP	Children	Foster Children	Non-Citizens	Total
FY 2010-11 Forecast												
Traditional Medicaid	38,020	6,523	17,658	51,448	53,169	0	7,671	256	234,120	17,957	4,209	431,032
Legal Immigrants	548	93	0	743	1,072	0	99	0	3,097	248	0	5,901
Amendment 35 Expansion	0	0	0	757	6,338	18,110	0	101	25,992	881	0	52,179
TOTAL CASELOAD	38,568	6,617	17,658	52,948	60,579	18,110	7,770	357	263,209	19,086	4,209	489,111
FY 2011-12 Forecast												
Traditional Medicaid	38,446	6,619	18,966	52,223	56,486	0	7,668	291	232,970	18,459	4,118	436,246
Legal Immigrants	548	93	0	743	1,072	0	99	0	3,097	248	0	5,901
Amendment 35 Expansion	0	0	0	757	6,338	18,087	0	101	25,992	881	0	49,955
TOTAL CASELOAD	38,993	6,712	18,966	53,724	63,896	18,087	7,767	392	262,059	19,589	4,118	494,303
FY 2012-13 Forecast												
Traditional Medicaid	38,872	6,714	20,274	52,999	63,724	0	7,369	291	224,120	18,962	4,026	437,350
Legal Immigrants	548	93	0	743	1,072	0	99	0	3,097	248	0	5,901
Amendment 35 Expansion	0	0	0	757	6,338	17,835	0	101	25,992	881	0	49,955
TOTAL CASELOAD	39,419	6,807	20,274	54,499	71,134	17,835	7,468	392	253,209	20,091	4,026	495,155
FY 2013-14 Forecast												
Traditional Medicaid	39,298	6,809	21,583	53,774	67,041	0	7,070	291	219,170	19,464	3,826	438,326
Legal Immigrants	548	93	0	743	1,072	0	99	0	3,097	248	0	5,901
Amendment 35 Expansion	0	0	0	757	6,338	18,013	0	101	25,992	881	0	49,955
TOTAL CASELOAD	39,845	6,902	21,583	55,275	74,451	18,013	7,169	392	248,259	20,593	3,826	494,182

Medicaid Total Caseload And Forecast for Remainder of FY 2008-09 & FY 2009-10



Department's FY 2008-09 -- Fund Split Estimates -- FEBRUARY UPDATE

	Cash Funds						Re-App.		TOTAL FUNDS	
	General Fund	General Fund Exempt	Certified Funds	Gifts, Grants, Donations	Health Care Expansion Fund	Nursing Facility Fund	Breast & Cervical Cancer Fund	Autism Fund		Transfer from DPHE
Acute Care Services										
Base Acute	\$717,292,229	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$717,292,229
Estimated Family Planning	\$1,065,120	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,586,071
Estimated Prenatal State-Only Program Costs	\$3,614,967	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,439,951
Health Care Expansion Fund Split Adjustment	\$0	\$0	\$0	\$0	\$17,875,411	\$0	\$0	\$0	\$0	\$17,875,409
Estimated Breast and Cervical Cancer Program (BCCP)	\$0	\$0	\$0	\$0	\$0	\$0	\$1,630,705	\$0	\$702,218	\$4,332,567
Estimated Indian Health Service (IHS) (Advisory Only)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,195,270
Acute Care Services Sub-Total	\$721,972,316	\$0	\$0	\$0	\$17,875,411	\$0	\$1,630,705	\$0	\$702,218	\$751,721,497
Community Based Long Term Care Services										
Base Community Based Long Term Care	\$136,111,846	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$136,111,846
Children with Autism Waiver Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$784,875
Health Care Expansion Fund Split Adjustment	\$0	\$0	\$0	\$0	\$308	\$0	\$0	\$0	\$0	\$308
Community Based Long Term Care Sub-Total	\$136,111,846	\$0	\$0	\$0	\$308	\$0	\$0	\$0	\$0	\$136,897,029
Long Term Care and Insurance										
Base Long Term Care	\$281,559,633	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$281,559,632
Nursing Facility Provider Fees & General Fund Cap	(\$3,711,959)	\$0	\$0	\$0	\$0	\$25,149,575	\$0	\$0	\$0	\$21,437,616
Specialized Medicare Insurance Beneficiaries (SMIB)	\$56,303,325	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$37,535,549
Health Care Expansion Fund Split Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long Term Care and Insurance Sub-total	\$334,150,999	\$0	\$0	\$0	\$0	\$25,149,575	\$0	\$0	\$0	\$340,532,797
Service Management										
Base Service Management	\$2,861,611	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,861,611
Single Entry Point	\$12,448,377	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,490,809
Tobacco Tax Funded Disease Management Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,000,000
Health Care Expansion Fund Split Adjustment	\$0	\$0	\$0	\$0	\$50,864	\$0	\$0	\$0	\$0	\$50,864
Service Management Sub-total	\$15,309,988	\$0	\$0	\$0	\$50,864	\$0	\$0	\$0	\$0	\$16,403,284
Health Care Expansion Fund Allocations Split Adjustment	(\$58,634,004)	\$0	\$0	\$0	(\$58,634,004)	\$0	\$0	\$0	\$0	\$0
FY 08-09 Estimate of Total Expenditures for Medical Services to Clients	\$1,148,911,145	\$0	\$0	\$0	\$76,560,587	\$25,149,575	\$1,630,705	\$784,875	\$2,702,218	\$1,245,554,607
Impact of Upper Payment Limit Financing (Estimated)	(\$16,343,074)	\$0	\$16,343,074	\$0	\$0	\$0	\$0	\$0	\$0	\$16,343,074
Denver Health Outstationing	\$0	\$0	\$1,460,151	\$0	\$0	\$0	\$0	\$0	\$0	\$1,460,151
Referendum C Funding	(\$369,000,000)	\$369,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,920,302
Total Projected FY 08-09 Expenditures	\$763,568,071	\$369,000,000	\$17,803,225	\$0	\$76,560,587	\$25,149,575	\$1,630,705	\$784,875	\$2,702,218	\$2,520,557,088
Additional Supplementals										
Supplemental #6 & #28--Repayment of Fed Disallowance	\$3,176,846	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,176,846
Supplemental #7--Consumer Directed Care FF	(\$709,066)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$709,066
Supplemental #8--Additional Reimbursement to DH	\$0	\$0	\$3,030,149	\$0	\$0	\$0	\$0	\$0	\$0	\$3,030,149
Supplemental #18--Suspend Outreach Efforts (in base now)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Supplemental #20--Delay Managed Care Payments	(\$7,051,366)	\$0	\$0	\$0	(\$141,293)	\$0	\$0	\$0	\$0	(\$6,910,072)
Supplemental #24--Adjust Outpatient Hospital Cost/ Charge	(\$1,113,942)	\$0	\$0	\$0	(\$40,218)	\$0	\$0	\$0	\$0	(\$1,154,270)
Supplemental #25--Provider Rate Reductions (MP in base)	(\$4,511,044)	\$0	\$0	\$0	(\$76,742)	\$0	\$0	\$0	(\$895,000)	(\$5,642,668)
Supplemental #26--Hiring Freeze Reduction	(\$250,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$250,000)
TOTAL FY 2008-09 REQUESTED EXPENDITURES	\$753,108,499	\$369,000,000	\$20,833,374	\$0	\$76,302,334	\$25,149,575	\$1,630,705	\$784,875	\$1,752,218	\$1,253,140,017
Exclude H.B. 08-1114 Impact	(\$3,711,959)	\$0	\$0	\$0	\$0	\$25,149,575	\$0	\$0	\$0	\$21,437,616
TOTAL NON-CONTINGENT REQUEST	\$756,821,458	\$369,000,000	\$20,833,374	\$0	\$76,302,334	\$25,149,575	\$1,630,705	\$784,875	\$1,752,218	\$1,231,702,401
Exclude Supplementals that Committee Did Not Include 187	\$12,271,476	\$0	\$0	\$0	\$218,035	\$0	\$0	\$0	\$950,000	\$11,843,694
TOTAL REQUEST	\$769,092,934	\$369,000,000	\$20,833,374	\$0	\$76,520,369	\$25,149,575	\$1,630,705	\$784,875	\$2,702,218	\$1,243,546,095
Current amount appropriated with S.B. 09-187	\$767,327,250	369,000,000	18,180,399	\$0	74,275,397	\$0	1,737,369	627,611	2,661,475	1,234,176,486
Long Bill Supplemental	\$1,765,684	\$0	\$2,652,975	\$0	\$2,244,972	\$0	(\$106,664)	\$157,264	\$40,743	\$9,369,609

Staff's FY 2008-09 -- Fund Split Estimates (MARCH SUPPLEMENTAL RECOMMENDATION)

	Cash Funds										Re-App.		
	General Fund	General Fund Exempt	Certified Funds	Gifts, Grants, Donations	Health Care Expansion Fund	Nursing Facility Fund	Breast & Cervical Cancer Fund	Autism Fund	Transfer from DPHE	Federal Funds	TOTAL FUNDS		
Acute Care Services													
Base Acute	\$717,084,157	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$717,084,157	\$0	\$0	\$1,434,168,314
Expansion Acute Offset	(\$64,309,075)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Estimated Family Planning	\$1,065,120	\$0	\$0	\$0	\$64,309,075	\$0	\$0	\$0	\$0	\$9,586,071	\$0	\$0	\$10,651,191
Estimated Prenatal State-Only Program Costs	\$3,614,967	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,439,951	\$0	\$0	\$5,054,918
Estimated Breast and Cervical Cancer Program (BCCP)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,235,911	\$0	\$0	\$6,516,786
Estimated Indian Health Service (IHS) (Advisory Only)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,195,270	\$0	\$0	\$1,195,270
Acute Care Services Sub-Total	\$657,455,169	\$0	\$0	\$0	\$64,309,075	\$0	\$0	\$0	\$0	\$733,541,360	\$628,946	\$0	\$1,457,586,476
Community Based Long Term Care Services													
Base Community Based Long Term Care	\$137,538,692	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$137,538,691	\$0	\$0	\$275,077,383
Children with Autism Waiver Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,569,750
Expansion Community Offset	(\$3,734,350)	\$0	\$0	\$0	\$3,734,350	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Community Based Long Term Care Sub-Total	\$133,804,342	\$0	\$0	\$0	\$3,734,350	\$0	\$0	\$0	\$0	\$138,323,566	\$0	\$0	\$276,647,133
Long Term Care and Insurance													
Base Long Term Care and Insurance	\$281,916,243	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$281,916,243	\$0	\$0	\$563,832,485
Nursing Facility Provider Fees & General Fund Cap	\$56,810,136	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$37,873,424	\$0	\$0	\$94,683,560
Specialized Medicare Insurance Beneficiaries (SMIB)	(\$297,356)	\$0	\$0	\$0	\$297,356	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Expansion LTC Offset	\$338,428,022	\$0	\$0	\$0	\$297,356	\$0	\$0	\$0	\$0	\$319,789,666	\$0	\$0	\$658,516,045
Long Term Care and Insurance Sub-total	\$648,457,051	\$0	\$0	\$0	\$594,712	\$0	\$0	\$0	\$0	\$620,381,642	\$0	\$0	\$1,268,763,684
Service Management													
Base Service Management	\$2,024,119	\$0	\$0	\$0	\$0	\$0	\$5,574	\$0	\$2,122	\$2,038,410	\$0	\$0	\$4,070,225
Single Entry Point	\$12,087,610	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,157,794	\$0	\$0	\$23,245,405
Tobacco Tax Funded Disease Management Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,000,000	\$0	\$0	\$4,000,000
Expansion Service Management Offset	(\$297,356)	\$0	\$0	\$0	\$297,356	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Service Management Sub-total	\$15,814,374	\$0	\$0	\$0	\$297,356	\$0	\$5,574	\$0	\$2,002,122	\$15,196,205	\$0	\$0	\$31,315,630
FY 08-09 Estimate of Total Expenditures for Medical Services to Clients	\$1,143,502,906	\$0	\$0	\$0	\$68,638,137	\$0	\$1,657,503	\$784,875	\$2,631,068	\$1,206,850,797	\$2,631,068	\$0	\$2,424,065,286
Impact of Upper Payment Limit Financing (Estimated)	(\$16,343,074)	\$0	\$16,343,074	\$0	\$0	\$0	\$0	\$0	\$0	\$16,343,074	\$0	\$0	\$16,343,074
Denver Health Outsourcing	\$0	\$0	\$1,460,151	\$0	\$0	\$0	\$0	\$0	\$0	\$1,460,151	\$0	\$0	\$2,920,302
Referendum C Funding	(\$369,000,000)	\$369,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Projected FY 08-09 Expenditures	\$758,159,832	\$369,000,000	\$17,803,225	\$0	\$68,638,137	\$0	\$1,657,503	\$784,875	\$2,631,068	\$1,224,654,022	\$2,631,068	\$0	\$2,443,328,662
Additional Supplementals (Funded in S.B. 09-187)													
Supplemental #6 & #28--Repayment of Fed Disallowance	\$3,176,846	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,176,846	\$0	\$0	\$3,176,846
Supplemental #8--Additional Reimbursement to DH (other supplementals included in base calculations)	\$0	\$0	\$3,030,149	\$0	\$0	\$0	\$0	\$0	\$0	\$3,030,149	\$0	\$0	\$6,060,298
TOTAL FY 2008-09 JSC STAFF REC. EXPENDITURES	\$761,336,678	\$369,000,000	\$20,833,374	\$0	\$68,638,137	\$0	\$1,657,503	\$784,875	\$2,631,068	\$1,227,684,171	\$2,631,068	\$0	\$2,452,565,806
Head Entry	151,266,842	369,000,000	20,833,374	0	68,638,137	0	1,657,503	784,875	2,631,068	1,227,684,171	2,631,068	0	2,452,565,806
Subtract Current Appropriation	767,327,250	369,000,000	16,160,399	0	74,275,397	0	1,737,369	627,611	2,661,475	1,234,173,458	2,661,475	0	2,467,985,387
STAFFS RECOMMENDED ADJUSTMENTS	(6,060,409)	0	2,652,975	0	(6,361,424)	0	(79,865)	157,264	(30,407)	(6,492,315)	(30,407)	0	(15,420,182)
Department Final Request	\$763,568,071	\$369,000,000	\$17,803,225	\$0	\$76,560,587	\$0	\$1,630,705	\$784,875	\$2,702,218	\$1,263,357,832	\$2,702,218	\$0	\$2,520,557,088
Supplemental #6 & 28	\$3,176,846	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,176,846	\$0	\$0	\$3,176,846
Supplemental #8	(\$1,113,942)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,030,149	\$0	\$0	\$6,060,298
Supplemental #24 Outpatient Charge Ratio	(\$250,000)	\$0	\$0	\$0	(\$40,218)	\$0	\$0	\$0	\$0	(\$1,154,270)	\$0	\$0	(\$2,308,430)
Supplemental #26 - Prenatal Care Rate Increase Foregone	\$765,380,975	\$369,000,000	\$20,833,374	\$0	\$76,520,369	\$0	\$1,630,705	\$784,875	\$2,702,218	\$1,264,963,711	\$2,702,218	\$0	\$2,526,965,802
DEPARTMENT REQUEST	767,327,250	369,000,000	16,160,399	0	74,275,397	0	1,737,369	627,611	2,661,475	1,234,173,458	2,661,475	0	2,467,985,387
CURRENT APPROPRIATION - WITH S.B. 08-197	(1,946,275)	0	2,652,975	0	2,244,972	0	(106,664)	157,264	40,743	2,143,716,486	40,743	0	2,143,716,486
Take - Out nursing facility fee impact	(3,711,959)	0	0	0	0	0	0	0	0	21,437,616	0	0	58,999,815
DEPARTMENT FINAL RECOMMENDATION BASE SUP.	1,765,684	0	2,652,975	0	2,244,972	0	(106,664)	157,264	40,743	9,369,609	40,743	0	42,875,332
OTHER DEPARTMENT SUPPLEMENTALS REQUESTED BUT NOT FUNDED IN S.B. 09-187													
Supplemental #7--Consumer Directed Care FF (709,066)	0	0	0	0	0	0	0	0	0	709,066	0	0	709,066
Supplemental #18--Suspend Outreach Efforts (in base now)	0	0	0	0	0	0	0	0	0	0	0	0	0
Supplemental #20--Delay Managed Care Payments (7,051,366)	0	0	0	0	(141,293)	0	0	0	0	(6,910,072)	0	0	(14,102,731)
Supplemental #25--Provider Rate Reductions (MP in base) (4,511,044)	0	0	0	0	(76,742)	0	0	0	0	(950,000)	0	0	(11,180,474)
DEPARTMENT ALL FY 2008-09 MSP REQUESTS	755,109,499	369,000,000	20,833,374	0	76,302,334	0	1,630,705	784,875	1,752,218	1,253,140,017	1,752,218	0	2,501,702,597

Department's FY 2009-10 -- Fund Split Estimates -- February

	Cash Funds					Re-App.		TOTAL FUNDS			
	General Fund	General Fund Exempt	Certified Funds	Gifts, Grants, Donations	Health Care Expansion Fund	Nursing Facility Fund	Breast & Cervical Cancer Fund		Autism Fund	Transfer from DPHE	Federal Funds
Acute Care Services											
Base Acute	\$757,033,746	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$757,033,746	\$1,514,067,492
Hospital Outpatient Charge Ratio	(\$2,190,539)	\$0	\$0	\$0	(\$228,188)	\$0	\$0	\$0	\$0	(\$2,431,698)	(\$4,850,425)
Suspend CBHP Out Reach	(\$2,820,090)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,820,090)	(\$5,640,180)
Estimated Family Planning	\$1,145,678	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,145,678	\$11,456,777
Estimated Prenatal State-Only Program Costs	\$3,784,044	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,507,299	\$5,291,343
Health Care Expansion Fund Split Adjustment	\$874,605	\$0	\$0	\$0	\$22,820,086	\$0	\$0	\$0	\$0	\$22,820,086	\$45,640,172
Estimated Breast and Cervical Cancer Program (BCCP)	\$0	\$0	\$0	\$0	\$0	\$0	\$874,603	\$0	\$746,329	\$4,634,565	\$7,130,102
Estimated Indian Health Service (IHS) (Advisory Only)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,345,277	\$1,345,277
Acute Care Services Sub-Total	\$757,827,444	\$0	\$0	\$0	\$22,691,898	\$0	\$874,603	\$0	\$746,329	\$792,400,284	\$1,574,440,568
Community Based Long Term Care Services											
Base Community Based Long Term Care	\$145,871,544	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$145,871,544	\$291,743,088
Children with Autism Waiver Services	\$0	\$0	\$0	\$0	\$361	\$0	\$0	\$784,875	\$0	\$784,875	\$1,569,750
Health Care Expansion Fund Split Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$361	\$722
Community Based Long Term Care Sub-Total	\$145,871,544	\$0	\$0	\$0	\$361	\$0	\$0	\$784,875	\$0	\$146,656,780	\$293,313,560
Long Term Care and Insurance											
Base Long Term Care	\$300,160,181	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$300,160,181	\$600,320,362
Nursing Facility Provider Fees & General Fund Cap	(\$9,958,683)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$22,418,342	\$44,836,684
Specialized Medicare Insurance Beneficiaries (SMIB)	\$59,609,227	\$0	\$0	\$0	\$0	\$32,377,025	\$0	\$0	\$0	\$39,739,484	\$99,348,711
Health Care Expansion Fund Split Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long Term Care and Insurance Sub-total	\$349,810,725	\$0	\$0	\$0	\$0	\$32,377,025	\$0	\$0	\$0	\$362,318,007	\$744,505,757
Service Management											
Base Service Management	\$2,970,694	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,970,694	\$5,941,387
Single Entry Point	\$13,285,111	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,263,178	\$25,548,289
Tobacco Tax Funded Disease Management Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,000,000	\$2,000,000	\$4,000,000
Health Care Expansion Fund Split Adjustment	\$0	\$0	\$0	\$0	\$73,133	\$0	\$0	\$0	\$0	\$73,132	\$146,265
Service Management Sub-total	\$16,255,805	\$0	\$0	\$0	\$73,133	\$0	\$0	\$0	\$2,000,000	\$17,307,003	\$35,635,941
Health Care Expansion Fund Allocations Split Adjustment	(\$63,612,603)	\$0	\$0	\$0	\$63,612,603	\$0	\$0	\$0	\$0	\$0	\$0
FY 09-10 Estimate of Total Expenditures for Medical Services to Clients	\$1,208,152,915	\$0	\$0	\$0	\$86,277,995	\$32,377,025	\$874,603	\$784,875	\$2,746,329	\$1,318,682,074	\$2,647,895,816
Impact of Upper Payment Limit Financing (Estimated)	(\$16,964,111)	\$0	\$16,964,111	\$0	\$0	\$0	\$0	\$0	\$0	\$16,964,111	\$16,964,111
Denver Health Outstationing	\$0	\$0	\$1,460,151	\$0	\$0	\$0	\$0	\$0	\$0	\$1,460,151	\$2,920,302
BA #24 -- Denver Health Reimbursement	\$0	\$0	\$2,595,224	\$0	\$0	\$0	\$0	\$0	\$0	\$2,595,223	\$5,190,447
Referendum C Funding	(\$369,000,000)	\$369,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Projected FY 08-09 Expenditures	\$820,188,804	\$369,000,000	\$21,019,486	\$0	\$86,277,995	\$32,377,025	\$874,603	\$784,875	\$2,746,329	\$1,339,701,559	\$2,672,970,676
Additional Non-Base Issues											
DI #6 & BA #38 -- Medicaid Value-Based Initiative	\$42,574	\$0	\$0	\$0	\$8,954	\$0	\$0	\$0	\$0	\$51,528	\$103,056
NP #3 -- DHS Placements	\$46,283	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$46,282	\$92,565
BR1 #1 -- Pharmacy	(\$511,443)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$511,444)	(\$1,022,887)
BR1 #2 - Medicaid Efficiencies	(\$1,182,972)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,182,973)	(\$2,365,945)
BA #15 - Community Transitions	(\$186,695)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$186,695)	(\$373,390)
BA #26 -- Rebase FOHCS	(\$2,747,227)	\$0	\$0	\$0	(\$286,178)	\$0	\$0	\$0	\$0	(\$3,049,671)	(\$6,083,076)
BA #33 -- Utilization and Provider Rate Reductions	(\$63,230,480)	\$0	\$0	\$0	(\$757,457)	\$0	\$0	\$0	(\$2,504,353)	(\$66,926,456)	(\$133,418,746)
BA #36 -- Enhance Estate Recovery	(\$558,360)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$558,361)	(\$1,116,721)
BA #37 -- Increased HIBI enrollment	(\$312,500)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$312,500)	(\$625,000)
TOTAL FY 2008-09 REQUESTED EXPENDITURES	\$751,547,984	\$369,000,000	\$21,019,486	\$0	\$85,243,314	\$32,377,025	\$874,603	\$784,875	\$241,976	\$1,267,071,269	\$2,528,160,532
Hard Enter	\$751,547,984	\$369,000,000	\$21,019,486	\$0	\$85,243,314	\$32,377,025	\$874,603	\$784,875	\$241,976	\$1,267,071,269	\$2,528,160,532

Staffs FY 2009-10 -- Fund Split Estimates

	General Fund				Cash Funds				Re-App.			TOTAL FUNDS	
	General Fund	General Fund Exempt	Certified Funds	Gifts, Grants, Donations	Health Care Expansion Fund	Nursing Facility Fund	Breast & Cervical Cancer Fund	Autism Fund	Transfer from DPHE	Federal Funds			
Acute Care Services													
Base Acute (includes CBHP outreach issue in base)	\$788,374,963	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$788,374,963	\$0	\$0	\$1,576,749,925
Hospital Charge Ratio	(\$2,190,539)	\$0	\$0	\$0	(\$228,188)	\$0	\$0	\$0	\$0	(\$2,418,727)	\$0	\$0	(\$4,608,667)
Expansion, Acute Offset	(\$76,104,294)	\$0	\$0	\$0	\$76,104,294	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Estimated Family Planning	\$1,145,678	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,145,678	\$0	\$0	\$1,145,678
Estimated Prenatal, State-Only Program Costs	\$3,784,044	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,784,044	\$0	\$0	\$3,784,044
Estimated Breast and Cervical Cancer Program (BCCP)	\$851,555	\$0	\$0	\$0	\$0	\$851,555	\$0	\$0	\$801,464	\$50,091	\$0	\$0	\$7,155,927
Estimated Indian Health Service (IHS) (Advisory Only)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,345,277	\$0	\$0	\$1,345,277
Acute Care Services Sub-Total	\$715,861,407	\$0	\$0	\$0	\$75,876,106	\$0	\$851,555	\$0	\$801,464	\$803,758,292	\$0	\$0	\$1,597,148,824
Community Based Long Term Care Services													
Base Community Based Long Term Care	\$147,060,143	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$147,060,143	\$0	\$0	\$294,120,284
Children with Autism Waiver Services	(\$4,057,006)	\$0	\$0	\$0	\$4,057,006	\$0	\$0	\$0	\$0	\$784,875	\$0	\$0	\$1,569,750
Expansion, Community Offset	\$143,003,137	\$0	\$0	\$0	\$4,057,006	\$0	\$0	\$0	\$0	\$147,845,016	\$0	\$0	\$295,690,034
Community Based Long Term Care Sub-Total													
Long Term Care and Insurance													
Base Long Term Care & Insurance	\$300,399,574	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$300,399,574	\$0	\$0	\$600,799,149
Nursing Facility Provider Fees & General Fund Cap	(\$9,958,683)	\$0	\$0	\$0	\$0	\$32,377,025	\$0	\$0	\$0	\$22,418,342	\$0	\$0	\$44,636,684
Specialized Medicare Insurance Beneficiaries (SMIB)	\$60,046,142	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$40,030,761	\$0	\$0	\$100,076,903
Expansion, LTC Offset	(\$4,068,370)	\$0	\$0	\$0	\$4,068,370	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long Term Care and Insurance Sub-total	\$346,418,663	\$0	\$0	\$0	\$4,068,370	\$32,377,025	\$0	\$0	\$0	\$362,848,678	\$0	\$0	\$745,712,736
Service Management													
Base Service Management	\$2,480,954	\$0	\$0	\$0	\$0	\$0	\$3,276	\$0	\$3,084	\$2,505,574	\$0	\$0	\$5,002,889
Single Entry Point	\$12,827,735	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,840,987	\$0	\$0	\$24,668,722
Tobacco Tax Funded Disease Management Adjustment	\$504,353	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,000,000	\$2,504,353	\$0	\$0	\$5,008,706
Expansion, Service, Management Offset	(\$237,085)	\$0	\$0	\$0	\$237,085	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Service Management Sub-total	\$15,585,958	\$0	\$0	\$0	\$237,085	\$0	\$3,276	\$0	\$2,003,084	\$16,850,914	\$0	\$0	\$34,680,317
FY 09-10 Estimate of Total Expenditures for Medical Services to Clients	\$1,220,869,165	\$0	\$0	\$0	\$84,238,567	\$32,377,025	\$854,831	\$784,875	\$2,804,548	\$1,331,302,900	\$0	\$0	\$2,673,231,911
Impact of Upper Payment Limit Financing (Estimated)	(\$16,964,110)	\$0	\$16,964,110	\$0	\$0	\$0	\$0	\$0	\$0	\$16,964,109	\$0	\$0	\$16,964,109
Denver Health Outstationing	\$0	\$0	\$1,480,151	\$0	\$0	\$0	\$0	\$0	\$0	\$1,480,151	\$0	\$0	\$2,920,302
Additional Denver Health Outstationing	\$0	\$0	\$2,595,224	\$0	\$0	\$0	\$0	\$0	\$0	\$2,595,224	\$0	\$0	\$5,190,448
Referendum C Funding	(\$369,000,000)	\$369,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Projected FY 08-09 Expenditures	\$834,905,055	\$369,000,000	\$21,019,485	\$0	\$84,238,567	\$32,377,025	\$854,831	\$784,875	\$2,804,548	\$1,352,322,384	\$0	\$0	\$2,698,306,770
Additional Supplementals (Funded in S.B. 09-187 Additional Non-Base Issues)													
DI #6 & BA #38 -- Medicaid Value-Based Initiative	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NP #3 -- DBS Placements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
BRI #1 -- Pharmacy	(\$511,443)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$511,443)	\$0	\$0	(\$1,022,887)
BRI #2 - Medicaid Efficiencies	(\$897,952)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$897,952)	\$0	\$0	(\$1,795,904)
BA #15 - Community Transitions	(\$186,695)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$186,695)	\$0	\$0	(\$373,390)
BA #26 - Renise FQHCs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
BA #33 -- Utilization and Provider Rate Reductions	(\$10,435,802)	\$0	\$0	\$0	(\$148,176)	\$0	\$0	\$0	\$0	(\$10,583,978)	\$0	\$0	(\$21,167,956)
BA #36 -- Enhance Estate Recovery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$558,361)	\$0	\$0	(\$1,116,721)
BA #37 -- Increased HIBI enrollment	(\$312,500)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$312,500)	\$0	\$0	(\$625,000)
(Other adjustments included in the base calculations)													
TOTAL FY 2008-09 JBC STAFF REC. EXPENDITURES	\$822,002,303	\$369,000,000	\$21,019,485	\$0	\$84,080,391	\$32,377,025	\$854,831	\$784,875	\$2,804,548	\$1,339,271,454	\$0	\$0	\$2,672,204,912
Hard Enter	\$22,002,303	\$69,000,000	\$2,019,485	\$0	\$4,080,391	\$32,377,025	\$84,831	\$784,875	\$2,804,548	\$1,339,271,454	\$0	\$0	\$2,672,204,912
DEPARTMENT FUND SPLITS	\$751,547,984	\$369,000,000	\$21,019,486	\$0	\$85,243,314	\$32,377,025	\$874,603	\$784,875	\$241,976	\$1,267,071,269	\$0	\$0	\$2,528,160,532
DIFFERENCE	\$70,454,319	\$0	(\$1)	\$0	(\$1,152,923)	\$0	(\$19,772)	\$0	\$2,562,572	\$72,200,185	\$0	\$0	\$144,044,380

JBC Staff Figure Setting Document

JBC & Department Caseload Forecast Growth Comparison

Official Medicaid Caseload Actuals and Projection without Retroactivity from REX01/COLD (MARS) 474701 Report

Item	Adults 65 and Older (OAP-A)	Disabled Adults 60 to 64 (OAP-B)	Disabled Individuals to 59 (AND/AB)	Categorically Eligible Low-Income Adults (AFDC-A)	Expansion Adults	Breast & Cervical Cancer Program	Eligible Children (AFDC-C/BC)	Foster Care	Baby Care Program-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	32,654	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 Dept Est.	37,558	6,384	51,411	48,266	12,316	299	232,585	18,031	6,861	3,953	15,129	432,793
Percent Change	3.51%	3.87%	2.96%	8.33%	38.10%	10.74%	14.00%	5.19%	9.11%	-5.68%	6.44%	10.42%
FY 2008-09 Staff Est.	37,578	6,393	51,298	48,693	12,484	301	232,414	18,010	6,986	4,000	15,147	433,304
Percent Change	3.57%	4.02%	2.73%	9.29%	39.99%	11.48%	13.92%	5.07%	11.10%	-4.56%	6.56%	10.55%
FY 2009-10 Dept Est.	38,332	6,544	52,629	54,116	14,430	321	257,356	18,686	6,750	3,937	16,016	469,137
Percent Change	2.06%	2.51%	2.37%	12.12%	17.16%	7.36%	10.65%	3.63%	-1.62%	0.10%	5.86%	8.40%
FY 2009-10 Staff Est.	38,142	6,521	52,173	56,193	15,886	321	255,970	18,584	7,387	4,192	16,350	471,719
Percent Change	1.50%	2.00%	1.71%	15.40%	27.25%	6.64%	10.14%	3.19%	5.74%	4.80%	7.94%	8.87%

CLIENT COSTS -- JBC Document

Total Caseload and Cost History by Aid Category -- BASE CALCULATIONS ONLY -- DOES NOT INCLUDE DECISION ITEMS

	SSI 65	SSI 60-64	QMB/SLIMB	SSI Disabled	Low Income Adults	BC Adults	BCCTP	Exp. Adults	Eligible Children	Foster Care	Non-Citizens	Total
FY 95-96	\$11,327.34	\$8,023.80	\$1,530.07	\$6,240.31	\$2,633.79	\$5,967.26	\$0.00	\$0.00	\$1,262.84	\$2,409.75	\$3,389.56	\$3,901.23
FY 96-97	\$13,533.13	\$8,389.09	\$1,520.73	\$7,165.34	\$3,175.43	\$6,857.00	\$0.00	\$0.00	\$1,234.06	\$2,413.46	\$3,872.90	\$4,509.91
FY 97-98	\$13,159.80	\$8,475.25	\$1,353.26	\$7,225.09	\$3,063.82	\$6,805.25	\$0.00	\$0.00	\$1,388.22	\$2,198.48	\$3,722.19	\$4,631.18
FY 98-99	\$14,004.31	\$9,810.22	\$1,019.01	\$8,167.62	\$3,160.75	\$6,336.63	\$0.00	\$0.00	\$1,480.54	\$2,045.00	\$3,612.42	\$4,950.52
FY 99-00	\$15,165.91	\$10,684.00	\$917.32	\$8,694.77	\$3,440.55	\$5,430.96	\$0.00	\$0.00	\$1,544.55	\$2,203.16	\$3,273.68	\$5,166.43
% Chng Prior Yr	15.24%	26.06%	-32.21%	20.94%	12.30%	-20.21%	n/a	n/a	11.26%	0.21%	-12.05%	11.56%
FY 00-01	\$15,432.14	\$11,744.36	\$959.50	\$9,713.80	\$3,277.53	\$4,801.68	\$0.00	\$0.00	\$1,570.79	\$2,351.33	\$2,966.08	\$5,143.57
% Chng Prior Yr	1.76%	9.92%	4.60%	11.74%	-4.74%	-11.59%	n/a	n/a	1.70%	6.73%	-9.40%	-0.44%
FY 01-02	\$16,357.98	\$11,721.70	\$963.16	\$9,956.32	\$3,125.56	\$4,760.46	\$0.00	\$0.00	\$1,532.61	\$2,530.66	\$9,774.77	\$5,202.22
% Chng Prior Yr	9.89%	-0.19%	0.38%	2.48%	-4.64%	-0.86%	n/a	n/a	-2.43%	7.63%	229.55%	1.14%
FY 02-03	\$16,494.52	\$11,762.69	\$986.72	\$11,055.94	\$3,491.83	\$5,610.49	\$31,060.43	\$0.00	\$1,369.03	\$2,713.74	\$11,883.60	\$5,044.89
% Chng Prior Yr	-2.73%	0.35%	-7.94%	11.04%	11.72%	17.86%	n/a	n/a	-10.67%	7.23%	21.57%	-3.02%
FY 03-04	\$18,128.65	\$13,612.91	\$967.47	\$11,947.85	\$3,919.97	\$7,713.62	\$25,911.24	\$0.00	\$1,209.03	\$3,045.32	\$11,976.57	\$5,080.22
% Chng Prior Yr	9.11%	15.73%	8.07%	8.07%	12.28%	37.49%	-16.58%	n/a	-11.69%	12.22%	0.78%	0.70%
FY 04-05	\$18,267.34	\$13,193.89	\$1,141.31	\$11,443.76	\$3,257.87	\$6,315.54	\$28,960.13	\$0.00	\$1,317.39	\$2,930.06	\$8,985.99	\$4,700.29
% Chng Prior Yr	0.77%	-3.08%	17.97%	-4.22%	-16.89%	-18.12%	11.77%	n/a	8.96%	-3.76%	-24.97%	-7.48%
FY 05-06	\$18,573.44	\$14,295.69	\$1,213.53	\$11,884.92	\$3,380.32	\$7,801.14	\$36,225.53	\$0.00	\$1,442.86	\$2,996.87	\$9,282.65	\$4,959.65
% Chng Prior Yr	1.71%	8.38%	6.33%	2.11%	3.76%	23.52%	25.09%	n/a	9.52%	2.28%	3.30%	5.52%
FY 06-07	\$18,623.33	\$14,754.25	\$1,328.20	\$11,640.75	\$3,870.97	\$9,308.66	\$24,845.05	\$1,479.60	\$1,602.06	\$3,230.18	\$10,736.20	\$5,211.29
% Chng Prior Yr	1.34%	3.18%	9.45%	-0.38%	14.51%	19.32%	-31.42%	n/a	11.03%	7.78%	15.68%	5.07%
FY 07-08	\$19,600.39	\$16,347.19	\$1,322.44	\$13,195.50	\$4,291.88	\$8,784.10	\$26,305.08	\$2,204.65	\$1,801.59	\$3,766.54	\$13,262.51	\$5,768.77
% Chng Prior Yr	5.16%	10.80%	-0.43%	13.36%	10.87%	-5.64%	5.88%	49.00%	12.45%	16.60%	23.51%	10.70%
FY 08-09	\$19,654.45	\$15,741.39	\$1,237.69	\$12,623.34	\$4,574.44	\$8,774.20	\$22,449.92	\$1,906.73	\$1,768.76	\$3,291.85	\$14,040.47	\$5,730.90
Original App.												
Department Req	\$20,991.25	\$17,630.16	\$1,258.89	\$14,124.37	\$4,085.87	\$8,777.09	\$22,384.69	\$2,566.54	\$1,855.10	\$3,890.73	\$14,626.22	\$5,779.42
% Chng Prior Yr	6.01%	7.85%	-4.81%	7.04%	-4.80%	-0.08%	-14.90%	16.41%	2.97%	3.30%	10.28%	0.18%
Staff Forecast	\$20,305.13	\$17,172.54	\$1,204.75	\$13,952.81	\$4,319.61	\$8,618.80	\$21,711.71	\$1,707.49	\$1,742.81	\$3,681.52	\$14,896.13	\$5,621.64
% Chng Prior Yr	2.56%	5.05%	-8.90%	5.74%	0.63%	-1.88%	-17.46%	-22.55%	-3.26%	-2.26%	11.87%	-2.55%
FY 09-10	\$21,750.94	\$18,163.66	\$1,301.61	\$14,457.84	\$3,910.80	\$9,121.84	\$22,297.93	\$2,793.61	\$1,782.87	\$3,995.51	\$15,003.27	\$5,644.18
Department Req												
% Chng Prior Yr	3.62%	3.03%	3.39%	2.36%	-4.28%	3.93%	-0.39%	8.85%	-3.89%	2.69%	5.89%	-2.34%
Staff Forecast	\$21,872.30	\$18,251.05	\$1,282.13	\$14,798.57	\$4,156.80	\$8,968.04	\$22,378.38	\$2,553.84	\$1,794.21	\$3,800.42	\$15,461.33	\$5,667.01
% Chng Prior Yr	7.72%	6.28%	6.42%	6.06%	-3.76%	4.05%	3.07%	49.57%	-0.49%	3.25%	4.21%	0.81%

Cost Per Client (without bottom line financing -- service costs only)

JBC Staff FY 2008-09 & FY 2009-10 Summary of Request and Recommendation By Eligibility Category

	SSI 65+	SSI 60 to 64	Partial Dual Eligibles	SSI Disabled	Adults	Baby Care Adults	BC Cancer Adults	Expansion Adults	Children	Foster Children	Noncitizens	Fed. Dis.	TOTAL MEDICAID
Original Caseload (not rebased)	36,278	6,216	15,068	50,123	41,667	6,028	301	9,629	193,484	18,858	3,738		381,390
New Caseload Estimate (Rebased & Growth)	37,558	6,384	15,129	51,411	48,266	6,861	299	12,316	232,585	18,031	3,953		432,793
Difference	1,280	168	61	1,288	6,599	833	(2)	2,687	39,101	(827)	215		51,403
	3.53%	2.70%	0.40%	2.57%	15.84%	13.82%	-0.66%	27.91%	20.21%	-4.39%	5.75%		13.48%
Acute Care Services	102,953,870	54,160,034	3,767,398	490,917,970	195,457,184	59,928,746	6,665,490	31,507,105	427,199,867	63,547,021	57,817,462		1,493,902,147
Community Long Term Care Services	133,817,920	18,959,152	452,295	114,062,314	49,990	0	0	616	311,348	6,140,423	0		273,794,058
Long Term Care	488,875,260	34,307,120	118,753	81,578,356	110,969	0	0	0	0	0	0		604,990,458
Insurance	49,957,482	2,913,467	14,575,554	27,203,169	170,705	2,450	0	0	18,768	1,318	0		94,842,913
Service Management	12,804,962	2,211,192	131,715	12,385,958	288,393	27,533	0	101,728	9,337,675	464,924	0		33,764,136
Total Services	788,389,484	112,350,965	19,048,715	726,147,767	97,188,904	60,219,589	6,693,023	31,689,440	431,467,688	70,153,686	57,817,462		2,501,935,712
Bottom of the Line Financing	6,071,675	866,796	146,679	5,592,329	1,518,701	463,773	51,545	243,456	3,322,890	540,279	445,273		19,263,376
Total Premiums	794,461,169	113,417,761	19,192,394	731,740,096	198,707,605	60,683,362	6,744,568	31,832,885	434,790,548	70,693,965	58,262,735		2,520,557,088
Service Cost Per Client	\$20,991.25	\$17,650.16	\$1,258.89	\$14,124.37	\$4,085.67	\$8,777.09	\$22,384.69	\$2,566.54	\$1,855.10	\$3,890.73	\$14,626.22		\$3,890.73
Total Cost (including BLF)	\$21,152.91	\$3,019.80	\$511.01	\$19,482.94	\$5,290.65	\$16,151.72	\$179.58	\$848.10	\$1,576.51	\$1,882.26	\$1,551.27		\$1,882.26
Department's FEB BASE SUPPLEMENTAL CALCULATION	\$32,033,862	\$9,959,738	(\$1,822,061)	\$78,893,505	\$3,776,429	\$1,147,707	(\$581,934)	\$6,145,614	\$54,656,150	\$475,944	\$1,920,216		\$186,605,169
Supplemental #6 --& #28 -- Repayment of Fed Disallowance	1,694,189	0	0	888,070	5,555	0	0	0	0	0	0		3,176,846
Supplemental #7 -- Consumer Directed Care Federal Funding	0	0	0	0	0	0	0	0	0	0	0		0
Supplemental #8 -- Additional Medicaid Reimbursement to DH	235,879	218,672	27	1,660,249	1,043,627	438,051	0	64,693	1,467,707	124,796	806,597		6,060,298
Supplemental #18 -- Suspend Outreach Efforts	0	0	0	0	0	0	0	0	0	0	0		0
Supplemental #20 -- Delay Managed Care Payments	(1,289,875)	(740,495)	0	(6,142,360)	(1,705,656)	(124,457)	0	(211,425)	(3,767,920)	(120,543)	0		(1,856,040)
Supplemental #24 -- Adjust Outpatient Hospital Cost to Charge	(40,410)	(64,303)	(4)	(644,896)	(531,267)	(70,900)	0	(71,264)	(81,458)	(22,573)	0		(14,102,731)
Supplemental #25 -- Provider Rate Reductions (Adj. for Feb req.)	(762,299)	(421,444)	(27,872)	(3,765,356)	(1,579,717)	(447,521)	(59,330)	(158,547)	(3,016,357)	(493,194)	(22,573)		(2,308,430)
Supplemental #26 -- Hiring Freeze Reduction	(158,163)	(22,325)	(4,256)	(1,464,688)	(42,623)	(12,046)	(1,595)	(4,270)	(81,626)	(14,388)	(12,041)		(11,180,474)
													(\$300,000)
Department's FEBRUARY FY 2008-09 MSP EXPENDITURE REQUEST	794,140,496	112,486,461	19,650,524	725,589,156	195,907,524	60,466,489	6,683,644	31,472,072	426,754,957	70,109,178	58,585,881		2,499,846,557

JBC STAFF RECOMMENDATION -- MARCH SUPPLEMENTAL for FY 2008-09

Current LONG BILL APPROPRIATION / MODIFIED BY S.B. 09-187	754,186,704	110,600,623	20,185,656	723,862,731	216,619,998	60,920,717	6,904,430	22,275,238	416,328,602	67,011,705	61,228,080		2,463,301,330
TOTAL CURRENT APPROPRIATION (2008 & 2009 SESSION ALL BILLS)	756,795,375	110,792,639	20,192,828	724,532,394	216,833,507	60,942,331	6,905,871	22,238,766	416,570,948	67,719,081	61,285,400		2,467,983,987
Staff's FY 2008-09 Caseload Forecast (March 2009)	37,578	6,393	15,147	51,298	48,693	6,986	301	12,484	232,414	18,010	4,000		433,304
STAFF'S BASE FORECAST -- PER CAPITAS	\$2,642.96	\$8,458.04	\$196.62	\$9,463.76	\$4,278.79	\$8,577.83	\$21,650.45	\$1,692.96	\$1,723.33	\$3,329.88	\$14,830.49		\$14,830.49
Acute Care Services	\$3,585.27	\$2,911.66	\$21.85	\$2,275.95	\$1.04	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00
Community Care Services	\$12,132.11	\$5,004.35	\$7.27	\$1,483.52	\$2.11	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00
Long Term Care	\$1,342.28	\$460.94	\$970.51	\$532.75	\$3.52	\$0.32	\$0.00	\$0.00	\$0.00	\$0.07	\$0.00		\$0.00
Premium Payments	\$328.45	\$27.49	\$8.50	\$224.27	\$22.64	\$8.82	\$61.26	\$8.82	\$14.68	\$21.64	\$0.00		\$0.00
Service Management	\$20,051.07	\$17,162.48	\$1,204.75	\$13,940.24	\$4,308.10	\$8,608.65	\$21,711.71	\$1,701.78	\$1,739.45	\$3,677.00	\$14,830.49		\$14,830.49
TOTAL PER CAPITAS FOR MEDICAL/ LONG TERM CARE SERVICES													
BASE FORECAST -- ADDS OTHER SUPPLEMENTALS NOT TRENDED IN THE BASE BUT ADDED IN S.B. 09-187													
Acute Care Services	99,537,449	54,136,558	2,978,157	486,116,919	208,878,343	59,995,608	6,516,786	21,206,206	401,311,738	60,052,618	59,344,526		1,459,894,908
-- Our Patient Charge Supplemental included in S.B. 09-187	(40,410)	(64,303)	(4)	(644,896)	(531,267)	(70,900)	0	(71,264)	(781,354)	(81,458)	(22,574)		(2,308,430)
-- Reduce Rates for Prenatal Plus (staff believes this being caught in the trend)													
Community Care Services	134,727,351	18,614,227	330,926	116,751,704	50,841	0	0	0	311,436	5,860,649	0		276,647,133
Long Term Care	456,652,149	31,992,827	110,183	74,049,530	102,961	0	0	0	17,595	562,907,651	0		95,608,394
Premium Payments	50,440,030	2,946,762	14,700,292	27,328,862	171,382	2,254	0	110,124	3,412,677	389,707	0		31,315,630
Service Management	12,342,413	2,093,658	128,818	11,504,444	1,022,261	18,439	6,535,225	21,245,066	404,272,092	66,222,732	59,321,952		2,424,065,286
TOTAL BASE PREMIUMS -- SERVICE COSTS	753,478,982	109,719,729	18,248,372	715,106,563	209,774,522	60,140,051	6,535,225	21,245,066	404,272,092	66,222,732	59,321,952		2,424,065,286
Bottom Line Financing	6,071,675	866,796	146,679	5,592,329	1,518,701	463,773	51,545	243,456	3,374,435	540,279	445,273		19,263,376
-- Extra Dayver Health / Fed disallowance included in S.B. 09-187	235,879	218,672	27	1,660,249	1,043,627	438,051	0	64,693	1,467,707	124,796	806,596		9,337,133
TOTAL BASE PREMIUMS -- JANUARY RECOMMENDATION	759,786,536	110,805,197	18,395,078	722,359,141	212,336,850	61,041,875	6,535,225	21,553,195	409,114,234	66,887,807	60,573,821		2,452,565,805
Total Recommended Supplementals (not including base or 187)													
TOTAL FY 2008-09 RECOMMENDED -- ALL ISSUES	759,786,536	110,805,197	18,395,078	722,359,141	212,336,850	61,041,875	6,535,225	21,553,195	409,114,234	66,887,807	60,573,821		2,452,565,805
Analysis of Cost Drivers													
Increase in Caseload	1,300	177	79	1,175	7,026	958	0	2,855	38,930	(848)	262		51,914
Increase in Per Capita (Service Costs Only)	(\$687.30)	\$695.42	(\$186.96)	\$1,021.05	(\$304.05)	(\$1,117.52)	(\$2,628.83)	(\$960.47)	(\$207.45)	(\$33.83)	\$309.06		
Cost Associated with Caseload Increase	26,959,873	2,914,670	109,945	15,180,057	32,404,982	9,317,677	(791,277)	7,600,740	75,793,177	(3,146,783)	3,804,613		170,938,951
Costs Associated with Per Capita Increases	(24,933,766)	4,322,716	(2,817,049)	51,177,863	(12,668,770)	(6,736,431)	(9,248,386)	(9,248,386)	(40,138,430)	(637,980)	1,155,279		(41,316,235)
Componding Impact (new caseload * new cost)	(893,486)	123,089	(14,770)	1,199,728	(2,136,242)	(1,070,587)	0	(2,742,148)	(8,076,114)	28,688	80,725		(13,500,866)
Total Cost Increase for Base Service Issue	1,132,620	7,360,475	(2,721,873)	67,557,648	17,599,971	1,510,659	(791,277)	(4,389,794)	27,578,629	(3,756,074)	5,040,867		116,121,849

JBC Staff FY 2008-09 & FY 2009-10 Summary of Request and Recommendation By Eligibility Category

Supplemental Issues	SSI 65+	SSI 60 to 64	Partial Dual Eligibles	SSI Disabled	Adults	Baby Care Adults	BC Cancer Adults	Expansion Adults	Children	Foster Children	Noncitizens	Fed Dis.	TOTAL MEDICAID
Revised Supplemental #1 -- Against S.B. 09-187	2,991,161	12,557	(1,797,750)	(2,173,253)	(4,496,657)	99,544	(370,646)	(685,572)	(7,456,714)	(831,273)	(711,579)		(15,420,182)
Total Supplemental Issues -- JBC STAFF REC -- MARCH 2009	2,991,161	12,557	(1,797,750)	(2,173,253)	(4,496,657)	99,544	(370,646)	(685,572)	(7,456,714)	(831,273)	(711,579)	0	(15,420,182)
CURRENT APPROPRIATION (INCLUDES S.B. 09-187 but not H.B. 08-1114)	756,795,575	110,702,659	20,192,830	724,537,394	2,166,833,394	60,942,331	6,905,871	22,238,766	416,570,948	67,719,081	61,285,400	3,176,846	2,467,985,987
TOTAL FY 2008-09 APPROPRIATION RECOMMENDED	759,786,536	110,805,197	18,398,078	722,359,141	2,12,836,850	61,041,875	6,535,225	21,553,195	409,114,234	66,887,807	60,573,821	3,176,846	2,432,565,805
Subtract Special Legislation (if negative it is added)	18,041	10,616	716	91,520	39,513	12,136	1,559	5,414	75,077	13,235	11,446		279,272
S.B. 08-09	0	0	0	0	0	0	0	0	0	(692,121)	0		(692,121)
S.B. 08-99	(276,125)	(146,266)	(9,459)	(1,271,044)	(658,104)	(158,174)	(18,988)	(24,443)	(1,087,118)	(164,172)	(186,108)		(4,000,000)
S.B. 08-118	147,632	86,870	5,856	748,927	323,343	99,315	12,761	44,301	614,370	108,302	93,662		2,285,340
S.B. 08-230	0	0	0	0	0	0	0	0	0	0	0		0
H.B. 08-1114	0	0	0	0	0	0	0	0	0	0	0		0
S.B. 08-1373	(2,335,544)	(165,199)	(5,766)	(428,411)	(9)	0	0	0	0	0	0		(3,134,928)
S.B. 08-1374	17,945	10,559	712	91,031	39,302	12,072	1,551	5,385	74,676	13,164	11,385		277,780
S.B. 08-1407	19,380	11,404	769	98,313	42,446	13,037	1,675	5,815	80,649	14,217	12,295		300,000
S.B. 08-1409													
TOTAL PREMIUM AMOUNT FOR LONG BILL ADD ON	757,177,865	110,613,180	18,397,906	721,689,478	2,12,123,341	61,020,261	6,533,784	21,589,666	408,871,888	66,180,432	60,516,501	3,176,846	2,447,881,148
CURRENT LONG BILL AS AMENDED BY S.B. 09-187	754,186,704	110,600,623	20,185,656	723,862,731	2,16,919,938	60,920,261	6,904,430	22,275,238	416,328,602	67,011,705	61,228,080		2,463,301,330
CHECK SUPPLEMENTAL BILL	2,991,161	12,557	(1,797,750)	(2,173,253)	(4,496,657)	99,544	(370,646)	(685,572)	(7,456,714)	(831,273)	(711,579)		(15,420,182)
HARD ENTER (TO AVOID ROUNDING ISSUES)	2,991,161	12,557	40,692	(4,011,625)	(4,496,657)	99,544	(370,646)	(685,572)	(7,456,714)	(831,273)	(711,579)		(15,420,182)
Long Bill Add-On Amount FOR FY 2008-09 (hard entered calculation)	757,177,865	110,613,180	20,226,278	719,851,106	212,123,341	61,020,261	6,533,784	21,589,666	408,871,888	66,180,432	60,516,501	3,176,846	2,447,881,148
Staff's new caseload forecast	37,578	6,393	15,147	51,298	48,693	6,986	301	12,484	232,414	18,010	4,000		433,304
Per capitas needed in the LONG BILL ADD-ON (not true per capita)	\$20,149.50	\$17,302.23	\$1,335.33	\$14,032.73	\$4,356.34	\$8,734.65	\$21,706.92	\$1,729.39	\$1,759.24	\$3,674.65	\$15,129.13		\$5,649.34
TOTAL APPROPRIATION RECOMMENDED	759,786,536	110,805,197	18,398,078	722,359,141	2,12,836,850	61,041,875	6,535,225	21,553,195	409,114,234	66,887,807	60,573,821	3,176,846	2,452,565,805
Contingent Appropriations in H.B. 08-1114	9,486,980	618,707	44,210	1,704,269	154	0	0	0	0	0	0	0	11,854,320
TOTAL ANTICIPATED APPROPRIATION WITH CONTINGENT APP.	769,273,516	111,423,904	18,439,288	724,063,409	212,337,004	61,041,875	6,535,225	21,553,195	409,114,234	66,887,807	60,573,821	3,176,846	2,464,420,125

FY 2009-10 Department Revised Request--FINAL REQUEST With Feb 16 and Budget Balancing Impacts	Forecasted Caseload	2009-10 Department Revised Caseload	Difference
Acute Care Services	107,246,391	107,246,391	0
-- Outpatient Charge to Ratio Annualization	(84,909)	(84,909)	0
-- BA for CBHP Outreach	0	0	0
Community Long Term Care Services	139,329,201	139,329,201	0
Long Term Care	521,474,556	521,474,556	0
Insurance	52,430,902	52,430,902	0
Service Management	13,361,073	13,361,073	0
Total Services	833,757,214	833,757,214	0
Bottom of the Line Financing	6,237,040	6,237,040	0
Increase to Denver Health	1,628,060	1,628,060	0
Total Premiums	841,622,314	841,622,314	0
Service Cost Per Client	\$21,750.94	\$21,750.94	0
Total Cost (including BLF)	\$22,408.60	\$22,408.60	0
Department's BASE + CASELOAD GROWTH	\$841,622,314	\$841,622,314	0
NP #3 -- DHS DD COMMUNITY GROWTH	(32,165)	(32,165)	0
BR1 #1 -- Pharmacy Efficiencies	(161,313)	(161,313)	0
BR1 #2 -- Medicaid Efficiencies	7,026	7,026	0
DR #6/BA #38 -- Medicaid Value-Based	BA #15 -- Community Transition Services	BA #15 -- Community Transition Services	0
BA #26 -- Rebase FQHC Rates	BA #26 -- Rebase FQHC Rates	0	
BA #33 -- Utilization and Rate Changes	BA #33 -- Utilization and Rate Changes	0	
BA #36 -- Enhanced Estate & Income Recovery	BA #36 -- Enhanced Estate & Income Recovery	0	
BA #37 -- Increased Enrollment in HBI	BA #37 -- Increased Enrollment in HBI	0	
Department's FEBRUARY FY 2009-10 MSP EXPENDITURE REQUEST	798,077,548	798,077,548	0

JBC Staff FY 2008-09 & FY 2009-10 Summary of Request and Recommendation By Eligibility Category

FY 2009-10 Staff's Recommendation

	SSI 65+	SSI 60 to 64	Partial Dual Eligibles	SSI Disabled	Adults	Baby Care Adults	BC Cancer Adults	Expansion Adults	Children	Foster Children	Noncitizens	Fed Dis.	TOTAL MEDICAID
FY 2008-09 STAFF'S Forecasted Caseload	37,578	6,393	15,147	51,298	48,693	6,986	301	12,484	232,414	18,010	4,000		433,304
FY 2009-10 STAFF'S Forecasted Caseload	38,142	6,521	16,350	52,173	56,193	7,387	321	15,886	255,970	18,584	4,191		471,718
Difference	564	128	1,203	875	7,500	401	20	3,402	23,556	574	191		38,414
% Increase from prior year forecast	1.50%	2.00%	7.94%	1.71%	15.40%	5.74%	6.64%	27.25%	10.14%	3.19%	4.78%		8.87%
Per Estimate (Medical Services ONLY Before Decision Items)	\$21,872.30	\$18,251.05	\$1,282.13	\$14,798.57	\$4,156.80	\$8,968.04	\$22,378.38	\$2,553.84	\$1,734.21	\$3,800.42	\$15,461.33		
Estimated Expenditures BY SERVICE AREA													
ACUTE CARE	106,126,967	56,932,311	3,891,155	518,569,989	232,888,241	66,108,097	7,155,927	40,548,049	441,125,587	63,807,057	64,845,869		1,601,999,249
-- Outpatient Charge Ratio (BA # 24)	(84,909)	(135,113)	(9)	(1,355,042)	(1,116,288)	(148,974)	0	(149,739)	(1,641,765)	(171,158)	(47,429)		(4,850,425)
COMMUNITY CARE	140,633,128	19,960,948	357,208	127,827,013	58,672	0	0	0	343,002	6,510,063	0		295,690,034
LTC - CLASS 1 NURSING FACILITIES	453,450,896	30,645,013	124,139	81,082,474	116,003	0	0	0	0	0	0		565,418,526
LTC - CLASS 2 NURSING FACILITIES	0	361,724	0	1,869,624	0	0	0	0	0	0	0		2,231,349
LTC - PACE	68,551,880	5,855,173	16,450,162	2,656,282	0	0	0	0	0	0	0		77,043,335
I-MEDICARE PREMIUMS	52,642,459	3,087,432	207,587	27,689,263	2,516	0	0	0	0	0	0		100,076,903
I-HEALTH CARE BUY-IN	3,396	1,898	0	912,236	1,942	2,516	0	0	19,379	1,256	0		942,623
A - SINGLE ENTRY POINTS	12,126,093	2,015,134	140,231	10,376,311	3,330	0	0	0	2,531	5,092	0		24,668,722
A - DISEASE MANAGEMENT	356,723	199,707	0	1,790,293	813,335	189,034	27,533	0	1,387,502	244,579	0		5,008,706
A - PREPAID INPATIENT HOSPITALS	446,811	90,877	0	687,469	610,511	96,257	0	172,028	2,668,815	230,121	0		5,002,889
ESTIMATED SERVICE COSTS	\$834,253,444	\$119,015,105	\$20,962,887	\$772,085,911	\$233,583,334	\$66,246,930	\$7,183,460	\$40,570,338	\$443,905,051	\$70,627,010	\$64,798,440		\$2,673,231,910
BOTTOM LINE FINANCING	7,825,280	1,116,359	196,631	7,242,150	2,191,007	621,395	67,381	380,549	4,163,820	662,480	607,808		25,074,860
ESTIMATED MEDICAL SERVICES PREMIUMS BASE	\$842,078,724	\$120,131,464	\$21,159,518	\$779,328,061	\$235,774,341	\$66,868,325	\$7,250,841	\$40,950,887	\$448,068,871	\$71,289,490	\$65,406,248		\$2,698,306,770
Decision Items													
Medicaid Value-Based (DI #6 & BA #38)	0	0	0	0	0	0	0	0	0	0	0		\$5,667.01
DHS DD Community Place Increases	0	0	0	0	0	0	0	0	0	0	0		0
Pharmacy Efficiencies (BRI #1)	(32,165)	(54,803)	(0)	(482,482)	(140,449)	(7,967)	(6)	(20,303)	(184,718)	(99,665)	(328)		(1,022,887)
Medicaid Efficiencies (BRI #2)	0	0	0	0	0	0	0	0	0	0	0		0
-- Florida	0	0	0	0	0	0	0	0	0	0	0		0
-- Hospital Back-Up	(75,426)	(69,924)	(8)	(530,889)	(333,715)	(140,073)	0	(20,687)	(469,320)	(39,905)	(257,921)		(1,419,964)
-- Oxygen	0	0	0	0	0	0	0	0	0	0	0		0
Community Transition Services (BA #15)	(191,873)	(25,262)	(1,422)	(146,231)	(175)	0	0	(12)	(912)	(7,501)	0		(1,937,867)
Release FOHCs (BA #26)	0	0	0	0	0	0	0	0	0	0	0		0
Utilization and Provider Rates (BA #33)	(5,008,351)	(1,047,673)	0	(4,770,927)	(131,815)	(7,477)	0	(19,055)	(173,361)	(93,538)	0		(373,390)
-- Promote use of VA for veterans	(30,187)	(51,434)	(0)	(452,819)	(131,815)	(7,477)	(6)	(19,055)	(173,361)	(93,538)	0		(10,826,952)
-- Prior Authorization of Anti-Convulsant Drugs	(11,502)	(35,514)	(85)	(8,766)	(10)	0	0	(1)	(55)	(450)	0		(960,000)
-- Prenatal Plus Program Changes	(236,944)	(54,911)	(64,356)	(157,317)	(1,234)	(680)	0	(3,342)	(294)	(185)	(24)		(22,383)
-- \$1 Co-Pay on HCBS services for families with \$250,000 income	(54,911)	(50,516)	(6)	(383,537)	(241,090)	(101,195)	0	(14,945)	(339,057)	(28,829)	(186,333)		(500,000)
-- Enhance efforts to make sure Medicare Pays first	(370,422)	(204,791)	(13,544)	(1,829,691)	(767,628)	(217,463)	(28,830)	(77,042)	(1,465,732)	(239,656)	(218,103)		(1,400,000)
-- Restrict inpatient hospital fro readmission w/124 hours	0	0	0	0	0	0	0	0	0	0	0		(5,432,902)
-- Reduce Selected Physician Codes to below 100% Medicare	0	0	0	0	0	0	0	0	0	0	0		0
-- Repurpose Disease Management	0	0	0	0	0	0	0	0	0	0	0		0
-- Revised Costs for Medicare Premiums (in base)	(63,699)	(108,531)	(1)	(955,505)	(278,146)	(15,778)	(12)	(40,208)	(365,814)	(197,377)	(650)		(2,025,721)
Physician Services & EPSDT	0	0	0	0	0	0	0	0	0	0	0		0
Emergency Transportation	0	0	0	0	0	0	0	0	0	0	0		0
Non-emergency Transportation	0	0	0	0	0	0	0	0	0	0	0		0
Dental Services	0	0	0	0	0	0	0	0	0	0	0		0
Inpatient Hospitals	0	0	0	0	0	0	0	0	0	0	0		0
Outpatient Hospitals	0	0	0	0	0	0	0	0	0	0	0		0
Lab & X-ray	0	0	0	0	0	0	0	0	0	0	0		0
Durable Medical Equipment	0	0	0	0	0	0	0	0	0	0	0		0
Home Health	0	0	0	0	0	0	0	0	0	0	0		0
HCBS - EBD & Client Services	0	0	0	0	0	0	0	0	0	0	0		0
HCBS - MI	0	0	0	0	0	0	0	0	0	0	0		0
HCBS - Disabled Children	0	0	0	0	0	0	0	0	0	0	0		0
HCBS - AIDS	0	0	0	0	0	0	0	0	0	0	0		0
HCBS - CDAS	0	0	0	0	0	0	0	0	0	0	0		0
HCBS - BI	0	0	0	0	0	0	0	0	0	0	0		0
HCBS - Autism	0	0	0	0	0	0	0	0	0	0	0		0
Private Duty Nursing	0	0	0	0	0	0	0	0	0	0	0		0
Hospice	0	0	0	0	0	0	0	0	0	0	0		0
Single Entry Point	(893,709)	(58,284)	(4,165)	(1,601,548)	(15)	0	0	0	0	0	0		(1,116,721)
Enhanced Estate & Income Recovery (BA #36)	(2,261)	(1,217)	0	(606,383)	(1,108)	(1,525)	0	0	(11,683)	(820)	0		(625,000)
Increased Enrollment in HBI (BA #37)	0	0	0	0	0	0	0	0	0	0	0		0
Total STAFF PREMIUMS FOR FY 2009-10	835,107,694	118,421,892	21,075,930	768,842,964	233,878,956	66,376,167	7,221,987	40,755,292	445,199,889	70,581,561	64,742,580		2,672,210,578
HARD ENTER	835,107,694	118,421,892	21,075,930	768,842,964	233,878,956	66,376,167	7,221,987	40,755,292	445,199,889	70,581,561	64,742,580		2,672,210,578

Service Category Estimated COSTS -- JBC Document
Total Caseload and Cost History by Aid Category -- BASE CALCULATIONS ONLY -- DOES NOT INCLUDE DECISION ITEMS

	SSI 65	SSI 60-64	OMB/SLIMB	SSI Disabled	Low Income Adults	BC Adults	BCC/TP	Exp. Adults	Eligible Children	Foster Care	Non-Citizens	Total
Acute Care Services												
FY 95-96	\$65,490,832	\$20,813,888	\$1,498,645	\$215,076,923	\$95,568,690	\$42,767,829	\$0	\$0	\$142,105,656	\$20,002,990	\$13,792,970	\$617,118,423
FY 96-97	\$86,555,911	\$23,425,875	\$1,768,008	\$258,031,934	\$105,465,599	\$37,543,774	\$0	\$0	\$136,318,983	\$21,784,915	\$17,851,756	\$688,746,755
FY 97-98	\$90,855,859	\$24,711,381	\$1,405,971	\$258,958,421	\$82,369,107	\$28,942,845	\$0	\$0	\$142,788,816	\$22,102,057	\$18,549,901	\$670,684,358
FY 98-99	\$99,611,066	\$31,780,339	\$1,429,623	\$275,661,117	\$71,396,513	\$31,462,780	\$0	\$0	\$149,529,580	\$22,448,268	\$20,732,564	\$704,051,850
FY 99-00	\$108,773,578	\$38,614,227	\$1,869,206	\$316,945,087	\$80,794,239	\$33,518,472	\$0	\$0	\$169,546,536	\$27,431,418	\$29,667,057	\$806,179,820
FY 00-01	\$126,369,794	\$38,727,163	\$2,302,841	\$345,853,758	\$88,491,965	\$31,496,405	\$0	\$0	\$192,833,114	\$30,660,294	\$36,924,837	\$893,660,171
FY 01-02	\$131,835,670	\$37,856,289	\$2,145,037	\$349,368,303	\$104,039,520	\$33,937,796	\$0	\$0	\$220,491,735	\$33,156,728	\$39,367,016	\$952,198,094
FY 02-03	\$127,969,752	\$39,813,094	\$1,897,397	\$385,226,750	\$139,553,510	\$42,510,204	\$1,428,780	\$0	\$227,550,173	\$34,701,970	\$48,724,102	\$1,049,375,732
FY 03-04	\$135,135,551	\$46,255,115	\$2,089,094	\$414,667,649	\$182,959,373	\$63,256,861	\$2,688,858	\$0	\$231,893,695	\$41,981,745	\$55,128,970	\$1,176,036,911
FY 04-05	\$144,236,013	\$46,693,685	\$1,893,876	\$397,728,916	\$183,416,905	\$38,545,944	\$2,490,150	\$0	\$289,270,930	\$42,142,755	\$44,696,253	\$1,191,114,827
FY 05-06	\$119,353,131	\$45,562,871	\$2,068,100	\$395,086,174	\$194,256,325	\$39,291,425	\$6,809,762	\$0	\$304,607,787	\$44,535,020	\$55,307,090	\$1,206,887,685
FY 06-07	\$83,069,760	\$44,002,744	\$2,845,609	\$382,381,966	\$197,964,589	\$47,595,089	\$5,712,309	\$7,353,407	\$327,049,562	\$49,389,806	\$55,988,997	\$1,203,363,838
FY 07-08	\$91,090,497	\$50,360,206	\$3,330,605	\$449,938,999	\$188,767,403	\$53,476,246	\$7,089,500	\$18,945,426	\$360,437,875	\$58,933,895	\$53,633,575	\$1,336,004,287
FY 08-09	\$84,621,888	\$49,402,642	\$3,057,108	\$436,083,148	\$189,261,673	\$52,701,784	\$6,743,169	\$18,358,869	\$336,271,614	\$57,154,571	\$52,483,288	\$1,286,139,754
FY 08-09	Original App.	\$102,933,870	\$54,160,034	\$3,767,398	\$490,917,970	\$195,457,184	\$59,928,746	\$6,665,490	\$427,199,867	\$63,547,021	\$57,817,462	\$1,493,902,147
FY 08-09	Staff Forecast	\$99,357,449	\$54,136,558	\$2,978,157	\$486,116,919	\$59,995,608	\$6,516,786	\$21,206,206	\$401,311,738	\$60,052,618	\$59,344,526	\$1,459,894,908
FY 09-10	Department Req.	\$107,161,483	\$56,262,345	\$2,226,165	\$507,497,590	\$61,277,970	\$7,130,102	\$40,164,812	\$454,324,771	\$67,236,693	\$59,367,931	\$1,574,440,509
FY 09-10	Staff Forecast	\$106,042,068	\$56,797,198	\$3,891,146	\$517,214,948	\$65,959,123	\$7,155,927	\$40,398,310	\$439,463,823	\$63,635,699	\$64,798,440	\$1,587,148,924
Community Based Long-Term Care												
FY 95-96	\$23,914,044	\$2,421,317	\$28,593	\$15,693,871	\$169,696	\$0	\$0	\$0	\$13,802	\$2,051	\$0	\$42,243,374
FY 96-97	\$33,196,634	\$2,819,452	\$17,406	\$19,888,727	\$7,414	\$0	\$0	\$0	\$132,517	\$444,840	\$0	\$56,506,990
FY 97-98	\$37,156,766	\$3,246,682	\$21,537	\$23,055,275	\$15,700	\$14,436	\$0	\$0	\$135,551	\$649,676	\$0	\$64,295,623
FY 98-99	\$46,152,127	\$4,563,159	\$47,186	\$30,523,406	\$47,389	\$68	\$0	\$0	\$79,488	\$871,837	\$0	\$82,284,670
FY 99-00	\$59,932,661	\$5,511,069	\$115	\$29,301,508	\$29,479	\$0	\$0	\$0	\$21,258	\$21,723	\$0	\$94,817,833
FY 00-01	\$61,569,418	\$9,013,673	\$217	\$39,811,298	\$163,996	\$0	\$0	\$0	\$679,864	\$43,938	\$0	\$111,282,404
FY 01-02	\$65,928,541	\$7,399,415	\$44	\$42,961,368	\$84,265	\$0	\$0	\$0	\$21,694	\$36,905	\$0	\$136,432,232
FY 02-03	\$78,719,107	\$7,549,034	\$0	\$56,806,389	\$70,931	\$109	\$0	\$0	\$389,329	\$2,854,975	\$0	\$146,389,874
FY 03-04	\$85,726,658	\$8,298,496	\$8	\$61,272,991	\$167,620	\$0	\$0	\$0	\$213,395	\$3,044,165	\$0	\$158,723,316
FY 04-05	\$86,505,276	\$8,689,937	\$224	\$61,264,884	\$126,591	\$2,461	\$0	\$0	\$689,933	\$3,665,603	\$0	\$160,944,909
FY 05-06	\$95,295,727	\$12,130,404	\$41,208	\$71,302,410	\$150,551	\$0	\$0	\$0	\$529,206	\$4,121,260	\$0	\$183,570,766
FY 06-07	\$112,939,443	\$14,106,731	\$395,653	\$82,896,696	\$98,469	\$0	\$0	\$5,134	\$704,094	\$3,990,308	\$0	\$215,126,488
FY 07-08	\$124,223,596	\$16,355,186	\$920,663	\$94,673,894	\$113,310	\$0	\$0	\$8,054	\$590,675	\$4,856,637	\$0	\$241,742,015
FY 08-09	\$122,825,124	\$15,710,032	\$1,235,622	\$91,401,268	\$137,033	\$0	\$0	\$0	\$771,105	\$4,561,401	\$0	\$236,641,585
FY 08-09	Department Req.	\$133,817,920	\$18,969,152	\$452,295	\$114,062,314	\$49,990	\$0	\$616	\$311,348	\$6,140,423	\$0	\$273,794,055
FY 08-09	Staff Forecast	\$134,727,351	\$18,614,227	\$330,926	\$116,751,704	\$50,841	\$0	\$0	\$311,436	\$5,860,649	\$0	\$276,647,133
FY 09-10	Department Req.	\$139,329,201	\$20,366,465	\$369,239	\$125,905,634	\$56,281	\$0	\$722	\$344,867	\$6,960,161	\$0	\$293,313,960
FY 09-10	Staff Forecast	\$140,833,128	\$19,960,948	\$357,208	\$127,827,013	\$58,672	\$0	\$0	\$343,002	\$6,510,063	\$0	\$295,690,034

Service Category Estimated COSTS -- JBC Document
Total Caseload and Cost History by Aid Category -- BASE CALCULATIONS ONLY -- DOES NOT INCLUDE DECISION ITEMS

	SSI 65	SSI 60-64	QMB/SLIMB	SSI Disabled	Low Income		BCCTP	Exp. Adults	Eligible Children	Foster Care	Non-Citizens	Total
					Adults	BC Adults						
Long Term Care and Insurance												
FY 95-96	\$265,378,874	\$10,954,225	\$4,496,634	\$48,395,635	\$895,284	\$333,694	\$0	\$0	\$1,136,055	\$179,036	\$104,233	\$331,873,680
FY 96-97	\$314,390,400	\$10,909,968	\$4,778,071	\$52,329,969	\$110,037	\$5,162	\$0	\$0	\$18,773	\$121,330	\$2,331	\$382,666,041
FY 97-98	\$301,838,995	\$10,146,682	\$4,743,369	\$50,362,296	\$886,773	\$275,566	\$0	\$0	\$1,328,171	\$229,016	\$180,144	\$369,991,012
FY 98-99	\$316,477,042	\$11,814,875	\$4,743,222	\$53,765,594	\$785,668	\$328,015	\$0	\$0	\$1,516,010	\$250,598	\$215,866	\$389,896,890
FY 99-00	\$332,816,267	\$12,277,622	\$5,069,564	\$57,069,162	\$90,884	\$12,253	\$0	\$0	\$48,750	\$29,080	\$8,866	\$407,422,448
FY 00-01	\$331,336,749	\$12,824,898	\$5,523,571	\$61,708,777	\$102,744	\$7,417	\$0	\$0	\$41,469	\$41,752	\$5,514	\$411,562,832
FY 01-02	\$357,382,766	\$15,508,568	\$5,972,427	\$69,135,778	\$104,361	\$9,031	\$0	\$0	\$43,497	\$11,168	\$5,747	\$448,174,363
FY 02-03	\$362,124,520	\$16,815,129	\$6,037,874	\$70,719,059	\$121,987	\$11,580	\$0	\$0	\$55,287	\$9,301	\$10,530	\$455,905,267
FY 03-04	\$398,213,039	\$20,698,583	\$7,379,512	\$80,411,131	\$147,275	\$17,982	\$0	\$0	\$85,666	\$14,361	\$11,145	\$506,978,694
FY 04-05	\$404,700,124	\$24,095,846	\$9,029,704	\$91,341,062	\$202,034	\$15,329	\$0	\$0	\$73,026	\$12,242	\$9,501	\$519,478,868
FY 05-06	\$444,232,144	\$27,813,673	\$11,243,514	\$96,190,316	\$150,982	\$13,231	\$0	\$0	\$64,840	\$10,566	\$8,200	\$569,727,466
FY 06-07	\$466,369,276	\$29,974,318	\$13,749,798	\$96,639,946	\$148,220	\$3,133	\$0	\$0	\$9,795	\$651	\$0	\$606,895,137
FY 07-08	\$477,729,345	\$31,702,410	\$14,585,646	\$97,405,044	\$152,125	\$2,208	\$0	\$0	\$16,916	\$1,188	\$0	\$621,593,862
FY 08-09	\$486,944,368	\$31,352,984	\$14,315,091	\$100,339,477	\$154,731	\$3,785	\$0	\$0	\$11,853	\$786	\$0	\$633,123,055
FY 08-09	Department Req	\$538,632,742	\$14,694,307	\$108,781,525	\$281,674	\$2,450	\$0	\$0	\$18,768	\$1,318	\$0	\$699,833,371
FY 08-09	Staff Forecast	\$516,599,034	\$14,810,475	\$101,378,392	\$274,343	\$2,584	\$0	\$0	\$17,595	\$1,217	\$0	\$668,022,900
FY 09-10	Department Req	\$573,905,458	\$16,120,533	\$114,255,658	\$318,358	\$2,584	\$0	\$0	\$19,796	\$1,390	\$0	\$744,505,757
FY 09-10	Staff Forecast	\$574,648,631	\$16,574,302	\$114,189,880	\$325,533	\$2,516	\$0	\$0	\$19,379	\$1,256	\$0	\$745,712,735

Service Management

FY 04-05	\$15,149,728	\$1,042,839	\$788	\$4,665,739	\$170,842	\$24,807	\$421	\$0	\$572,844	\$90,444	\$8,512	\$21,746,964
FY 05-06	\$14,047,680	\$977,580	\$10,538	\$3,204,518	\$669,383	\$91,107	\$637	\$0	\$2,993,587	\$215,129	\$0	\$22,210,159
FY 06-07	\$15,044,147	\$1,061,392	\$3,778	\$3,437,617	\$595,410	\$100,020	\$2,053	\$1,000	\$2,533,150	\$243,385	\$0	\$23,051,952
FY 07-08	\$11,426,962	\$1,911,023	\$19,709	\$10,362,388	\$811,755	\$173,270	\$12,812	\$66,075	\$2,520,637	\$292,667	\$0	\$27,697,288
FY 08-09	\$16,632,679	\$1,382,802	\$41,701	\$4,895,723	\$1,049,894	\$185,511	\$14,257	\$995	\$3,238,276	\$380,984	\$0	\$29,602,963
FY 08-09	Department Req	\$12,904,962	\$2,211,192	\$12,385,958	\$1,410,056	\$288,393	\$27,533	\$101,728	\$3,937,675	\$464,924	\$0	\$33,764,136
FY 08-09	Staff Forecast	\$12,342,413	\$2,093,658	\$12,818	\$1,102,261	\$291,898	\$18,439	\$110,124	\$3,412,677	\$389,707	\$0	\$31,315,630
FY 09-10	Department Req	\$13,361,073	\$2,372,221	\$13,241,913	\$1,450,941	\$291,898	\$27,533	\$146,265	\$4,141,646	\$451,898	\$0	\$35,635,941
FY 09-10	Staff Forecast	\$12,929,627	\$2,305,718	\$12,854,073	\$1,427,176	\$285,291	\$27,533	\$172,028	\$4,058,848	\$479,791	\$0	\$34,680,317

Exhibit F: Estimate for Acute Care Services Detail

	SSI 65 >		SSI 60 to 64		QMB SLIMB		SSI Disabled		Baby Care Adults		BC Cancer Adults		Expansion Adults		Foster Children		TOTAL MEDICAID						
	38,142	38,332	6,521	6,544	16,350	16,016	52,173	52,629	56,193	54,116	7,387	6,750	321	321	15,886	14,430	255,970	257,356	18,584	18,686	4,191	3,957	471,718

Staff's Estimated FY 2009-10 Caseload
 Department's Estimated FY 2009-10 Caseload

FY 2007-08 Actual Per Capita	\$2,510.49	\$8,193.98	\$234.32	\$9,010.85	\$4,236.73	\$8,504.49	\$26,257.63	\$2,124.40	\$1,766.66	\$3,438.18	\$12,797.32
FY 2008-09 STAFF'S Final Per Capita Estimate	\$2,642.96	\$8,458.04	\$196.62	\$9,463.76	\$4,278.79	\$8,577.83	\$21,650.45	\$1,692.96	\$1,723.35	\$3,329.88	\$14,830.49
Percent Growth from FY 2007-08 Actual	5.28%	3.22%	-16.09%	5.03%	0.99%	0.86%	-17.55%	-20.31%	-2.45%	-3.15%	15.89%
FY 2008-09 DEPARTMENTS Final Per Capita Estimate	\$2,739.59	\$8,473.64	\$249.02	\$9,536.35	\$4,038.58	\$8,724.36	\$22,292.61	\$2,552.44	\$1,833.39	\$3,519.80	\$14,620.51
Department's Estimate (minus outpatient charge ratio)	9.13%	3.41%	6.27%	5.83%	-4.68%	2.59%	-15.10%	20.15%	3.78%	2.37%	14.25%
Percent Growth from FY 2007-08 Actual											

FY 2009-10 Selected Trends

Staff	5.28%	3.22%	21.04%	5.03%	-3.14%	4.33%	2.97%	50.77%	0.00%	3.11%	4.33%
Department	3.20%	2.43%	6.27%	2.19%	-3.14%	4.45%	0.00%	9.75%	-1.91%	3.24%	2.90%

Staff's Estimated Per Capita's for FY 2009-10	\$2,782.42	\$8,730.61	\$237.99	\$9,939.43	\$4,144.44	\$8,949.25	\$22,292.61	\$2,552.44	\$1,723.35	\$3,433.44	\$15,472.65	
Staff's Estimated Base before Adjustment /1	106,126,967	56,932,311	3,891,155	518,569,989	232,888,241	66,108,097	7,155,927	40,548,049	441,125,587	63,807,057	64,845,869	
Staff Base Adjustment for S.B. 09-187 (outpatient charge ratio)	(84,909)	(135,113)	(9)	(1,355,042)	(1,116,288)	(148,974)	0	(149,739)	(1,641,765)	(171,158)	(47,429)	
	106,042,058	56,797,198	3,891,146	517,214,946	231,771,954	65,959,123	7,155,927	40,398,310	439,483,823	63,635,899	64,798,440	
Department's Estimated Per Capita's for FY 2009-10	\$2,827.32	\$8,679.47	\$264.63	\$9,745.60	\$3,911.69	\$9,112.91	\$22,292.61	\$2,801.41	\$1,798.36	\$3,633.93	\$15,044.53	
Department's Estimated Base before Adjustment	108,376,830	56,798,452	4,238,314	512,901,182	211,685,016	61,512,143	7,155,928	40,424,346	462,818,736	67,903,616	59,531,205	
Department Estimated Base Adjustment for Prior Legislation/Initiatives	(1,130,438)	(410,994)	(12,120)	(4,048,550)	(768,102)	(85,199)	(25,826)	(109,795)	(1,212,020)	(495,765)	(115,845)	
Department Base Adjustment for S.B. 09-187	(84,909)	(135,113)	(9)	(1,355,042)	(1,116,288)	(148,974)	0	(149,739)	(1,641,765)	(171,158)	(47,429)	
	107,161,483	56,252,345	4,226,185	507,497,590	209,800,626	61,277,970	7,130,102	40,164,812	454,324,771	67,236,693	59,367,931	
Staff minus Department	(1,034,516)	679,965	(335,030)	11,072,399	23,087,615	4,830,126	25,825	383,236	(13,199,184)	(3,429,635)	5,477,938	
												27,568,740

/1 Staff does recommend the Department's base adjustments at this time.

Exhibit G: Estimate for Community Care Services Detail

	SSI 65 >	SSI 60 to 64	QMB SLIMB	SSI Disabled	Adults	Baby Care Adults	BC Cancer Adults	Expansion Adults	Children	Foster Children	Noncitizens	TOTAL MEDICAID
Staff's Estimated FY 2009-10 Caseload	38,142	6,521	16,350	52,173	56,193	7,387	321	15,886	255,970	18,584	4,191	471,718
Department's Estimated FY 2009-10 Caseload	38,332	6,544	16,016	52,629	54,116	6,750	321	14,430	257,356	18,686	3,957	469,137

FY 2007-08 Actual												
Per Capita	\$3,423.65	\$2,661.11	\$64.77	\$1,896.02	\$2.54	\$0.00	\$0.00	\$0.90	\$2.90	\$283.33	\$0.00	
FY 2008-09 STAFF'S Final												
Per Capita Estimate	\$3,585.27	\$2,911.66	\$21.85	\$2,275.95	\$1.04	\$0.00	\$0.00	\$0.00	\$1.34	\$325.41	\$0.00	
Percent Growth from FY 2007-08 Actual	4.72%	9.42%	-66.27%	20.04%	-58.94%	n/a	n/a	-100.00%	-53.72%	14.85%	n/a	
FY 2008-09 DEPARTMENT'S Final												
Per Capita Estimate	\$3,562.97	\$2,969.79	\$29.90	\$2,218.64	\$1.04	\$0.00	\$0.00	\$0.05	\$1.34	\$340.55	\$0.00	
Department's Estimate	4.07%	11.60%	-53.84%	17.02%	-59.11%	n/a	n/a	-94.46%	-53.72%	20.19%	n/a	
Percent Growth from FY 2007-08 Actual												

FY 2009-10 Selected Trends

Staff	2.84%	5.13%	0.00%	7.65%	0.00%	0.00%	0.00%	0.00%	0.00%	7.65%	4.33%	
Department	2.84%	5.13%	-25.00%	7.65%	0.00%	0.00%	0.00%	0.00%	0.00%	9.38%	0.00%	

Staff's Estimated Per Capita's for FY 2009-10	\$3,687.09	\$3,061.03	\$21.85	\$2,450.06	\$1.04	\$0.00	\$0.00	\$0.00	\$1.34	\$350.30	\$0.00	
Staff's Estimated Base Before Adjustment	140,633,128	19,960,948	357,208	127,827,013	58,672	0	0	0	343,002	6,510,063	0	295,690,034
Department's Estimated Per Capita's for FY 2009-10	\$3,664.16	\$3,122.14	\$22.43	\$2,388.26	\$1.04	\$0.00	\$0.00	\$0.05	\$1.34	\$372.48	\$0.00	
Department's Estimated Base before Adjustment	140,454,581	20,431,284	359,239	125,691,736	56,281	0	0	722	344,857	6,960,161	0	294,298,861
Department Estimated Base Adjustment for Prior Legislation/Initiatives	(1,125,380)	(74,819)	0	214,898	0	0	0	0	0	0	0	(985,301)
	139,329,201	20,356,465	359,239	125,906,634	56,281	0	0	722	344,857	6,960,161	0	293,313,560
Staff minus Department	1,303,927	(395,517)	(2,031)	1,920,379	2,391	0	0	(722)	(1,855)	(450,998)	0	2,376,474

Exhibit H: Estimate for Class I Nursing Facilities
Class I Nursing Home Calculations for FY 2008-09 and FY 2009-10

FY 2008-09 Calculation

Service Expenditures:

Estimate of FY 2008-09 Per Diem Allowable Medicaid Rate⁽¹⁾

Estimate of FY 2008-09 Patient Payment (per day)⁽²⁾

Estimated FY 2008-09 Medicaid Reimbursement (per day)

Estimate of Patient Days (without Hospital Back Up and out of state placement)⁽³⁾

Total Estimated Costs for FY 2008-09 Days of Service⁽⁴⁾

Estimated Percentage of Claims Paid in Current Year with Current Year Dates of Service⁽⁵⁾

Estimated Expenditures for Claims Paid in Current Year with Current Year Dates of Service

Estimated Expenditures for FY 2007-08 Dates of Service⁽⁶⁾

Estimated Expenditures in FY 2008-09 Prior to Adjustments

Adjustments:

Hospital Back Up Program⁽⁷⁾

Estate and Income Trust Recoveries⁽⁸⁾

Recoveries from Department Overpayment Reviews⁽⁹⁾

TOTAL ESTIMATED NURSING FACILITIES WITHOUT H.B. 08-1114 IMPACTS

HB 08-1114 Reimbursement of Nursing Facilities Under Medicaid⁽¹⁰⁾

TOTAL ESTIMATED NURSING FACILITIES WITH H.B. 08-1114 CONTINGENT IMPACTS

	Department Request	Staff Rec.	Difference
	\$179.37	180.57	\$1.20
	\$30.30	\$30.30	\$0.00
	\$149.07	150.27	\$1.20
	3,388,666	3,388,666	0.00%
	\$505,148,441	\$509,215,464	\$4,067,023
	92.27%	92.27%	
	\$466,100,467	\$469,853,109	\$3,752,642
	\$33,861,453	\$33,861,453	\$0
	\$499,961,920	\$503,714,562	
	\$6,463,206	\$6,463,206	
	(\$7,013,826)	(\$7,013,826)	
	(\$1,312,736)	(\$1,312,736)	
	\$498,098,564	\$501,851,206	
	\$42,875,232	\$11,854,320	
	\$540,973,796	\$513,705,526	

Exhibit H: Estimate for Class I Nursing Facilities

Class I Nursing Home Calculations for FY 2008-09 and FY 2009-10

FY 2009-10 Calculation

Service Expenditures:

Estimate of FY 2009-10 Per Diem Allowable Medicaid Rate⁽¹⁾

Estimate of FY 2009-10 Patient Payment (per day)⁽²⁾

Estimated FY 2009-10 Medicaid Reimbursement (per day)

Estimate of Patient Days (without Hospital Back Up and out of state placement)⁽³⁾

Total Estimated Costs for FY 2009-10 Days of Service⁽⁴⁾

Estimated Percentage of Claims Paid in Current Year with Current Year Dates of Service⁽⁵⁾

Estimated Expenditures for Claims Paid in Current Year with Current Year Dates of Service

Estimated Expenditures for FY 2008-09 Dates of Service⁽⁶⁾

Estimated Expenditures in FY 2009-10 Prior to Adjustments

Adjustments:

Hospital Back Up Program⁽⁷⁾

Estate and Income Trust Recoveries⁽⁸⁾

Recoveries from Department Overpayment Reviews⁽⁹⁾

TOTAL ESTIMATED NURSING FACILITIES WITHOUT H.B. 08-1114 IMPACTS

HB 08-1114 Reimbursement of Nursing Facilities Under Medicaid⁽¹⁰⁾

TOTAL ESTIMATED NURSING FACILITIES WITH H.B. 08-1114 CONTINGENT IMPACTS

	Department Request	Staff Rec.	Difference
	\$187.58	\$187.79	\$0.21
	\$31.32	\$31.32	\$0.00
	\$156.26	\$156.47	\$0.21
	3,351,438	3,351,438	
	\$523,695,702	\$524,409,530	\$713,828
	92.27%	92.27%	
	\$483,214,024	\$483,872,674	\$658,650
	\$39,047,974	\$39,047,974	\$0
	\$522,261,998	\$522,920,648	\$658,650
	\$6,882,594	\$6,882,594	\$0
	(\$8,169,400)	(\$8,169,400)	(\$16,338,800)
	(\$1,052,000)	(\$1,052,000)	(\$2,104,000)
	\$519,923,192	\$520,581,842	\$658,650
	\$44,836,684	\$44,836,684	\$0
	\$564,759,876	\$565,418,526	\$658,650

Exhibit H: Estimate for Long Term Care Detail

	SSI 65 >	SSI 60 to 64	OMB SLIMB	SSI Disabled	Adults	Baby Care Adults	BC Cancer Adults	Expansion Adults	Children	Foster Children	Noncitizens	TOTAL MEDICAID
Staff's Estimated FY 2009-10 Caseload	38,142	6,521	16,350	52,173	56,193	7,387	321	15,886	255,970	18,584	4,191	471,718
Department's Estimated FY 2009-10 Caseload	38,332	6,544	16,016	52,629	54,116	6,750	321	14,430	257,356	18,686	3,957	469,137
Staff's Recommended FY 2008-09 Class 1 Nursing Facility Costs	402,471,566	27,199,740	110,183	71,966,756	102,961	0	0	0	0	0	0	501,851,206
Staff's Recommended FY 2008-09 H.B. 08-1114 Impact	9,506,855	0	0	0	0	0	0	0	0	0	0	9,506,855
Staff's Recommended FY 2008-09 Class 2 Nursing Facility Costs	0	355,678	0	1,838,372	0	0	0	0	0	0	0	2,194,050
Staff's Recommended FY 2008-09 PACE Program	54,180,584	4,437,410	0	244,401	0	0	0	0	0	0	0	58,862,395
STAFF'S TOTAL FY 2008-09 ESTIMATE	466,159,005	31,992,827	110,183	74,049,530	102,961	0	0	0	0	0	0	572,414,506
Department's Req. FY 2008-09 Class 1 NF Costs (includes H.B. 08-1114)	433,774,883	29,315,260	118,753	77,564,131	110,969	0	0	0	0	0	0	540,883,796
Department's Req. FY 2008-09 Class 2 Nursing Facility Costs	0	343,843	0	1,924,394	0	0	0	0	0	0	0	2,268,237
Department's Req. FY 2008-09 PACE Program	55,100,577	4,648,017	0	2,089,831	0	0	0	0	0	0	0	61,838,425
DEPARTMENT'S TOTAL FY 2008-09 ESTIMATE	488,875,260	34,307,120	118,753	81,578,356	110,969	0	0	0	0	0	0	604,990,458
Staff's Recommended FY 2009-10 Class 1 Nursing Facility Costs	417,493,046	28,214,918	114,295	74,652,778	106,804	0	0	0	0	0	0	520,581,842
Staff's Recommended FY 2009-10 H.B. 08-1114 Impact	35,957,850	2,430,095	9,844	6,429,696	9,199	0	0	0	0	0	0	44,836,684
Staff's Recommended FY 2009-10 Class 2 Nursing Facility Costs	0	361,724	0	1,869,624	0	0	0	0	0	0	0	2,231,349
Staff's Recommended FY 2009-10 PACE Program	68,551,880	5,855,173	0	2,636,282	0	0	0	0	0	0	0	77,043,335
STAFF'S TOTAL FY 2009-10 ESTIMATE	522,002,776	36,861,910	124,139	85,588,380	116,003	0	0	0	0	0	0	644,693,209
Estimated Per Capita Costs	\$13,685.77	\$5,652.80	\$7.59	\$1,640.47	\$2.06	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,366.69
Department's Req. FY 2009-10 Class 1 NF Costs (includes H.B. 08-1114)	452,922,676	30,609,315	123,995	80,988,022	115,868	0	0	0	0	0	0	564,759,876
Department's Req. FY 2009-10 Class 2 Nursing Facility Costs	0	347,866	0	1,946,909	0	0	0	0	0	0	0	2,294,775
Department's Req. FY 2009-10 PACE Program	68,551,880	5,855,173	0	2,636,282	0	0	0	0	0	0	0	77,043,335
DEPARTMENT'S TOTAL FY 2009-10 ESTIMATE	521,474,556	36,812,354	123,995	85,571,213	115,868	0	0	0	0	0	0	644,097,986
Estimated Per Capita Costs	\$13,604.16	\$5,625.36	\$7.74	\$1,625.93	\$2.14	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,372.94
Staff - Minus Department	\$528,220	\$49,556	\$144	\$17,167	\$135	\$0	\$0	\$0	\$0	\$0	\$0	\$595,223

Exhibit H: Estimate for Insurance Costs

	SSI 65 >	SSI 60 to 64	QMB SLIMB	SSI Disabled	Adults	Baby Care Adults	BC Cancer Adults	Expansion Adults	Children	Foster Children	Noncitizens	TOTAL MEDICAID
Staff's Estimated FY 2008-09 Caseload	37,578	6,393	15,147	51,298	48,693	6,986	301	12,484	232,414	18,010	4,000	433,304
Department Estimated FY 2008-09 Caseload	37,558	6,384	15,129	51,411	48,266	6,861	299	12,316	232,585	18,031	3,953	432,793
Staff's Estimated FY 2009-10 Caseload	38,142	6,521	16,350	52,173	56,193	7,387	321	15,886	255,970	18,584	4,191	471,718
Department's Estimated FY 2009-10 Caseload	38,332	6,544	16,016	52,629	54,116	6,750	321	14,430	257,356	18,686	3,957	469,137
Staff's Recommended FY 2008-09 Supplemental Medicare Insurance	50,436,684	2,944,959	14,700,292	26,431,925	169,699	0	0	0	0	0	0	94,683,560
Staff's Recommended FY 2008-09 Health Insurance Buy-In	3,345	1,803	0	896,937	1,683	2,254	0	0	17,595	1,217	0	924,835
STAFFS TOTAL FY 2008-09 ESTIMATE	50,440,030	2,946,762	14,700,292	27,328,862	171,382	2,254	0	0	17,595	1,217	0	95,608,394
SMI Insurance Per Capita Costs	\$1,342.19	\$460.65	\$970.51	\$515.26	\$3.49	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$218.52
HIBI Per Capita Costs	\$0.09	\$0.28	\$0.00	\$17.48	\$0.03	\$0.32	\$0.00	\$0.00	\$0.08	\$0.07	\$0.00	\$2.13
Department's Req. FY 2008-09 Supplemental Medicare Insurance	49,953,849	2,911,512	14,575,554	26,229,035	168,924	0	0	0	0	0	0	93,838,874
Department's Req. FY 2008-09 Health Insurance Buy-In	3,633	1,955	0	974,134	1,781	2,450	0	0	18,768	1,318	0	1,004,039
DEPARTMENTS TOTAL FY 2008-09 ESTIMATE	49,957,482	2,913,467	14,575,554	27,203,169	170,705	2,450	0	0	18,768	1,318	0	94,842,913
SMI Insurance Per Capita Costs	\$1,330.05	\$456.06	\$963.42	\$510.18	\$3.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$216.82
HIBI Per Capita Costs	\$0.10	\$0.31	\$0.00	\$18.95	\$0.04	\$0.36	\$0.00	\$0.00	\$0.08	\$0.07	\$0.00	\$2.32
Estimated Growth Factor for FY 2009-10	2.83%	2.78%	3.67%	3.00%	6.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SMI Insurance	0.00%	3.23%	3.01%	0.00%	0.00%	5.56%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
HIBI Insurance												
Staff's Recommended FY 2008-09 Supplemental Medicare Insurance	52,642,459	3,087,432	16,450,162	27,689,263	207,587	2,516	0	0	0	0	0	100,076,903
Staff's Recommended FY 2008-09 Health Insurance Buy-In	3,396	1,898	0	912,236	1,942	2,516	0	0	19,379	1,256	0	942,623
STAFFS TOTAL FY 2008-09 ESTIMATE	52,645,854	3,089,330	16,450,162	28,601,499	209,530	2,516	0	0	19,379	1,256	0	101,019,526
SMI Insurance Per Capita Costs	\$1,380.17	\$473.46	\$1,006.13	\$530.72	\$3.69	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$216.82
HIBI Per Capita Costs	\$0.09	\$0.29	\$0.00	\$17.48	\$0.03	\$0.34	\$0.00	\$0.00	\$0.08	\$0.07	\$0.00	\$2.32
Department's Req. FY 2009-10 Supplemental Medicare Insurance	52,427,070	3,067,564	15,996,538	27,656,928	200,611	0	0	0	0	0	0	99,348,711
Department's Req. FY 2009-10 Health Insurance Buy-In	3,832	2,062	0	1,027,517	1,879	2,584	0	0	19,796	1,390	0	1,059,060
DEPARTMENTS TOTAL FY 2008-09 ESTIMATE	52,430,902	3,069,626	15,996,538	28,684,445	202,490	2,584	0	0	19,796	1,390	0	100,407,771
SMI Insurance Per Capita Costs	\$1,367.71	\$468.76	\$998.78	\$525.51	\$3.71	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$216.82
HIBI Per Capita Costs	\$0.10	\$0.32	\$0.00	\$19.52	\$0.03	\$0.38	\$0.00	\$0.00	\$0.08	\$0.07	\$0.00	\$2.32
Staff minus Department	214,952	19,704	453,624	(82,946)	7,040	(68)	0	0	(417)	(134)	0	611,755

Exhibit I: Administrative Costs

	SSI 65 >	SSI 60 to 64	QMB SLIMB	SSI Disabled	Adults	Baby Care Adults	BC Cancer Adults	Expansion Adults	Children	Foster Children	Noncitizens	TOTAL MEDICAID
Staff's Estimated FY 2008-09 Caseload	37,578	6,393	15,147	51,298	48,693	6,986	301	12,484	232,414	18,010	4,000	433,304
Department Estimated FY 2008-09 Caseload	37,558	6,384	15,129	51,411	48,266	6,861	299	12,316	232,585	18,031	3,953	432,793
Staff's Estimated FY 2009-10 Caseload	38,142	6,521	16,350	52,173	56,193	7,387	321	15,886	255,970	18,584	4,191	471,718
Department's Estimated FY 2009-10 Caseload	38,332	6,544	16,016	52,629	54,116	6,750	321	14,430	257,356	18,686	3,957	469,137
Staff's Recommended FY 2008-09 Single Entry Point	11,639,503	1,865,162	128,818	9,604,866	2,853	0	0	0	1,415	2,788	0	23,245,405
Staff's Recommended FY 2008-09 Disease Management	238,902	133,746	0	1,198,978	544,698	126,598	18,439	0	929,224	163,797	0	3,354,382
Staff's Recommended FY 2008-09 Prepaid Inpatient Health	464,008	94,750	0	700,600	554,710	86,491	0	110,124	2,482,038	223,122	0	4,715,843
STAFFS TOTAL FY 2008-09 ESTIMATE	12,342,413	2,093,658	128,818	11,504,444	1,102,261	213,089	18,439	110,124	3,412,677	389,707	0	31,315,630
Estimated Per Capita	\$309.74	\$291.75	\$8.50	\$187.24	\$0.06	\$0.00	\$0.00	\$0.00	\$0.01	\$0.00	\$0.00	\$0.00
Estimated Per Capita Disease Management	\$6.36	\$20.92	\$0.00	\$23.37	\$11.19	\$18.12	\$61.26	\$0.00	\$4.00	\$9.09	\$0.00	\$0.00
Estimated Per Capita Prepaid Inpatient Health	\$12.35	\$14.82	\$0.00	\$13.66	\$11.39	\$12.38	\$0.00	\$8.82	\$10.68	\$12.39	\$0.00	\$0.00
Department's Req. FY 2008-09 Single Entry Point	11,987,490	1,918,456	131,715	9,894,367	2,863	0	0	0	1,432	2,863	0	23,939,186
Department's Req. FY 2008-09 Disease Management	356,723	199,707	0	1,790,293	813,335	189,034	27,533	0	1,387,502	244,579	0	5,008,706
Department's Req. FY 2008-09 Prepaid Inpatient Health	464,008	94,750	0	700,600	554,710	86,491	0	110,124	2,482,038	223,122	0	4,715,843
DEPARTMENTS TOTAL FY 2008-09 ESTIMATE	12,808,221	2,212,913	131,715	12,385,260	1,370,908	275,525	27,533	110,124	3,870,972	470,564	0	33,663,735
Trend for Single Entry Point	2.64%	5.92%	0.85%	6.22%	1.15%	0.00%	0.00%	0.00%	62.42%	77.00%	0.00%	0.00%
Trend for Disease Management (Use Department Estimate)	-5.13%	-5.97%	0.00%	-3.52%	-4.63%	5.25%	0.00%	22.76%	-2.37%	-0.05%	0.00%	0.00%
Trend for Prepaid Inpatient Health												
Staff's Recommended FY 2009-10 Single Entry Point	12,126,093	2,015,134	140,231	10,376,311	3,330	0	0	0	2,531	5,092	0	24,668,722
Staff's Recommended FY 2009-10 Disease Management	356,723	199,707	0	1,790,293	813,335	189,034	27,533	0	1,387,502	244,579	0	5,008,706
Staff's Recommended FY 2009-10 Prepaid Inpatient Health	464,811	90,877	0	687,469	610,511	96,257	0	172,028	2,668,815	230,121	0	5,002,889
STAFFS TOTAL FY 2008-09 ESTIMATE	12,929,627	2,305,718	140,231	12,854,073	1,427,176	285,291	27,533	172,028	4,058,848	479,791	0	34,680,317
Estimated Per Capita Costs	\$338.99	\$353.58	\$8.58	\$246.37	\$25.40	\$38.62	\$85.77	\$10.83	\$13.86	\$25.82	\$0.00	\$0.00
Department's Req. FY 2009-10 Single Entry Point	12,558,095	2,082,868	140,553	10,759,135	3,055	0	0	0	1,528	3,055	0	25,548,289
Department's Req. FY 2009-10 Disease Management	356,723	199,707	0	1,790,293	813,335	189,034	27,533	0	1,387,502	244,579	0	5,008,706
Department's Req. FY 2009-10 Prepaid Inpatient Health	446,255	89,646	0	692,483	634,351	102,864	0	146,265	2,752,616	214,264	0	5,078,946
DEPARTMENTS TOTAL FY 2008-09 ESTIMATE	13,361,073	2,372,221	140,553	13,241,913	1,450,941	291,898	27,533	146,265	4,141,646	461,898	0	35,635,941
Estimated Per Capita Costs	\$348.56	\$362.50	\$8.78	\$251.61	\$26.81	\$43.24	\$85.77	\$10.14	\$16.09	\$24.72	\$0.00	\$0.00
Staff minus Department	(431,446)	(66,503)	(322)	(387,840)	(23,765)	(6,607)	0	25,763	(82,798)	17,893	0	(955,624)

Exhibit J: Bottom Line Financing Estimates
Summary of Upper Payment Limit Financing

	FY 2008-09	FY 2009-10
Outpatient Hospital UPL		
General Fund	(\$16,248,574)	(\$16,866,020)
Cash Funds	\$16,248,574	\$16,866,020
Federal Funds	\$16,248,574	\$16,866,020
Total Funds	\$16,248,574	\$16,866,020
Nursing Facilities UPL		
General Fund	\$0	\$0
Cash Funds	\$0	\$0
Federal Funds	\$0	\$0
Total Funds	\$0	\$0
Home Health UPL		
General Fund	(\$94,500)	(\$98,091)
Cash Funds	\$94,500	\$98,091
Federal Funds	\$94,500	\$98,091
Total Funds	\$94,500	\$98,091

Total Upper Payment Limit Financing		
General Fund	(\$16,343,074)	(\$16,964,111)
Cash Funds	\$16,343,074	\$16,964,111
Federal Funds	\$16,343,074	\$16,964,111
Total Funds	\$16,343,074	\$16,964,111

**Outstationing Costs for Denver Health
Base Funding**

Cash Funds	\$1,460,151	\$1,460,151
Federal Funds	\$1,460,151	\$1,460,151
Total Funds	\$2,920,302	\$2,920,302

Additional Denver Health Outpatient Certification (S # 7 & BA #80)

Cash Funds	\$3,030,149	\$2,595,224
Federal Funds	\$3,030,149	\$2,595,223
Total Funds	\$6,060,298	\$5,190,447

Payment of Federal Disallowance

General Fund	\$3,176,846	\$0
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TOTAL BOTTOM LINE FINANCING ISSUES

General Fund	(\$13,166,228)	(\$16,964,111)
Cash Funds	\$20,833,374	\$21,019,486
Federal Funds	\$20,833,374	\$21,019,485
Total Funds	\$28,500,520	\$25,074,860

FY 2008-09 MEDICAL SERVICES PREMIUMS EXPENDITURES: FEBRUARY 2009

(A) ORGANIZATION NUMBER	(B) ORGANIZATION NAME/SERVICE CATEGORY	(C) CUMULATIVE TOTAL DECEMBER 2008 CASH BASIS	(D) CUMULATIVE ALL PRIOR MONTHS OF FISCAL YEAR CASH BASIS	(E) SUM OF ALL MONTHS CASH BASIS
0108	Prior Fiscal Year Accounts Payable	\$0	\$0	\$0
5411	Injectibles Drug Rebates	\$0	\$0	\$0
5430	Home and Community Based Services-Brain Injury	\$1,064,965	\$6,858,780	\$7,923,745
5431	Single Entry Points	\$1,945,777	\$13,338,275	\$15,284,051
5432	Private Duty Nursing	\$1,630,744	\$12,331,663	\$13,962,408
5433	Home and Community Based Services-Mentally Ill	\$1,920,374	\$12,959,379	\$14,879,753
5434	Home and Community Based Services-Model 200	\$110,324	\$953,702	\$1,064,026
5435	Home Health	\$11,791,769	\$81,379,566	\$93,171,335
5436	HCBS Autism Program	\$128,546	\$727,135	\$855,681
5437	Home and Community Based Services-Client Services	\$12,077,921	\$83,936,723	\$96,034,644
5439	Home and Community Based Services-People Living With Aids	\$47,551	\$338,827	\$386,378
5440	Class 1 Nursing Homes	\$38,438,894	\$292,782,902	\$331,221,796
5441	Class 2 and 4 Nursing Homes	\$191,639	\$1,256,435	\$1,448,073
5442	Consumer Directed Attendant Support Waiver Costs	\$0	\$0	\$0
5443	Consumer Directed Attendant Support State Plan Option	\$340,340	\$2,471,047	\$2,811,387
5444	Hospice Program	\$3,316,619	\$22,407,705	\$25,724,323
5445	Health Maintenance Organizations	\$12,790,707	\$77,761,534	\$90,552,240
5446	Program for All Inclusive Care of the Elderly	\$5,404,066	\$34,793,986	\$40,198,052
5448	Pediatric Hospice Waiver	\$1,161	\$9,497	\$10,658
5449	Consumer Directed Services- Elderly, Blind and Disabled	\$2,673,171	\$15,476,980	\$18,150,151
5450	Pharmacy	\$20,399,939	\$130,009,299	\$150,409,238
5451	Drug Rebates	(\$10,479,023)	(\$50,918,995)	(\$61,398,018)
5452	Early and Periodic Screening, Diagnosis and Treatment	\$1,267,298	\$8,821,187	\$10,088,485
5454	Federally Qualified Health Centers	\$6,397,824	\$38,086,528	\$44,484,352
5453	Consumer Directed Services- Mental Illness	\$0	\$89,010	\$89,010
5455	Physician Services Program	\$18,019,746	\$114,458,243	\$132,477,990
5456	Family Planning Program	\$26,676	\$174,702	\$201,378
5457	Lab and X-ray	\$2,208,892	\$14,856,675	\$17,065,567
5458	Rural Health Clinic	\$527,474	\$4,260,821	\$4,788,295
5459	Dental Services	\$6,308,611	\$40,204,288	\$46,512,900
5460	Durable Medical Equipment	\$5,819,356	\$44,218,774	\$50,038,130
5461	Transportation	\$397,502	\$2,713,008	\$3,110,510
5462	County Transportation	\$715,637	\$4,936,986	\$5,652,623
5464	Breast and Cervical Cancer	\$612,988	\$3,636,853	\$4,249,841
5465	Inpatient Hospital	\$24,663,479	\$196,272,917	\$220,936,396
5466	Outpatient Hospital	\$13,046,135	\$79,222,928	\$92,269,063
5475	Co-insurance	\$4,492,851	\$12,478,563	\$16,971,414
5476	Supplemental Medicare Insurance Benefits	\$7,828,291	\$54,359,286	\$62,187,577
5477	Health Insurance Buy-in	\$79,784	\$528,237	\$608,022
5483	Admin Service Org - Program	\$2,237,578	\$20,309,174	\$22,546,752
5484	Admin Service Org - Admin	\$0	\$1,901,258	\$1,901,258
5487	Disease Management	\$231,947	\$1,981,945	\$2,213,892
5500	Medicaid Eligible Refugee	\$2,970	\$21,532	\$24,502
5540	Nursing Facility Upper Payment Limit	\$0	\$0	\$0
5566	Outpatient Upper Payment Limit	\$0	\$0	\$0
5567	Home Health Upper Payment Limit	\$0	\$0	\$0
5569	Presumptive Eligibility	\$0	\$0	\$0
	FY 2008-09 Medical Services Premium Total Expenditures	\$198,680,523	\$1,382,427,354	\$1,581,107,877
	FY 2008-09 Long Bill Amount HB 08-1375		\$2,317,412,942	
	HB 08-1374 Cap Repeal - PACE Rates		\$3,134,928	
	HB 08-1407 Insurance Benefit Payments		(\$277,780)	
	HB 08-1409 Medicaid Payment Recovery		(\$300,000)	
	SB 08-090 Mail Order Rx Under Medicaid		(\$279,272)	
	SB 08-099 Extending Foster Care Eligibility		\$692,121	
	SB 08-118 Money Transfer for Medicaid Programs		\$4,000,000	
	SB 08-230 Hospitals to Levy Sales Tax		(\$2,285,340)	
	Total Medical Services Premiums Spending Authority		\$2,322,097,599	
	FY 2008-09 Medical Services Premiums Expenditures as of February 28, 2009		\$1,581,107,877	
	Remaining Appropriation from FY 2008-09 Funding		\$740,989,722	

FY 2008-09 MEDICAID CASELOAD WITHOUT RETROACTIVITY*

Current Year	Adults 65 and Older (OAP-A)	Disabled Adults to 64 (OAP-B)	Disabled Individuals to 59 (AND/IAB)	Categorically Eligible Low-Income Adults (AFDC-A)	Expansion Adults	Breast & Cervical Cancer Program	Eligible Children (AFDC-C/BC)	Foster Care	Baby Care Program-Adults	Non-Citizens	Partial Dual Eligibles	TOTAL
July	36,961	6,249	50,565	45,318	11,236	277	218,619	17,588	7,286	4,258	14,768	413,125
August	37,127	6,317	50,671	45,954	11,335	283	221,736	17,761	7,270	4,136	14,821	417,411
September	37,273	6,369	50,864	46,099	11,794	275	223,167	17,736	7,027	4,052	14,898	419,554
October	37,441	6,386	51,201	46,589	11,836	282	225,486	17,864	6,932	4,005	14,933	422,955
November	37,591	6,399	51,406	47,013	12,008	290	228,186	17,977	6,773	3,889	14,980	426,512
December	37,530	6,361	51,298	48,042	12,142	304	230,447	18,033	6,689	3,884	15,053	429,783
January	37,814	6,367	51,452	49,155	12,486	314	234,744	18,022	6,847	3,954	15,194	436,349
February	37,769	6,438	51,494	50,023	12,730	331	237,345	18,144	6,910	3,885	15,205	440,274
March												
April												
May												
June												
Year-to-Date Average	37,438	6,361	51,119	47,274	11,946	295	227,466	17,891	6,967	4,008	14,982	425,747
Year-to-Date Appropriation	36,278	6,216	50,123	41,667	9,629	301	193,484	18,858	6,028	3,738	15,068	381,390
Monthly Growth	(45)	71	42	868	244	17	2,601	122	63	(69)	11	3,925
Monthly Growth Rate	-0.12%	1.12%	0.08%	1.77%	1.95%	5.41%	1.11%	0.68%	0.92%	-1.75%	0.07%	0.90%
Over-the-year Growth	1,351	310	1,603	6,679	2,975	59	33,688	1,027	83	(141)	993	48,627
Over-the-year Growth Rate	3.71%	5.06%	3.21%	15.41%	30.50%	21.69%	16.54%	6.00%	1.22%	-3.50%	6.99%	12.42%
HMO Average	3,739	940	6,134	4,544	867	-	24,283	272	301	-	1	41,080
PCPP Average	3,317	869	6,798	1,293	268	-	10,208	153	63	-	1	22,968

Notes:

* This caseload is reported using a new methodology. Please see the letter accompanying the August 15, 2008 Joint Budget Committee Report (per Legislative Request For Information #19).

1) Source for all caseload data provided is the REX01/COLD (MARS) R-474701 report. The number of days captured in the monthly figure is equal to the number of days in the report month.

2) FY 2008-09 Year-to-date Appropriation from FY 08-09 Long Bill (HB 08-1375) plus Special Bills.

3) Partial Dual Eligibles includes Qualified Medicare Beneficiaries and Specified Low-Income Medicare Beneficiaries (QMB/SLIMB).

JBC Staff Mental Health CAPITATION PAYMENT

	SSI 65 >	SSI 60 to 64	SSI Disabled	Adults	Baby Care Adults	BC Cancer Adults	Expansion Adults	Children	Foster Children	TOTAL MEDICAID
Staff's FY 2008-09 March Supplemental Recommendation										
Traditional Medicaid	37,097	6,311	49,888	41,908	6,899	200	0	207,850	17,333	367,486
Legal Immigrants	481	82	653	942	87	0	0	2,720	218	5,183
Expansion Medicaid	0	0	757	5,843	0	101	12,484	21,844	459	41,488
TOTAL ESTIMATED CASELOAD	37,578	6,393	51,298	48,693	6,986	301	12,484	232,414	18,010	414,157
Estimated Per Capita (before changes)	\$163.42	\$1,586.85	\$1,586.85	\$250.69	\$250.69	\$241.54	\$250.69	\$187.37	\$3,130.36	
Cost for Traditional	6,062,392	10,014,610	79,164,773	10,505,917	1,729,510	48,308	0	38,944,855	54,258,530	200,728,894
Cost for Legal Immigrants (estimate)	78,605	130,122	1,036,213	236,150	21,810	0	0	509,646	682,418	2,694,965
Cost for Expansion Medicaid	0	0	1,201,245	1,464,782	0	24,326	3,129,614	4,092,910	1,436,835	11,349,782
	6,140,997	10,144,732	81,402,231	12,206,848	1,751,320	72,704	3,129,614	43,547,411	56,377,784	214,773,641
Fund Splits										
General Fund	3,031,196	5,007,305	39,522,879	5,252,958	864,755	0	0	19,472,427	27,129,265	100,280,786
Health Care Expansion Fund	39,303	65,061	1,118,729	850,466	10,905	0	1,564,807	2,301,278	1,059,627	7,010,176
Autism Fund (Department Request)	0	0	59,507	0	0	0	0	0	0	59,507
Breast and Cervical Cancer Treatment Fund	0	0	0	0	0	16,908	0	0	0	16,908
Transfer from DPHE for BCCT Program	0	0	0	0	0	8,538	0	0	0	8,538
Federal Funds	3,070,498	5,072,366	40,701,116	6,103,424	875,660	47,257	1,564,807	21,773,706	28,188,892	107,397,726
TOTAL FUNDS	6,140,997	10,144,732	81,402,231	12,206,848	1,751,320	72,704	3,129,614	43,547,411	56,377,784	214,773,641
Staff's FY 2009-10 Recommendation										
Traditional Medicaid	37,594	6,428	50,673	48,783	7,288	220	0	226,881	17,454	395,321
Legal Immigrants	548	93	743	1,072	99	0	0	3,097	248	5,900
Expansion Medicaid	0	0	757	6,338	0	101	15,886	25,992	881	49,955
TOTAL ESTIMATED CASELOAD	38,142	6,521	52,173	56,193	7,387	321	15,886	255,970	18,584	451,177
Estimated Per Capita (before changes)	\$165.12	\$1,670.84	\$1,670.84	\$259.31	\$259.31	\$260.47	\$259.31	\$192.69	\$2,969.49	
Cost for Traditional	6,207,521	10,740,160	84,666,475	12,649,920	1,889,851	57,303	0	43,717,700	51,829,478	211,758,409
Cost for Legal Immigrants (estimate)	90,486	155,388	1,241,434	277,980	25,672	0	0	596,761	736,434	3,124,154
Cost for Expansion Medicaid	0	0	1,264,826	1,643,507	0	26,307	4,119,399	5,008,398	2,616,121	14,678,558
	6,298,007	10,895,548	87,172,735	14,571,407	1,915,523	83,611	4,119,399	49,322,859	55,182,033	229,561,121
Fund Splits										
General Fund	3,103,761	5,370,080	42,270,581	6,324,960	944,926	10,028	0	21,858,850	25,914,739	105,797,924
Health Care Expansion Fund	45,243	77,694	1,253,130	960,744	12,836	0	2,059,699	2,802,580	1,676,277	8,888,202
Autism Fund (Department Request)	0	0	62,657	0	0	0	0	0	0	62,657
Breast and Cervical Cancer Treatment Fund	0	0	0	0	0	10,028	0	0	0	10,028
Transfer from DPHE for BCCT Program	0	0	0	0	0	9,208	0	0	0	9,208
Federal Funds	3,149,004	5,447,774	43,586,368	7,285,703	957,761	54,347	2,059,699	24,661,430	27,591,016	114,793,102
TOTAL FUNDS	6,298,007	10,895,548	87,172,735	14,571,407	1,915,523	83,611	4,119,399	49,322,859	55,182,033	229,561,121
										3,763,323

Department of Health Care Policy and Financing

FY 2008-09 Medicaid Mental Health Community Programs Expenditures			
	Total Expenditures as Reported in the Colorado Financial Reporting System	Mental Health Capitation Payments	Mental Health Fee for Service Payments
July	\$17,329,399	\$17,201,477	\$127,922
August	\$17,411,899	\$17,353,195	\$58,704
September	\$17,851,258	\$17,748,357	\$102,901
October	\$17,813,194	\$17,667,661	\$145,534
November	\$17,902,483	\$17,758,569	\$143,914
December	\$18,214,051	\$18,038,334	\$175,716
January	\$17,428,414	\$17,360,379	\$68,035
February	\$18,882,796	\$18,670,226	\$212,571
March			
April			
May			
June			
Total Year-to-Date Expenditures	\$142,833,495	\$141,798,197	\$1,035,297
Total Year-to-Date Appropriation	\$209,385,156	\$207,799,886	\$1,585,270
Remaining in Appropriation	\$66,551,661	\$66,001,689	\$549,973

Notes:

- 1) The Medicaid Mental Health caseload is the same as the caseload for Medical Services Premiums, with the exception of Non-citizens and Partial Dual Eligibles.
- 2) FY 2008-09 Year-to-date Appropriation from FY 08-09 Long Bill (HB 08-1375) plus Special Bills.

JBC Staff Figure Setting Document --- FY 2008-09

Medical and Dental Costs for the CBHP Program -- BASE FORECAST -- DOES NOT INCLUDE DECISION ITEMS

	FY 2008-09 Department Request		FY 2008-09 Staff Recommendation		Staff - Departments	
	CBHP Trust Caseload	HCE Fund Caseload	Total Caseload	CBHP Trust Caseload		HCE Fund Caseload
Children's Medical Program -- Premiums						
Caseload Estimate	43,518	18,413	61,931	43,442	18,359	61,801
Up to 185% FPL	41,786	14,718	56,504	41,786	14,620	56,406
185% to 200% FPL	0	3,695	3,695	0	3,739	3,739
200% to 205% FPL	1,732	0	1,732	1,656	0	1,656
Estimated Per Capita Annual Cost	\$1,635.35	\$1,635.35	\$1,635.35	\$1,625.74	\$1,625.74	\$1,625.74
Fund Splits	\$71,167,161	\$30,111,700	\$101,278,861	\$70,625,397	\$29,846,961	\$100,472,358
Est. Enrollment Fee in CBHP Trust		\$303,462	\$303,462			\$302,825
CHBP Trust Enrollment Fees	\$303,462	\$0	\$303,462	\$302,825	\$0	\$302,825
CBHP Trust Fund	\$24,802,295	\$0	\$24,802,295	\$24,612,900	\$0	\$24,612,900
Health Care Expansion Fund	\$0	\$10,539,095	\$10,539,095	\$0	\$10,446,436	\$10,446,436
Federal Funds	\$46,061,405	\$19,572,605	\$65,634,009	\$45,709,672	\$19,400,524	\$65,110,196
Total Funds	\$71,167,161	\$30,111,700	\$101,278,861	\$70,625,397	\$29,846,961	\$100,472,358

	FY 2008-09 Department Request		FY 2008-09 Staff Recommendation		Staff - Departments	
	CBHP Trust Caseload	HCE Fund Caseload	Total Caseload	CBHP Trust Caseload		HCE Fund Caseload
Adult Prenatal Program						
Caseload Estimate	176	1,538	1,714	180	1,513	1,693
Up to 185% FPL	101	1,360	1,461	101	1,331	1,432
185% to 200% FPL	0	178	178	0	182	182
200% to 205% FPL	75	0	75	79	0	79
Estimated Per Capita Annual Cost	\$12,054.70	\$12,054.70	\$12,054.70	\$12,054.70	\$12,054.70	\$12,054.70
Total Funds	\$2,121,627	\$18,540,129	\$20,661,756	\$2,169,846	\$18,238,761	\$20,408,607
CBHP Trust Fund	\$742,570	\$0	\$742,570	\$759,446	\$0	\$759,446
Health Care Expansion Fund	\$0	\$6,489,045	\$6,489,045	\$0	\$6,383,566	\$6,383,566
Federal Funds	\$1,379,058	\$12,051,084	\$13,430,141	\$1,410,400	\$11,855,195	\$13,265,595
Total Funds	\$2,121,627	\$18,540,129	\$20,661,756	\$2,169,846	\$18,238,761	\$20,408,607

	FY 2008-09 Department Request		FY 2008-09 Staff Recommendation		Staff - Departments	
	CBHP Trust Caseload	HCE Fund Caseload	Total Caseload	CBHP Trust Caseload		HCE Fund Caseload
Total CBHP Medical Premiums						
Fund Splits						
Est. Enrollment Fee in CBHP Trust		\$303,462	\$303,462			\$302,825
CBHP Trust Fund	\$23,309,954	\$0	\$23,309,954	\$23,359,636	\$0	\$23,359,636
Offset to CBHP Trust Fund - Immunization	\$393,451	\$0	\$393,451	\$171,251	\$0	\$171,251
Offset to CHHP Trust Fund - CBHP Account	\$1,841,459	\$0	\$1,841,459	\$1,841,459	\$0	\$1,841,459
Health Care Expansion Fund	\$0	\$17,028,140	\$17,028,140	\$0	\$16,830,003	\$16,830,003
Federal Funds	\$47,440,462	\$31,623,688	\$79,064,151	\$47,120,072	\$31,255,719	\$78,375,791
Total Funds	\$73,288,789	\$48,651,828	\$121,940,617	\$72,795,243	\$48,085,722	\$120,880,965

JBC Staff Figure Setting Document --- FY 2008-09

Medical and Dental Costs for the CBHP Program -- BASE FORECAST -- DOES NOT INCLUDE DECISION ITEMS

	FY 2008-09 Department Request		FY 2008-09 Staff Recommendation		Staff - Departments		
	CBHP Trust Caseload	HCE Fund Caseload	Total Caseload	CBHP Trust Caseload		HCE Fund Caseload	Total Caseload
Children's Dental Program							
Caseload Estimate	43,518	18,413	61,931	43,442	18,359	61,801	(130)
Up to 185% FPL	41,786	14,718	56,504	41,786	14,620	56,406	(98)
185% to 200% FPL	0	3,695	3,695	0	3,739	3,739	44
200% to 205% FPL	1,732	0	1,732	1,656	0	1,656	(76)
Estimated Per Capita Annual Cost	\$160.09	\$160.09	\$160.09	\$163.04	\$163.04	\$163.04	\$2.95
Fund Splits	\$6,966,797	\$2,947,737	\$9,914,534	\$7,082,784	\$2,993,251	\$10,076,035	\$161,501
CBHP Trust Fund	\$2,438,379	\$0	\$2,438,379	\$2,478,974	\$0	\$2,478,974	\$40,595
Health Care Expansion Fund	\$0	\$1,031,708	\$1,031,708	\$0	\$1,047,638	\$1,047,638	\$15,930
Federal Funds	\$4,528,418	\$1,916,029	\$6,444,447	\$4,603,809	\$1,945,613	\$6,549,423	\$104,976
Total Funds	\$6,966,797	\$2,947,737	\$9,914,534	\$7,082,784	\$2,993,251	\$10,076,035	\$161,501
TOTAL PROGRAM COSTS							
Does Not Include Administration							
Est. Enrollment Fee in CBHP Trust	\$303,462	\$0	\$303,462	\$302,825	\$0	\$302,825	(\$637)
CBHP Trust Fund	\$25,748,333	\$0	\$25,748,333	\$25,838,611	\$0	\$25,838,611	\$90,278
Offset to CBHP Trust Fund - Immunization	\$393,451	\$0	\$393,451	\$171,251	\$0	\$171,251	(\$222,200)
Offset to CHHP Trust Fund - CBHP Account	\$1,841,459	\$0	\$1,841,459	\$1,841,459	\$0	\$1,841,459	\$0
Health Care Expansion Fund	\$0	\$18,059,848	\$18,059,848	\$0	\$17,877,641	\$17,877,641	(\$182,207)
Federal Funds	\$51,968,880	\$33,539,717	\$85,508,598	\$51,723,881	\$33,201,333	\$84,925,214	(\$583,384)
Total Funds	\$80,255,585	\$51,599,565	\$131,855,150	\$79,878,027	\$51,078,973	\$130,957,000	(\$898,151)

JBC Staff Document - Estimated MMA State Contribution Payment
 FY 2008-09 Amounts

	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09
	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Est.	Est.	Est.	Est.
Jan-Dec 2006 Duals	(34)	(87)	52	29	(37)	(3)	0	0	0	0	0	0
Jan - Dec 2007 Duals	133	214	367	237	54	167	143	13	191	393	319	254
Jan - May 2008 Duals	1,943	1,119	820	542	441	365	380	433	304	514	449	402
Ju 2008 Duals	51,029	893	514	277	220	148	121	177	59	158	141	113
Jul 2008 Duals	0	51,279	922	479	346	204	146	236	68	168	158	141
Aug 2008 Duals	0	0	51,500	789	581	278	209	287	87	190	168	159
Sept 2008 Duals	0	0	0	51,548	1,053	487	336	361	126	218	190	168
Oct 2008 Duals	0	0	0	0	51,963	868	539	489	204	256	219	190
Nov 2008 Duals	0	0	0	0	0	52,123	910	689	298	324	257	219
Dec 2008 Duals	0	0	0	0	0	0	52,109	1,114	505	443	324	257
Jan 2009 Duals	0	0	0	0	0	0	0	52,212	888	581	444	325
Feb 2009 Duals	0	0	0	0	0	0	0	0	52,249	941	582	445
Mar 2009 Duals	0	0	0	0	0	0	0	0	0	52,386	943	583
Apr 2009 Duals	0	0	0	0	0	0	0	0	0	0	52,478	945
May 2009 Duals	0	0	0	0	0	0	0	0	0	0	0	52,571
Total Duals from Invoice	53,071	53,418	54,175	53,901	54,621	54,637	54,893	56,011	54,979	56,572	56,672	56,772
CY 2006 Rate	\$114.71	\$114.71	\$114.71	\$114.71	\$114.71	\$114.71	\$114.71	\$114.71	\$114.71	\$114.71	\$114.71	\$114.71
CY 2007 Rate	\$120.30	\$120.30	\$120.30	\$120.30	\$120.30	\$120.30	\$120.30	\$120.30	\$120.30	\$120.30	\$120.30	\$120.30
CY 2008 Rate	\$120.03	\$120.03	\$120.03	\$120.03	\$120.03	\$120.03	\$120.03	\$120.03	\$120.03	\$120.03	\$120.03	\$120.03
CY 2009 Rate	\$128.62	\$128.62	\$128.62	\$128.62	\$128.62	\$128.62	\$128.62	\$128.62	\$128.62	\$128.62	\$128.62	\$128.62
Monthly Payment	\$6,370,329	\$6,412,283	\$6,502,448	\$6,469,647	\$6,556,370	\$6,558,140	\$6,588,845	\$7,171,505	\$7,055,628	\$7,253,513	\$7,270,126	\$7,285,736
Total Payment												\$81,494,570
Subtract One-Time Savings of Moving May Payment to July												(\$7,285,736)
Final Appropriation Estimated												\$74,208,834

JBC Staff Document Estimated MMA State Contribution Payment

FY 2009-10 Amounts

	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	June 10
	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.
Jan-Dec 2007 Duals	254	191	143	97	54	13	5	0	0	0	0	0	0	0
Jan - Dec 2008 Duals	1,649	1,459	1,288	1,148	1,024	906	773	665	569	478	401	324	401	324
Jan - May 2009 Duals	54,869	2,559	1,835	1,443	1,168	1,002	887	781	686	607	525	459	525	459
Ju 2009 Duals	0	52,664	948	586	448	328	260	222	193	171	162	144	162	144
Jul 2009 Duals	0	0	52,757	950	587	449	328	260	222	193	171	162	171	162
Aug 2009 Duals	0	0	0	52,850	951	588	449	328	261	223	194	172	194	172
Sept 2009 Duals	0	0	0	0	52,943	953	589	449	330	261	223	194	223	194
Oct 2009 Duals	0	0	0	0	0	53,036	955	589	451	330	262	224	262	224
Nov 2009 Duals	0	0	0	0	0	0	53,130	955	591	452	331	263	331	263
Dec 2009 Duals	0	0	0	0	0	0	0	53,130	958	453	332	263	453	332
Jan 2010 Duals	0	0	0	0	0	0	0	0	53,318	453	332	263	593	454
Feb 2010 Duals	0	0	0	0	0	0	0	0	0	53,412	453	332	962	595
Mar 2010 Duals	0	0	0	0	0	0	0	0	0	0	53,506	453	965	595
Apr 2010 Duals	0	0	0	0	0	0	0	0	0	0	0	53,696	0	53,696
May 2010 Duals	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Duals from Invoice	56,772	56,873	56,971	57,074	57,175	57,275	57,376	57,379	57,579	57,679	57,783	57,984	57,783	57,984
CY 2007 Rate	\$120.30	\$120.30	\$120.30	\$120.30	\$120.30	\$120.30	\$120.30	\$120.30	\$120.30	\$120.30	\$120.30	\$120.30	\$120.30	\$120.30
CY 2008 Rate	\$120.03	\$120.03	\$120.03	\$120.03	\$120.03	\$120.03	\$120.03	\$120.03	\$120.03	\$120.03	\$120.03	\$120.03	\$120.03	\$120.03
CY 2009 Rate	\$128.62	\$128.62	\$128.62	\$128.62	\$128.62	\$128.62	\$128.62	\$128.62	\$128.62	\$128.62	\$128.62	\$128.62	\$128.62	\$128.62
CY 2010 Estimated Rate	\$134.58	\$134.58	\$134.58	\$134.58	\$134.58	\$134.58	\$134.58	\$134.58	\$134.58	\$134.58	\$134.58	\$134.58	\$134.58	\$134.58
Monthly Payment	\$7,285,736	\$7,300,883	\$7,315,356	\$7,330,190	\$7,344,603	\$7,358,820	\$7,373,019	\$7,374,375	\$7,718,699	\$7,738,624	\$7,756,768	\$7,787,151	\$7,756,768	\$7,787,151
Total Payment	\$89,684,224													

JBC Staff Figure Setting Document -- FY 2009-10

Medical and Dental Costs for the CBHP Program -- BASE FORECAST -- DOES NOT INCLUDE DECISION ITEMS

	FY 2009-10 Department Request		FY 2009-10 Staff Recommendation		Staff - Departments	
	CBHP Trust Caseload	HCE Fund Caseload	Total Caseload	CBHP Trust Caseload		HCE Fund Caseload
Children's Medical Program -- Premiums						
Caseload Estimate	44,155	21,727	65,882	44,252	22,900	67,152
Up to 185% FPL	41,786	17,712	59,498	41,786	18,304	60,090
185% to 200% FPL	0	4,015	4,015	0	4,596	4,596
200% to 205% FPL	2,369	0	2,369	2,466	0	2,466
Estimated Per Capita Annual Cost	\$1,929,26	\$1,929,26	\$1,929,26	\$1,917,89	\$1,917,89	\$1,917,89
Fund Splits	\$85,186,475	\$41,917,032	\$127,103,507	\$84,870,268	\$43,919,577	\$128,789,846
Est. Enrollment Fee in CHBP Trust		\$322,822	\$322,822		\$329,045	\$6,223
CHBP Trust Enrollment Fees	\$322,822	\$0	\$322,822	\$329,045	\$0	\$6,223
CBHP Trust Fund	\$29,702,279	\$0	\$29,702,279	\$29,589,428	\$0	(\$112,851)
Health Care Expansion Fund	\$0	\$14,670,961	\$14,670,961	\$0	\$15,371,852	\$700,891
Federal Funds	\$55,161,375	\$27,246,071	\$82,407,446	\$54,951,795	\$28,547,725	\$1,092,075
Total Funds	\$85,186,475	\$41,917,032	\$127,103,507	\$84,870,268	\$43,919,577	\$128,789,846
Adult Prenatal Program						
Caseload Estimate	221	1,584	1,805	212	1,609	1,821
Up to 185% FPL	101	1,387	1,488	101	1,406	1,507
185% to 200% FPL	0	197	197	0	203	203
200% to 205% FPL	120	0	120	111	0	111
Estimated Per Capita Annual Cost	\$10,859,07	\$10,859,07	\$10,859,07	\$10,859,07	\$10,859,07	\$10,859,07
Total Funds	\$2,399,854	\$17,200,767	\$19,600,621	\$2,302,123	\$17,472,244	\$19,774,366
CBHP Trust Fund	\$839,949	\$0	\$839,949	\$805,743	\$0	\$805,743
Health Care Expansion Fund	\$0	\$6,020,268	\$6,020,268	\$0	\$6,115,285	\$95,017
Federal Funds	\$1,559,905	\$11,180,498	\$12,740,404	\$1,496,380	\$11,356,958	\$12,853,338
Total Funds	\$2,399,854	\$17,200,767	\$19,600,621	\$2,302,123	\$17,472,244	\$19,774,366
Total CBHP Medical Premiums						
Fund Splits						
Est. Enrollment Fee in CBHP Trust		\$0	\$322,822		\$0	\$6,223
CBHP Trust Fund	\$28,301,060	\$0	\$28,301,060	\$28,153,378	\$0	(\$147,682)
Offset to CBHP Trust Fund - Immunization	\$464,375	\$0	\$464,375	\$465,000	\$0	\$625
Offset to CHHP Trust Fund - CBHP Account	\$1,776,793	\$0	\$1,776,793	\$1,776,793	\$0	\$0
Health Care Expansion Fund	\$0	\$20,691,230	\$20,691,230	\$0	\$21,487,137	\$795,908
Federal Funds	\$56,721,280	\$38,426,569	\$95,147,849	\$56,448,175	\$39,904,684	\$1,205,009
Total Funds	\$87,586,330	\$59,117,799	\$146,704,129	\$87,172,391	\$61,391,821	\$1,860,083

JBC Staff Figure Setting Document -- FY 2009-10

Medical and Dental Costs for the CBHP Program -- BASE FORECAST -- DOES NOT INCLUDE DECISION ITEMS

	FY 2009-10 Department Request			FY 2009-10 Staff Recommendation			Staff - Departments
	CBHP Trust Caseload	HCE Fund Caseload	Total Caseload	CBHP Trust Caseload	HCE Fund Caseload	Total Caseload	
Children's Dental Program							
Caseload Estimate	44,155	21,727	65,882	44,252	22,900	67,152	1,270
Up to 185% FPL	41,786	17,712	59,498	41,786	18,304	60,090	592
185% to 200% FPL	0	4,015	4,015	0	4,596	4,596	581
200% to 205% FPL	2,369	0	2,369	2,466	0	2,466	97
Estimated Per Capita Annual Cost Fund Splits	\$161.40	\$161.40	\$161.40	\$163.04	\$163.04	\$163.04	\$1.64
	\$7,126,617	\$3,506,738	\$10,633,355	\$7,214,846	\$3,733,616	\$10,948,462	\$315,107
CBHP Trust Fund	\$2,494,316	\$0	\$2,494,316	\$2,525,196	\$0	\$2,525,196	\$30,880
Health Care Expansion Fund	\$0	\$1,227,358	\$1,227,358	\$0	\$1,306,766	\$1,306,766	\$79,407
Federal Funds	\$4,632,301	\$2,279,380	\$6,911,681	\$4,689,650	\$2,426,850	\$7,116,500	\$204,820
Total Funds	\$7,126,617	\$3,506,738	\$10,633,355	\$7,214,846	\$3,733,616	\$10,948,462	\$315,107

TOTAL PROGRAM COSTS Does Not Include Administration			
Est. Enrollment Fee in CBHP Trust	\$322,822	\$322,822	\$329,045
CBHP Trust Fund	\$30,795,376	\$30,795,376	\$30,678,574
Offset to CBHP Trust Fund - Immunization	\$464,375	\$464,375	\$465,000
Offset to CHHP Trust Fund - CBHP Account	\$1,776,793	\$1,776,793	\$1,776,793
Health Care Expansion Fund	\$0	\$21,918,588	\$22,793,903
Federal Funds	\$61,353,581	\$40,705,949	\$103,469,359
Total Funds	\$94,712,947	\$62,624,537	\$159,512,674
			\$6,223
			(\$116,801)
			\$625
			\$0
			\$875,315
			\$1,409,829
			\$2,175,191

Health Care Expansion Fund: Outlook 2006-2013							
	FY 2006-07 Actuals	FY 2007-08 Actuals	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
A. Tobacco Tax Revenues							
Tax Revenue ¹	\$168,168,587	\$162,987,630	\$167,200,000	\$166,100,000	\$166,400,000	\$164,900,000	\$164,305,677
B. Health Care Expansion Fund							
Transfer (46%)	\$77,357,550	\$74,974,310	\$76,912,000	\$76,406,000	\$76,544,000	\$75,854,000	\$75,580,611
Less 10% Reserve Requirement ²	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest Eamed ³	\$5,885,036	\$6,535,878	\$6,804,276	\$6,197,854	\$5,099,224	\$3,980,242	\$2,418,580
Health Care Expansion Funds Available	\$83,242,586	\$81,510,188	\$83,716,276	\$82,603,854	\$81,643,224	\$79,834,242	\$77,999,191
C. Health Care Expansion Fund Reserve Balance							
Previous Year's Reserve Fund Ending Balance	\$91,398,039	\$94,635,520	\$130,653,130	\$117,276,935	\$82,806,762	\$48,528,552	\$0
Previous Year's Unspent Health Care Expansion Fund Balance	N/A	\$36,017,610	\$5,068,485	\$0	\$0	\$0	\$0
Beginning Health Care Expansion Fund Reserve Balance	\$91,398,039	\$130,653,130	\$135,721,615	\$117,276,935	\$82,806,762	\$48,528,552	\$0
10% of Yearly Appropriation to the Health Care Expansion Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fund Required from the Reserve Balance in the Current Year ⁴	\$0	\$0	\$18,444,679	\$34,470,173	\$34,278,211	\$48,528,552	\$0
Interest Eamed ³	\$3,237,481	\$0	\$0	\$0	\$0	\$0	\$0
Health Care Expansion Fund Year-End Reserve Balance	\$94,635,520	\$130,653,130	\$117,276,935	\$82,806,762	\$48,528,552	\$0	\$0
D. Health Care Expansion Fund Expenditures							
(1) Executive Director's Office	\$472,310	\$482,729	\$568,931	\$543,715	\$543,715	\$543,715	\$543,715
Personal Services ⁶	\$121,796	\$113,749	\$149,091	\$149,664	\$149,664	\$149,664	\$149,664
Operating Expenses	\$4,120	\$3,654	\$4,365	\$4,365	\$4,365	\$4,365	\$4,365
Commercial Leased Space	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500
Acute Care Utilization Review ⁷	\$14,346	\$16,520	N/A	N/A	N/A	\$16,520	\$16,520
Long Term Care Utilization Review ^{5,7}	\$38,429	\$0	N/A	N/A	N/A	\$38,429	\$38,429
Professional Services Contracts ⁷	N/A	N/A	\$54,949	\$54,949	\$54,949	\$54,949	\$54,949
Medicaid Identification Cards	\$10,247	\$8,886	\$10,759	\$10,759	\$10,759	\$10,759	\$10,759
Customer Outreach (Enrollment Broker and EPSDT)	\$18,908	\$33,514	\$33,514	\$33,514	\$33,514	\$33,514	\$33,514
School District Eligibility Determinations ⁷	\$0	\$7,638	N/A	N/A	N/A	N/A	N/A
Contracts for Special Eligibility Determinations ^{7,8}	N/A	N/A	\$25,854	\$0	\$0	\$0	\$0
Medicaid Management Information System Contract	\$258,964	\$293,268	\$284,899	\$284,899	\$284,899	\$284,899	\$284,899
Impact of NP-9: "DPA-Mail Equipment Upgrade"	N/A	N/A	N/A	\$50	\$50	\$50	\$50
Impact of NP-12: "DPA-Postage Increase"	N/A	N/A	N/A	\$15	\$15	\$15	\$15
(2) Medical Service Premiums	\$34,342,956	\$56,072,286	\$76,560,587	\$86,515,138	\$91,336,681	\$95,125,702	\$99,642,896
Impact of DI-6 Medicaid Value-Based Care Coordination Initiative	N/A	N/A	N/A	\$8,954	(\$65,300)	(\$224,575)	N/A
(3) Medicaid Mental Health Community Programs	\$2,475,031	\$4,300,041	\$6,024,353	\$7,252,712	\$7,854,485	\$8,353,034	\$8,881,877
(4) Indigent Care Program	\$9,589,238	\$15,005,337	\$18,423,267	\$22,178,645	\$15,602,737	\$27,639,080	\$29,234,734
Children's Basic Health Plan Administration and Outreach	\$549,803	\$518,545	\$540,000	\$499,265	\$540,000	\$540,000	\$540,000
Children's Basic Health Plan Premium Costs	\$8,770,576	\$13,653,510	\$16,851,558	\$20,452,022	\$14,200,589	\$25,516,727	\$27,026,320
Children's Basic Health Plan Dental Benefit Costs	\$268,859	\$833,282	\$1,031,709	\$1,227,358	\$862,148	\$1,582,353	\$1,668,414
(6) Department of Human Services Medicaid Funded Programs	\$345,441	\$581,310	\$583,817	\$583,817	\$583,817	\$583,817	\$583,817
DHS: Colorado Benefits Management System, BRI #1	\$71,321	\$63,109	\$0	\$0	\$0	\$0	\$0
DHS: Colorado Benefits Management System SAS-70	\$0	\$618	\$618	\$618	\$618	\$618	\$618
DHS: Services for People with Developmental Disabilities	\$32,364	\$517,583	\$583,199	\$583,199	\$583,199	\$583,199	\$583,199
DHS: Services for Family & Children	\$241,756	\$0	\$0	\$0	\$0	\$0	\$0
E. Total Health Care Expansion Fund Expenditures	\$47,224,976	\$76,441,703	\$102,160,955	\$117,074,027	\$115,921,435	\$132,245,348	\$138,887,039
F. Health Care Expansion Fund Populations Funding Shortfall	\$0	\$0	\$0	\$0	\$0	\$0	\$0
G. Health Care Expansion Fund Reserve Balance - Increase (Decrease)	\$36,017,610	\$5,068,485	(\$18,444,679)	(\$34,470,173)	(\$34,278,211)	(\$52,411,106)	(\$60,887,848)

Notes for Health Care Expansion Fund: Outlook 2006-2013

- 1) With the exception of the FY 2012-13 Tobacco Tax Revenue Estimate, which is calculated using the average estimated growth rate in FY 2010-11 and FY 2011-12, Tobacco Tax revenue projections are taken from the December 2008 Amendment 35 Revenue Forecast completed by Legislative Council.
- 2) The 10% Reserve Requirement will not be needed starting in FY 2006-07 since the balance of the Health Care Expansion Fund Reserve has surpassed that of the Health Care Expansion Fund at least once.
- 3) The projected interest rate is assumed to be the same rate earned in FY 2006-07. All interest earned on the Reserve Fund balance is transferred to the Health Care Expansion Fund prior to reverting to the Reserve Fund as "Unspent Health Care Expansion Fund Dollars" for FY 2007-08 forward. Therefore, actual interest earned on the Health Care Expansion Fund Reserve Fund cannot be specifically identified. The interest rate used to project earnings for the fund is equal to the interest rate received in FY 2007-08.
- 4) Beginning in FY 2008-09, the Department projects that the 46% transfer will not be sufficient to fund projected expenditures, and existing Health Care Expansion Fund Reserve Balance Funds will need to be appropriated.
- 5) The Cash Fund appropriation to the Long-Term Care Utilization Review line item was mistakenly drawn from the Autism Treatment Fund in FY 2007-08, but will again be drawn from the Health Care Expansion Fund beginning in FY 2008-09.
- 6) For purposes of this document, the "Personal Services" line item consists of the following appropriations: Personal Services; Health, Life, and Dental; Short-Term Disability; Amortization Equalization Disbursement; Supplemental Amortization Equalization Disbursement; Performance-Based Pay; and Salary Survey and Senior Executive Service.
- 7) Reorganization of the Executive Director's Office in FY 2008-09 resulted in the following consolidations: Long Term Care Utilization Review and Acute Care Utilization Review into (1) (E) Utilization and Quality Review Contracts, Professional Services Contracts; and School District Eligibility Determinations into (1) (D) Eligibility Determinations and Client Services, Contracts for Special Eligibility Determinations.
- 8) Due to the potential impact of DI-16, School-Based Medical Assistance Site Pilot Expansion submitted with the Department's FY 2009-10 Budget Request submitted on November 3, 2008, the funding appropriated to the Contracts for Special Eligibility Determinations from the Health Care Expansion Fund will instead be drawn from the Children's Basic Health Plan Trust Fund 11G for years after FY 2008-09.

Amendment #35 Tobacco Tax Funds Available for Appropriation in FY 2009-10

	3% Allocation			46% Allocation	19% Allocation	16% Allocation	16% Allocation
	General Fund 20%	Old Age Pension Medical Fund 50%	Department of Revenue 30%	Health Care Expansion Fund	Primary Care Expansion Fund	Tobacco Education Programs Fund	Prevention Detection Treatment Fund
FY 2007-08 Actual Revenue Distributions	\$981,770	\$2,444,814	\$1,472,654	\$74,974,310	\$30,967,650	\$26,078,021	\$26,078,021
Amount Distributed from Prior Year Collection	(\$3,843)	\$0	(\$5,765)	\$0	\$0	\$0	\$0
Total New Revenue Collection FROM FY 2007-08	\$977,927	\$2,444,814	\$1,466,889	\$74,974,310	\$30,967,650	\$26,078,021	\$26,078,021
Revenue Estimate for FY 2007-08 Appropriation (S.B. 07-239)	\$1,026,000	\$2,500,500	\$1,439,168	\$78,660,000	\$32,490,000	\$27,360,000	\$27,360,000
FY 2007-08 Revenues Never Appropriated (negative number -- means no issue)	(\$44,230)	(\$55,686)	(\$33,486)	(\$3,685,690)	(\$1,522,350)	(\$1,281,979)	(\$1,281,979)
FY 2008-09 Revenue Estimate (December 2008 new forecast)	\$1,002,000	\$2,505,000	\$1,303,000	\$76,820,000	\$31,730,000	\$26,720,000	\$26,720,000
FY 2008-09 Revenue Estimate used for Appropriation (H.B. 08-1375)	\$990,000	\$2,475,000	\$1,485,000	\$75,900,000	\$31,350,000	\$26,400,000	\$26,400,000
FY 2008-09 Revenue That Will Not Be Used or Will Need to Come From Fund Balance in FY 2008-09 Due to Forecast Error (Up to analyst to determine if FY 2008-09 should be adjusted)	\$12,000	\$30,000	\$18,000	\$920,000	\$380,000	\$320,000	\$320,000
FY 2009-10 Revenue Forecast December 2008	\$996,000	\$2,490,000	\$1,494,000	\$76,360,000	\$31,540,000	\$26,560,000	\$26,560,000
Total Revenue Available for Appropriation in FY 2009-10 Based on December 2008 Forecast and the estimated unallocated revenue from prior fiscal year.	\$1,008,000	\$2,520,000	\$1,512,000	\$77,280,000	\$31,920,000	\$26,880,000	\$26,880,000

Appropriation to General Fund HCPF for FY 2009-10	\$504,000
Appropriation to General Fund DHPHE	\$504,000

Analyst can also appropriate any fund balance available.