

COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE



Fiscal Year 2007-08 Figure Setting

Department of Health Care Policy and Financing

**(Medical Service Premiums, Indigent Care Program,
Other Medical Services, and Selected Executive Director's Office Line Items)**

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 2007-08 FIGURE SETTING**

TABLE OF CONTENTS

Numbers Pages

Health Care Policy and Financing 1

Figure Setting Narrative

Health Care Policy and Financing

Medical Services Premiums Division

-- Caseload Forecast for FY 2006-07 & FY 2007-08 14
-- FY 2006-07 Supplemental 26
-- FY 2007-08 Base Recommendation 35
-- FY 2007-08 Change Requests 44

Indigent Care Division (includes FY 2006-07 supplementals) 54

Other Medical Services Divisions 89

Selected Executive Director Offices Line Items

(not discussed on February 14, 2007) 103

Department Footnotes Related to These Divisions 114

Appendix A -- Medicaid Caseload Charts

Appendix B -- Medical Services Premiums Expenditures & Fund Split Charts

Appendix C -- Safety Net Provider Payments to Hospitals and Clinics

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation/1	FY 2007-08 Request	FY 2007-08 Staff Rec.	Change Req. #
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).						
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(1) Executive Director's Office						
(Primary Functions: Provides all of the administrative, audit and oversight functions for the Department.)						
Personal Services/1	<u>12,795,241</u>	<u>13,785,054</u>	<u>15,522,630</u>	<u>16,658,749</u>	<u>16,305,976</u>	DI #s 4, 8
FTE	202.8	212.4	231.0	247.7	238.0	9, 12, & 13
General Fund	5,358,465	5,641,891	6,562,742	7,069,195	7,156,570	BA #1, #5
General Fund Exempt	96,464	281	0	0	0	T #1 & 3
Cash Funds Exempt	110,984	541,735	506,203	628,865	563,178	
Federal Funds	7,229,328	7,601,147	8,453,685	8,960,689	8,586,228	
Health, Life, and Dental	<u>411,229</u>	<u>520,256</u>	<u>629,640</u>	<u>877,922</u>	<u>929,293</u>	T=#3
General Fund	190,929	334,973	272,418	385,020	414,460	
Cash Funds Exempt	1,990	17,112	11,294	27,462	37,568	
Federal Funds	218,310	168,171	345,928	465,440	477,265	
Short-term Disability	<u>15,992</u>	<u>16,354</u>	<u>14,888</u>	<u>18,090</u>	<u>19,548</u>	T=#3
General Fund	7,439	7,305	6,173	8,080	8,509	
Cash Funds Exempt	57	525	458	499	635	
Federal Funds	8,496	8,524	8,257	9,511	10,404	
S.B. 04-257 Amortization Equalization						
Disbursement	<u>0</u>	<u>24,391</u>	<u>96,544</u>	<u>168,509</u>	<u>178,339</u>	T=#3
General Fund	0	10,889	38,697	75,261	76,448	
Cash Funds Exempt	0	855	3,043	4,644	5,855	
Federal Funds	0	12,647	54,804	88,604	96,036	
S.B. 06-235 Amortization Equalization						
Disbursement	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>34,950</u>	T=#3
General Fund	0	0	0	0	13,722	
Cash Funds Exempt	0	0	0	0	1,220	
Federal Funds	0	0	0	0	20,008	
Salary Survey and Senior Executive Service	<u>248,845</u>	<u>394,534</u>	<u>459,483</u>	<u>566,815</u>	<u>480,923</u>	T=#1 & 3
General Fund	112,580	172,506	198,893	254,461	217,149	
Cash Funds Exempt	1,393	8,260	11,087	15,628	15,225	
Federal Funds	134,872	213,768	249,503	296,726	248,549	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation/1	FY 2007-08 Request	FY 2007-08 Staff Rec.	Change Req. #
Performance-based Pay Awards	<u>136,130</u>	<u>0</u>	<u>0</u>	<u>126,818</u>	<u>206,506</u>	T-#3
General Fund	61,418	0	0	56,613	92,725	
Cash Funds Exempt	795	0	0	3,527	6,484	
Federal Funds	73,917	0	0	66,678	107,297	
Worker's Compensation	<u>44,667</u>	<u>39,404</u>	<u>25,760</u>	<u>24,417</u>	pending	T-#3
General Fund	22,334	19,702	12,880	12,209	pending	NP BA #1
Federal Funds	22,333	19,702	12,880	12,208	pending	
Operating Expenses	<u>812,837</u>	<u>978,207</u>	<u>1,257,171</u>	<u>1,004,837</u>	<u>1,003,515</u>	DI # 4 & 8
General Fund	403,153	446,865	610,394	485,273	485,566	T-#1, 2 & 3
General Fund Exempt	0	25,366	0	0	0	
Cash Funds Exempt	729	14,076	14,393	13,672	12,431	
Federal Funds	408,955	491,900	632,384	505,892	505,518	
Legal and Third Party Recovery						
Legal Services	<u>662,705</u>	<u>799,877</u>	<u>859,595</u>	<u>859,595</u>	pending	T-#3
General Fund	265,709	311,609	348,589	348,589	pending	
General Fund Exempt	0	25,000	0	0	pending	
Cash Funds	63,131	62,912	72,375	72,375	pending	
Cash Funds Exempt	1,759	306	5,945	5,945	pending	
Federal Funds	332,106	400,050	432,686	432,686	pending	
Administrative Law Judge Services	<u>609,643</u>	<u>505,921</u>	<u>380,930</u>	<u>398,743</u>	pending	T-#3
General Fund	304,822	252,961	190,465	199,372	pending	
Federal Funds	304,821	252,960	190,465	199,371	pending	
Computer Systems Costs	<u>154,382</u>	<u>93,083</u>	<u>0</u>	<u>19,310</u>	pending	T-#3
General Fund	60,956	30,307	0	7,986	pending	
Cash Funds Exempt	16,235	16,235	0	3,337	pending	
Federal Funds	77,191	46,541	0	7,987	pending	
Payment to Risk Management and Property Funds	<u>58,795</u>	<u>21,976</u>	<u>101,811</u>	<u>96,724</u>	pending	T-#3
General Fund	29,398	10,988	50,906	48,362	pending	NP - BA #2
Federal Funds	29,397	10,988	50,905	48,362	pending	
Capitol Complex Leased Space	<u>339,179</u>	<u>332,915</u>	<u>344,022</u>	<u>389,998</u>	pending	T-#3
General Fund	169,590	166,458	172,011	194,999	pending	NP - BA #3
Federal Funds	169,589	166,457	172,011	194,999	pending	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation/1	FY 2007-08 Request	FY 2007-08 Staff Rec.	Change Req. #
Commercial Leased Space	<u>0</u>	<u>33,228</u>	<u>173,762</u>	<u>272,318</u>	<u>272,318</u>	DI #5
General Fund	0	1,561	80,750	130,659	130,659	
Cash Funds Exempt	0	15,053	5,500	5,500	5,500	
Federal Funds	0	16,614	87,512	136,159	136,159	
Transfer to the Department of Human Services for Related Administration	<u>73,120</u>	<u>69,784</u>	<u>74,564</u>	<u>74,564</u>	<u>74,564</u>	T #1
General Fund	36,560	34,892	37,282	37,282	37,282	
Federal Funds	36,560	34,892	37,282	37,282	37,282	
Medicaid Management Information System Contract	<u>21,076,845</u>	<u>21,737,076</u>	<u>26,361,472</u>	<u>21,523,988</u>	<u>21,694,358</u>	T #1 & 2 BA #1, 3, &5
General Fund	5,187,882	5,214,619	6,304,977	5,091,791	5,228,133	
Cash Funds Exempt	370,212	435,293	636,474	674,137	674,137	
Federal Funds	15,518,751	16,087,164	19,420,021	15,758,060	15,792,088	
Medicaid Management Information System Reprocurement	<u>9,450</u>	<u>429,770</u>	<u>740,100</u>	<u>382,800</u>	<u>0</u>	T #1
General Fund	2,363	98,014	155,783	80,575	0	
Cash Funds Exempt	0	4,490	7,771	4,019	0	
Federal Funds	7,087	327,266	576,546	298,206	0	
CBMS Eligibility Audit-Transfer to State Auditor	<u>0</u>	<u>68,250</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Cash Funds Exempt	0	34,125	0	0	0	
Federal Funds	0	34,125	0	0	0	
Medicare Modernization Act of 2003 CBMS Costs	<u>0</u>	<u>190,128</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	95,064	0	0	0	
Federal Funds	0	95,064	0	0	0	
HIPAA Web Portal Maintenance	<u>510,804</u>	<u>314,345</u>	<u>314,800</u>	<u>312,900</u>	<u>312,900</u>	
General Fund	73,012	74,307	78,700	78,225	78,225	
General Fund Exempt	23,889	5,213	0	0	0	
Federal Funds	413,903	234,825	236,100	234,675	234,675	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation/1	FY 2007-08 Request	FY 2007-08 Staff Rec.	Change Req. #
HIPAA National Provider Identifier						
Assessment and Implementation	<u>0</u>	<u>101,600</u>	<u>2,030,583</u>	<u>0</u>	<u>0</u>	T-#1
General Fund	0	9,855	211,033	0	0	
Cash Funds Exempt	0	1,067	7,255	0	0	
Federal Funds	0	90,678	1,812,295	0	0	
HIPAA Security Rule Implementation	<u>58,755</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	28,723	0	0	0	0	
Cash Funds Exempt	458	0	0	0	0	
Federal Funds	29,574	0	0	0	0	
Medical						
Identification Cards	<u>54,483</u>	<u>103,263</u>	<u>190,892</u>	<u>190,892</u>	<u>120,000</u>	
General Fund	26,902	40,837	84,418	84,418	48,444	
Cash Funds	679	0	0	0	0	
Cash Funds Exempt	0	11,550	11,764	11,764	12,352	
Federal Funds	26,902	50,876	94,710	94,710	59,204	
Department of Public Health and Environment Facility Survey and Certification						
Certification	<u>3,721,129</u>	<u>3,816,393</u>	<u>4,309,705</u>	<u>4,440,452</u>	<u>4,539,038</u>	NP DI #9
General Fund	863,219	1,016,971	1,272,408	1,294,240	1,346,102	T-#3
Federal Funds	2,857,910	2,799,422	3,037,297	3,146,212	3,192,936	NP BA #4
Acute Care Utilization Review	<u>1,140,104</u>	<u>1,139,989</u>	<u>1,375,906</u>	<u>1,375,906</u>	<u>1,375,906</u>	
General Fund	284,777	284,713	344,703	344,703	344,703	
Cash Funds Exempt	249	284	17,245	17,245	17,245	
Federal Funds	855,078	854,992	1,013,958	1,013,958	1,013,958	
Long-Term Care Utilization Review	<u>1,295,715</u>	<u>1,518,061</u>	<u>1,744,966</u>	<u>1,744,966</u>	<u>1,744,966</u>	
General Fund	344,728	379,553	598,813	598,813	598,813	
Cash Funds Exempt	0	38,429	38,429	38,429	38,429	
Federal Funds	950,987	1,100,079	1,107,724	1,107,724	1,107,724	
External Quality Review	<u>889,149</u>	<u>808,077</u>	<u>812,193</u>	<u>812,193</u>	<u>812,193</u>	
General Fund	194,440	194,519	203,048	203,048	203,048	
General Fund Exempt	28,214	7,500	0	0	0	
Federal Funds	666,495	606,058	609,145	609,145	609,145	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation/1	FY 2007-08 Request	FY 2007-08 Staff Rec.	Change Req. #
Drug Utilization Review	<u>152,520</u>	<u>278,366</u>	<u>372,025</u>	<u>287,193</u>	<u>287,193</u>	BRI #2
General Fund	38,130	69,591	90,256	71,798	71,798	
Federal Funds	114,390	208,775	281,769	215,395	215,395	
Mental Health External Quality Review	<u>322,226</u>	<u>352,700</u>	<u>352,807</u>	<u>352,807</u>	<u>352,807</u>	
General Fund	80,557	80,675	88,202	88,202	88,202	
General Fund Exempt	0	7,500	0	0	0	
Federal Funds	241,669	264,525	264,605	264,605	264,605	
Actuarial Analysis Payments for Transfer to State Auditor's Office & MH Actuarial Service:	<u>24,999</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	12,500	0	0	0	0	
Federal Funds	12,499	0	0	0	0	
Early and Periodic Screening, Diagnosis, and Treatment Program	<u>2,281,138</u>	<u>2,351,694</u>	<u>2,468,383</u>	<u>2,468,383</u>	<u>2,468,383</u>	
General Fund	1,140,569	1,175,847	1,234,192	1,234,192	1,234,192	
Federal Funds	1,140,569	1,175,847	1,234,191	1,234,191	1,234,191	
Nursing Facility Audits	<u>1,094,796</u>	<u>1,095,396</u>	<u>1,097,500</u>	<u>1,097,500</u>	<u>1,097,500</u>	
General Fund	547,398	547,698	548,750	548,750	548,750	
Federal Funds	547,398	547,698	548,750	548,750	548,750	
Hospital and Federally Qualified Health Clinic Audits	<u>250,000</u>	<u>350,000</u>	<u>367,850</u>	<u>499,200</u>	<u>499,200</u>	BRI #1
General Fund	125,000	175,000	183,925	249,600	249,600	
Federal Funds	125,000	175,000	183,925	249,600	249,600	
Disability Determination Services	<u>974,743</u>	<u>1,163,662</u>	<u>1,173,662</u>	<u>1,173,662</u>	<u>1,173,662</u>	
General Fund	487,372	581,831	581,831	581,831	581,831	
Cash Funds Exempt	0	0	5,000	5,000	5,000	
Federal Funds	487,371	581,831	586,831	586,831	586,831	
Nursing Home Preadmission and Resident Assessments	<u>1,010,040</u>	<u>1,009,481</u>	<u>1,010,040</u>	<u>1,010,040</u>	<u>1,010,040</u>	
General Fund	252,510	252,370	252,510	252,510	252,510	
Federal Funds	757,530	757,111	757,530	757,530	757,530	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation/1	FY 2007-08 Request	FY 2007-08 Staff Rec.	Change Req. #
Nurse Aide Certification	<u>297,769</u>	<u>293,623</u>	<u>308,766</u>	<u>325,343</u>	pending	T-#1
General Fund	136,041	0	0	148,020	pending	
Cash Funds Exempt	12,844	146,812	154,383	14,652	pending	
Federal Funds	148,884	146,811	154,383	162,671	pending	
Nursing Home Quality Assessment	<u>26,954</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	6,738	0	0	0	0	
Federal Funds	20,216	0	0	0	0	
Nursing Facility Appraisals	<u>0</u>	<u>0</u>	<u>279,746</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	139,873	0	0	
Federal Funds	0	0	139,873	0	0	
Estate Recovery	<u>541,822</u>	<u>627,588</u>	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	
Cash Funds	270,911	313,794	350,000	350,000	350,000	
Federal Funds	270,911	313,794	350,000	350,000	350,000	
Single Entry Point Administration	<u>40,480</u>	<u>50,084</u>	<u>53,000</u>	<u>53,000</u>	<u>53,000</u>	
General Fund	20,240	25,042	26,500	26,500	26,500	
Federal Funds	20,240	25,042	26,500	26,500	26,500	
Single Entry Point Audits	<u>0</u>	<u>40,030</u>	<u>112,000</u>	<u>112,000</u>	<u>112,000</u>	
General Fund	0	20,015	56,000	56,000	56,000	
Federal Funds	0	20,015	56,000	56,000	56,000	
S.B. 97-05 Enrollment Broker	<u>875,756</u>	<u>875,756</u>	<u>942,784</u>	<u>942,784</u>	<u>700,000</u>	JBC Action
General Fund	437,878	437,878	437,878	437,878	316,486	
Cash Funds Exempt	0	0	33,514	33,514	33,514	
Federal Funds	437,878	437,878	471,392	471,392	350,000	
Department of Regulatory Agency In-Home Support Review	<u>0</u>	<u>0</u>	<u>6,000</u>	<u>4,000</u>	pending	T-#1
General Fund	0	0	3,000	2,000	pending	
Federal Funds	0	0	3,000	2,000	pending	
Primary Care Provider Rate Task Force & Study	<u>0</u>	<u>0</u>	<u>58,000</u>	<u>19,334</u>	<u>19,334</u>	T-#1
General Fund	0	0	29,000	9,667	9,667	
Federal Funds	0	0	29,000	9,667	9,667	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation/1	FY 2007-08 Request	FY 2007-08 Staff Rec.	Change Req. #
County Administration	<u>0</u>	<u>0</u>	<u>21,115,133</u>	<u>23,731,472</u>	<u>23,788,465</u>	DI #4 & 6
General Fund	0	0	6,302,837	7,273,338	7,301,834	Late Budget
Cash Funds Exempt	0	0	4,272,508	4,632,531	4,632,531	Amend #GBA 2
Federal Funds	0	0	10,539,788	11,825,603	11,854,100	
Administrative Case Management	<u>0</u>	<u>0</u>	<u>1,593,624</u>	<u>1,625,496</u>	<u>1,625,496</u>	DI #6
General Fund	0	0	796,812	812,748	812,748	
Federal Funds	0	0	796,812	812,748	812,748	
H.B. 01-1271 Medicaid Buy-in	<u>34,922</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Federal Funds	34,922	0	0	0	0	
Non-Emergency Transportation Services	<u>3,450,394</u>	<u>5,577,485</u>	<u>7,026,584</u>	<u>7,299,302</u>	<u>7,299,302</u>	DI #6 & 7
General Fund	1,725,197	2,788,743	3,513,292	3,649,651	3,649,651	T-#3
Federal Funds	1,725,197	2,788,742	3,513,292	3,649,651	3,649,651	BA #2
Disease Management	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,949,482</u>	<u>0</u>	DI #10
General Fund	0	0	0	1,489,547	0	
Cash Funds Exempt	0	0	0	985,194	0	
Federal Funds	0	0	0	2,474,741	0	
Single Entry Point Case Management	<u>0</u>	<u>0</u>	<u>0</u>	<u>17,755,602</u>	<u>0</u>	DI #10
General Fund	0	0	0	9,232,913	0	
Federal Funds	0	0	0	8,522,689	0	
School District Eligibility Determinations	<u>0</u>	<u>0</u>	<u>0</u>	<u>227,292</u>	<u>227,292</u>	T-#4
General Fund	0	0	0	79,269	79,269	
Cash Funds Exempt	0	0	0	25,854	25,854	
Federal Funds	0	0	0	122,169	122,169	
Public School Health Services Administration	<u>0</u>	<u>0</u>	<u>384,520</u>	<u>384,520</u>	<u>391,696</u>	
Federal Funds	0	0	384,520	384,520	391,696	
Payment Error Rate Measurement Project						
Contract	<u>0</u>	<u>0</u>	<u>147,126</u>	<u>1,178,820</u>	<u>441,375</u>	BA #1
General Fund	0	0	36,783	294,705	110,348	
Cash Funds Exempt	0	0	25,747	206,294	77,240	
Federal Funds	0	0	84,596	677,821	253,787	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation/1	FY 2007-08 Request	FY 2007-08 Staff Rec.	Change Req. #
SUBTOTAL -- Executive Director's Office						
Total Funds	<u>56,497,758</u>	<u>61,907,801</u>	<u>97,390,967</u>	<u>118,154,218</u>	<u>92,352,038</u>	<u>-5.17%</u>
FTE	202.8	212.4	231.0	247.7	238.0	3.03%
General Fund	19,039,529	21,006,049	32,157,724	43,628,293	31,869,944	-0.89%
General Fund Exempt	148,567	70,860	0	0	0	n/a
Cash Funds	334,721	376,706	422,375	422,375	350,000	-17.14%
Cash Funds Exempt	517,705	1,286,207	5,768,013	7,357,712	6,164,398	6.87%
Federal Funds	36,457,236	39,167,979	59,042,855	66,745,838	53,967,696	-8.60%

/1 Includes the Supplemental Bill -- S.B. 07-163

(2) Medical Service Premiums

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

Services for Supplemental Security

Income Adults 65 and Older (SSI 65+)	<u>\$654,969,459</u>	<u>\$687,311,637</u>	<u>\$702,875,343</u>	<u>\$725,927,234</u>	<u>\$725,812,210</u>	DI #1
Medicaid Clients	35,615	36,219	37,036	36,512	36,703	T #1 & 2
Cost per Client	\$18,390.27	\$18,976.55	\$18,978.17	\$19,881.88	\$19,775.28	

Services for Supplemental Security

Income Adults 60 to 64 (SSI 60 - 64)	<u>\$81,445,060</u>	<u>\$88,683,525</u>	<u>\$83,054,400</u>	<u>\$97,579,257</u>	<u>\$98,802,748</u>	DI #1
Medicaid Clients	6,103	6,048	6,241	6,285	6,252	T #1 & 2
Cost per Client	\$13,345.09	\$14,663.28	\$13,307.87	\$15,525.74	\$15,803.38	

Services for Qualified Medicare

Beneficiaries (QMBs) and Special Low-Income Medicare Beneficiaries (SLIMBs)	<u>\$10,925,341</u>	<u>\$13,944,292</u>	<u>\$11,969,839</u>	<u>\$17,447,204</u>	<u>\$16,956,211</u>	DI #1
Medicaid Clients	9,572	11,012	12,570	14,185	13,294	T #1 & 2
Cost per Client	\$1,141.39	\$1,266.28	\$952.25	\$1,229.98	\$1,275.48	

Services for Supplemental Security

Income Disabled Individuals	<u>\$551,039,900</u>	<u>\$560,232,378</u>	<u>\$565,398,822</u>	<u>\$601,300,155</u>	<u>\$597,367,160</u>	DI #1
Medicaid Clients	47,626	47,565	48,447	49,156	48,942	T #1 & 2
Cost per Client	\$11,570.15	\$11,778.25	\$11,670.46	\$12,232.49	\$12,205.61	

Services for Categorically Eligible Low-

Income Adults	<u>\$194,070,452</u>	<u>\$203,325,773</u>	<u>\$236,513,840</u>	<u>\$171,562,189</u>	<u>\$170,355,678</u>	DI #1
Medicaid Clients	56,453	57,754	63,127	46,759	46,708	T #1 & 2
Cost per Client	\$3,437.73	\$3,520.55	\$3,746.64	\$3,669.07	\$3,647.25	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation/1	FY 2007-08 Request	FY 2007-08 Staff Rec.	Change Req. #
Services for Expansion Low-						
Income Adults	<u>\$0</u>	<u>\$0</u>	<u>\$12,152,639</u>	<u>\$27,496,103</u>	<u>\$25,369,921</u>	DI #1
Medicaid Clients	0	0	4,850	11,247	10,377	T #1 & 2
Cost per Client	\$0.00	\$0.00	\$2,505.70	\$2,444.75	\$2,444.82	
Services for Baby Care Program Adults	<u>\$41,751,434</u>	<u>\$36,737,621</u>	<u>\$37,957,337</u>	<u>\$43,769,697</u>	<u>\$46,750,345</u>	DI #1
Medicaid Clients	6,110	5,050	4,890	4,926	5,264	T #1 & 2
Cost per Client	\$6,833.30	\$7,274.78	\$7,762.24	\$8,885.44	\$8,881.14	
Services for Breast and Cervical Cancer						
Treatment Clients	<u>\$2,490,572</u>	<u>\$3,367,952</u>	<u>\$5,109,417</u>	<u>\$6,782,729</u>	<u>\$7,014,153</u>	DI #1
Traditional Medicaid Clients	86	188	223	294	277	T #1 & 2
Cost per Client	\$28,960.14	\$17,914.64	\$22,912.18	\$23,070.51	\$25,321.85	
Services for Categorically Eligible						
Children	<u>\$297,794,919</u>	<u>\$301,049,408</u>	<u>\$336,500,118</u>	<u>\$336,477,548</u>	<u>\$327,012,888</u>	DI #1
Traditional Medicaid Clients	220,592	213,600	228,438	199,380	193,981	T #1 & 2
Cost per Client	\$1,349.98	\$1,409.41	\$1,473.05	\$1,687.62	\$1,685.80	
Services for Categorically Eligible						
Foster Children	<u>\$47,460,303</u>	<u>\$52,533,574</u>	<u>\$57,892,689</u>	<u>\$58,253,629</u>	<u>\$59,703,161</u>	DI #1
Traditional Medicaid Clients	15,669	16,311	17,091	16,813	17,295	T #1 & 2
Cost per Client	\$3,028.93	\$3,220.75	\$3,387.32	\$3,464.80	\$3,452.05	
Services for Non-Citizens	<u>\$38,527,331</u>	<u>\$52,223,406</u>	<u>\$61,863,115</u>	<u>\$58,063,622</u>	<u>\$46,362,367</u>	DI #1
Traditional Medicaid Clients	4,976	5,959	6,309	5,406	4,691	T #1 & 2
Cost per Client	\$7,742.63	\$8,763.79	\$9,805.53	\$10,740.59	\$9,883.26	
Reversion Not Spread to Aid Catagories	\$0	(\$3,145,258)	\$0	\$0	\$0	
Change Request Total excluding DI #1 which is included in the caseload/ cost-per-client detail above	\$0	\$0	\$0	<u>(\$8,730,232)</u>	<u>\$21,081,405</u>	DI # 4, 6 & 10; BRI #1
SUBTOTAL -- Medical Services						Rec. vs. Appropriation
Premiums	<u>1,920,474,771</u>	<u>1,996,264,308</u>	<u>2,111,287,559</u>	<u>2,135,929,134</u>	<u>2,142,588,246</u>	<u>1.48%</u>
General Fund	935,078,890	714,906,453	740,721,857	739,234,665	739,220,826	-0.20%
General Fund Exempt	0	261,300,000	256,100,000	256,100,000	256,100,000	0.00%
Cash Funds	0	0	76,512	38,256	38,256	-50.00%
Cash Funds Exempt	30,699,080	23,713,210	55,563,806	70,471,508	74,050,938	33.27%
Federal Funds	954,696,801	996,344,645	1,058,825,384	1,070,084,705	1,073,178,226	1.36%

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation/1	FY 2007-08 Request	FY 2007-08 Staff Rec.	Change Req. #
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(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>264,013,206</u>	<u>287,296,074</u>	<u>296,188,630</u>	<u>296,188,630</u>	<u>296,188,630</u>	
General Fund	9,432,484	12,576,646	13,090,782	13,090,782	13,090,782	
Cash Funds Exempt	122,574,119	131,071,391	135,003,533	135,003,533	135,003,533	
Federal Funds	132,006,603	143,648,037	148,094,315	148,094,315	148,094,315	
Colorado Health Care Services Fund	<u>0</u>	<u>14,962,408</u>	<u>0</u>	<u>15,000,000</u>	<u>15,000,000</u>	
General Fund	0	14,962,408	0	15,000,000	15,000,000	
General Fund Exempt	0	0	0	0	0	
Cash Funds	0	0	0	0	0	
Cash Funds Exempt	0	0	0	0	0	
Federal Funds	0	0	0	0	0	
The Children's Hospital, Clinic Based						
Indigent Care	<u>6,119,760</u>	<u>6,119,760</u>	<u>16,180,483</u>	<u>16,205,760</u>	<u>16,205,760</u>	
General Fund	3,059,880	3,059,880	3,059,880	3,059,880	3,059,880	
General Fund Exempt	0	0	0	0	0	
Cash Funds	0	0	0	0	0	
Cash Funds Exempt	0	0	10,060,723	10,086,000	10,086,000	
Federal Funds	3,059,880	3,059,880	3,059,880	3,059,880	3,059,880	
Colorado Health Care Services Program	<u>0</u>	<u>0</u>	<u>4,901,685</u>	<u>4,914,000</u>	<u>4,914,000</u>	
General Fund	0	0	0	0	0	
General Fund Exempt	0	0	0	0	0	
Cash Funds	0	0	0	0	0	
Cash Funds Exempt	0	0	4,901,685	4,914,000	4,914,000	
Federal Funds	0	0	0	0	0	
Pediatric Speciality Hospital	<u>0</u>	<u>5,452,134</u>	<u>7,732,072</u>	<u>7,677,436</u>	<u>7,726,000</u>	T #1
General Fund	0	2,726,067	3,350,000	3,350,000	3,350,000	
General Fund Exempt	0	0	0	0	0	
Cash Funds	0	0	0	0	0	
Cash Funds Exempt	0	0	516,036	461,400	513,000	
Federal Funds	0	2,726,067	3,866,036	3,866,036	3,863,000	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation/1	FY 2007-08 Request	FY 2007-08 Staff Rec.	Change Req. #
General Fund Appropriation to Pediatric Speciality Hospital	<u>0</u>	<u>0</u>	<u>516,036</u>	<u>461,400</u>	<u>513,000</u>	T #1
General Fund Exempt	0	0	516,036	461,400	513,000	
Appropriation from Tobacco Tax Fund to General Fund	<u>0</u>	<u>0</u>	<u>1,032,072</u>	<u>922,800</u>	<u>513,000</u>	T #1
Cash Funds Exempt	0	0	1,032,072	922,800	513,000	
Primary Care Fund	<u>0</u>	<u>44,041,879</u>	<u>32,939,958</u>	<u>29,099,458</u>	<u>32,490,000</u>	
Cash Funds Exempt	0	44,042,042	32,939,958	29,099,458	32,490,000	
Children's Basic Health Plan Trust	<u>21,157,946</u>	<u>29,431,057</u>	<u>192,072</u>	<u>4,728,460</u>	<u>2,708,240</u>	DI #3 & 4
General Fund	3,296,346	2,000,000	0	4,488,901	2,462,776	T #1
Cash Funds	122,626	191,726	192,072	239,559	245,464	
Children's Basic Health Plan Administration	<u>4,229,706</u>	<u>5,273,572</u>	<u>5,521,207</u>	<u>5,535,590</u>	<u>5,535,590</u>	DI #4
Cash Funds Exempt	664,075	747,996	2,465,634	2,472,567	2,472,567	
Federal Funds	3,565,631	4,525,576	3,055,573	3,063,023	3,063,023	
Children's Basic Health Plan Premium Costs (Children & Pregnant Adults)	<u>52,000,289</u>	<u>65,919,891</u>	<u>70,371,177</u>	<u>92,152,204</u>	<u>89,825,813</u>	DI #3, BA-A3
Cash Funds Exempt	18,279,883	23,426,139	24,754,759	32,423,196	31,598,585	T #2
Federal Funds	33,720,406	42,493,752	45,616,418	59,729,008	58,227,228	
Children's Basic Health Plan Dental Costs	<u>5,084,701</u>	<u>5,368,921</u>	<u>5,913,659</u>	<u>7,332,574</u>	<u>7,104,840</u>	DI #3, BA-A3
Cash Funds Exempt	1,779,646	1,879,122	2,069,780	2,566,401	2,486,694	T #2
Federal Funds	3,305,055	3,489,799	3,843,879	4,766,173	4,618,146	
Comprehensive Primary and Preventive Care Fund	<u>2,566,401</u>	<u>2,604,927</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Cash Funds Exempt	2,566,401	2,604,927	0	0	0	
Comprehensive Primary and Preventive Care Grants	<u>2,566,401</u>	<u>2,604,927</u>	<u>2,621,651</u>	<u>2,668,034</u>	<u>2,017,752</u>	T -1
Cash Funds Exempt	2,566,401	2,604,927	2,621,651	2,668,034	2,017,752	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation/1	FY 2007-08 Request	FY 2007-08 Staff Rec.	Change Req. #
						Rec. vs. Appropriation
SUBTOTAL -- Indigent Care Program	<u>357,738,410</u>	<u>469,075,550</u>	<u>444,110,702</u>	<u>482,886,346</u>	<u>480,742,625</u>	8.73%
General Fund	15,788,710	35,325,001	19,500,662	38,989,563	36,963,438	89.55%
General Fund Exempt	0	0	516,036	461,400	513,000	-0.59%
Cash Funds	122,626	191,563	192,072	239,559	245,464	27.80%
Cash Funds Exempt	166,169,499	233,615,875	216,365,831	220,617,389	222,095,131	2.65%
Federal Funds	175,657,575	199,943,111	207,536,101	222,578,435	220,925,592	6.45%

(5) Other Medical Services

(This division provides funding for state-only medical programs including Home Care Allowance, Adult Foster Care, and Old-Age Pension Medical Program. The division also funds Medicaid program based services and the primary care physician incentive).

Home Care Allowance	<u>10,510,584</u>	<u>9,967,297</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	9,985,055	9,492,664	0	0	0	
Cash Funds Exempt	525,529	474,633	0	0	0	
Adult Foster Care	<u>122,382</u>	<u>82,029</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	116,263	78,123	0	0	0	
Cash Funds Exempt	6,119	3,906	0	0	0	
Old Age Pension State Medical Program	<u>9,999,321</u>	<u>14,426,967</u>	<u>14,262,663</u>	<u>13,780,951</u>	<u>13,780,951</u>	DI #11
Cash Funds	9,999,321	0	0	0	0	T #1
Cash Funds Exempt	0	14,426,967	14,262,663	13,780,951	13,780,951	
Tobacco Tax Transfer from General Fund to the Old Age Pension State Medical Program	<u>0</u>	<u>0</u>	<u>2,580,180</u>	<u>2,307,000</u>	<u>2,565,000</u>	T #1
Cash Funds Exempt	0	0	2,580,180	2,307,000	2,565,000	
University of Colorado Family Medicine Residency Training	<u>1,449,444</u>	<u>1,576,502</u>	<u>1,703,558</u>	<u>1,903,558</u>	<u>1,903,558</u>	NPI #15
General Fund	724,722	788,251	851,779	951,779	951,779	
Federal Funds	724,722	788,251	851,779	951,779	951,779	
Enhanced Prenatal Care Training and Technical Assistance	<u>102,346</u>	<u>102,338</u>	<u>102,346</u>	<u>102,346</u>	<u>108,999</u>	
General Fund	51,173	51,169	51,173	51,173	54,500	
Federal Funds	51,173	51,169	51,173	51,173	54,499	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation/1	FY 2007-08 Request	FY 2007-08 Staff Rec.	Change Req. #
Nurse Home Visitor Program	<u>2,877,898</u>	<u>2,419,685</u>	<u>3,010,000</u>	<u>3,010,000</u>	<u>3,010,000</u>	
Cash Funds Exempt	1,438,949	1,209,843	1,505,000	1,505,000	1,505,000	
Federal Funds	1,438,949	1,209,842	1,505,000	1,505,000	1,505,000	
Public School Health Services	<u>20,232,638</u>	<u>18,646,352</u>	<u>31,335,961</u>	<u>31,334,989</u>	<u>31,327,813</u>	DI #9
Cash Funds Exempt	10,056,485	9,249,432	16,007,021	16,007,021	16,007,021	
Federal Funds	10,176,153	9,396,920	15,328,940	15,327,968	15,320,792	
Colorado Autism Treatment Fund	<u>0</u>	<u>32,093</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Cash Funds Exempt	0	32,093	0	0	0	
Medicare Modernization Act of 2003 Maintenance of Effort Payment	<u>0</u>	<u>31,461,626</u>	<u>73,493,542</u>	<u>74,091,621</u>	<u>76,719,821</u>	T #1
General Fund	0	31,461,626	73,493,542	74,091,621	76,719,821	
						Rec. vs. Appropriation
SUBTOTAL -- Other Medical Programs	<u>45,294,613</u>	<u>78,714,889</u>	<u>126,488,250</u>	<u>126,530,465</u>	<u>129,416,142</u>	<u>2.31%</u>
General Fund	10,877,213	41,871,833	74,396,494	75,094,573	77,726,100	4.48%
General Fund Exempt	0	0	0	0	0	n/a
Cash Funds	9,999,321	0	0	0	0	n/a
Cash Funds Exempt	12,027,082	25,396,874	34,354,864	33,599,972	33,857,972	-1.45%
Federal Funds	12,390,997	11,446,182	17,736,892	17,835,920	17,832,070	0.54%
						Rec. vs. Appropriation
TOTAL -- Department of Health Care Policy and Financing (w/o Mental Health & DHS divisions)	<u>2,380,005,552</u>	<u>2,605,962,548</u>	<u>2,779,277,478</u>	<u>2,863,500,163</u>	<u>2,845,099,051</u>	<u>3.03%</u>
FTE	202.80	212.40	231.00	247.70	238.00	3.03%
General Fund	980,784,342	813,109,336	866,776,737	896,947,094	885,780,308	2.19%
General Fund Exempt	148,567	261,370,860	256,616,036	256,561,400	256,613,000	0.00%
Cash Funds	10,456,668	568,269	690,959	700,190	633,720	-8.28%
Cash Funds Exempt	209,413,366	284,012,166	312,052,514	332,046,581	336,168,439	7.73%
Federal Funds	1,179,202,609	1,246,901,917	1,343,141,232	1,377,244,898	1,365,903,584	1.69%

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING
JBC WORKING DOCUMENT - DECISIONS SUBJECT TO CHANGE
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

Medical Services Premiums Division

Lay-Out Of Medical Service Premiums

This section of the figure setting packet contains the Department's request and staff recommendations for the Medical Services Premium line item. This section is divided into the following subsections:

- 1) Medicaid Caseload Forecast for both FY 2006-07 and FY 2007-08
- 2) Medicaid Supplemental Recommendation for FY 2006-07
- 3) Medicaid Funding Allocation Plan for FY 2006-07
- 4) Medicaid Base Recommendation for FY 2007-08 (Decision Item #1)
- 5) Medicaid Funding Allocation Plan for FY 2007-08
- 6) Staff Recommendations on Change Requests:
 - Decision Item #4 -- Immigration Reform
 - Decision Item #6 -- Rate Issues
 - Decision Item #10 -- Move Administration Costs for Premiums
 - Base Reduction Item #1 -- Hospital and Federally Qualified Audits
 - Budget Amendment #5 -- Managed Care Incentive Payment

JBC Staff Recommended Medicaid Caseload for FY 2006-07 and FY 2007-08

The first step in estimating expenditures for the Medical Services Premiums line item is to forecast the eligible caseload for the Medicaid program. This subsection of staff's recommendation contains a revised forecast for FY 2006-07 as well the forecast for FY 2007-08. This subsection of staff's recommendation is organized as follows:

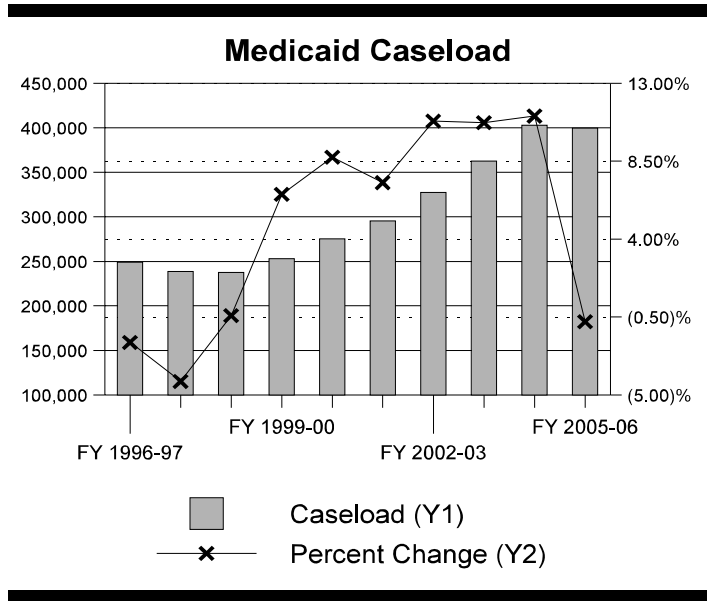
- ✓ A brief description of the past Medicaid caseload and last year's forecast;
- ✓ FY 2006-07 and FY 2007-08 Traditional and Expansion Medicaid Caseload Recommendation; and
- ✓ A brief discussion of the assumptions for the forecast.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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Past Medicaid Caseload

During the last ten years there has been significant growth in the Medicaid caseload. In FY 1996-97, the overall Medicaid caseload was 249,098. During the next two years (FY 1997-98 and FY 1998-99) the Medicaid caseload actually declined to a low of 237,598. This decline in the Medicaid caseload was due mainly to a robust economy and the impact of the Federal Welfare Reform legislation passed by Congress in 1996. However, beginning in FY 1999-00 the Medicaid caseload began to increase again with healthy growth rates of 6.59%, 8.74% and 7.27% for FY 1999-00, FY 2000-01, and FY 2001-02, respectively. After the 9/11 terrorist attacks and the economic downturn that followed, the Medicaid caseload grew at unprecedented rates of 10.8%, 10.7%, and 11.1% for FY 2002-03, FY 2003-04, and FY 2004-05, respectively. However, beginning in FY 2005-06, the economic recovery finally began affecting the average monthly Medicaid caseload causing an overall caseload decline of 0.8%.¹



For the most part, the Medicaid caseload growth or decline is largely driven by the caseload growth or decline in the economic driven caseloads for low-income adults and children. During calendar year 2003, the unemployment rate hit its peak at 6.3% and has been declining ever since. In December 2006, the seasonally adjusted unemployment rate for Colorado edged downward one-tenth of a percentage point to 4.0 percent. This was the lowest level for the unemployment rate since August 2001. In addition, in December 2006, the number of residents that were unemployed dropped to 106,400, which is 13.2 percent lower than the 122,700 who were unemployed in December 2005 (Colorado Department of Labor data). In addition, the number of Temporary Aid to Needy Families

¹Please note, the average monthly growth rate in FY 2004-05 may have been overstated due to the benefit flag freeze that was in place during the CBMS implementation. Therefore, caseload growth in FY 2005-06 may actually have been positive. When the July 2006 caseload is compared to July 2007 caseload, there was actually positive growth of 1.39 percent.

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING

JBC WORKING DOCUMENT - DECISIONS SUBJECT TO CHANGE
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(TANF) cases dropped last year from 14,722 in January 2006 to 11,368 in December 2006 -- a 22.8 percent decline (Colorado Department of Human Services data).

Originally, staff had forecasted that the Medicaid caseload would have continued growth in FY 2006-07 mainly due to the expansion populations being phased in. Staff's original FY 2006-07 Medicaid caseload assumed an average monthly Medicaid caseload of 429,222. Of this amount, staff estimated that 404,047 clients would be traditional Medicaid caseloads that would receive their state match through the state General Fund and 25,175 clients (includes legal immigrants) would be in caseload categories that are eligible to receive their state match from the Health Care Expansion Fund. At the time these estimates were calculated, the FY 2005-06 Medicaid caseload was forecasted at 399,710 total clients (includes some expansion caseloads -- i.e. children waiver slots increases, expansion of breast and cervical cancer treatment clients, and optional legal immigrants). Therefore the FY 2006-07 Medicaid caseload forecast of 429,222 total clients represented a growth rate of 7.4 percent over the prior year estimate or a total of 29,512 new clients. However, the majority of the growth, 21,663 clients related to increasing the eligibility for Medicaid by eliminating the asset test and expanding adult coverage to up to 60 percent of poverty. If these expansions populations are excluded, the caseload forecast (includes both traditional and legal immigrants) for FY 2006-07 was for only an increase of 7,849 clients. Thus, staff's original forecast for FY 2006-07 was for a growth rate of only 1.96 percent for the non-expansion population. Please note, nationally the average rate of Medicaid enrollment growth for FY 2006-07 was estimated at 2.6 percent.²

Since the FY 2006-07 caseload forecast was performed in March 2006, there have been several events that have changed the assumptions for the caseload forecast as discussed below.

- ✓ First, the actual FY 2005-06 overall caseload of 399,705 was almost exactly the same as the overall forecast of 399,710 clients (less than a 0.0013 percent difference). However, within the different aid categories there were forecasting errors that needed to be adjusted for when re-estimating the FY 2006-07 caseload (i.e. the FY 2005-06 forecast slightly over forecasted the SSI 65+, SSI 60-64, QMB/SLMB, SSI Disabled, Low-Income Adults, Breast and Cervical Cancer clients, and Foster Children, and slightly under forecasted Baby Care Adults, Children, and non-citizens).

- ✓ Second, during the first seven months of FY 2006-07, there has been an overall declining caseload trend. This is despite the fact that the Medicaid asset test was removed and low-

²The Kaiser Commission on Medicaid and the Uninsured, "Low Medicaid Spending Growth Amid Rebounding State Revenues -- Results from a 50-State Medicaid Budget Survey State Fiscal Years 2006 and 2007", October 2006.

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING

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

income adults were added up to 60 percent of the federal poverty level beginning in July 2006. Reasons why the caseload may actually be declining include the following:

- a) The economy is improving and Medicaid caseload is declining due to employment levels and falling TANF cases.
- b) It appears that the Expansion Adults (up to 60 percent FPL) may be drawing some of its caseload from individuals who were or would have been qualified in the Transitional Medicaid program (see page 30 of the Department's hearing responses -- answer to question 36).
- c) The caseload forecasts did not assume any impact from the passage of the Deficit Reduction Act of 2005 or H.B. 06S-1023. The added citizenship verification that is required by these two laws may be delaying the approval of new applications or redeterminations. Again, the extent that this may be happening is unknown. However, any impact from these law changes is now included in the trend data from July 1, 2006 forward.
- d) The voters in November 2006 approved Amendment 42 which increased the minimum wage from \$5.51 to \$6.85. The extent that the minimum wage increases may be impacting Medicaid eligibility is unknown. However, any impact from this law change will be included in trend data after January 2007.³

As is done every year, staff has adjusted the current year caseload estimate and has completed a new forecast for FY 2007-08 based on the most current caseload data available (caseload reports through January 2007).

³At \$6.85 an hour, an individual can earn \$14,248 annually for full-time employment. Current federal poverty guidelines for a family of four is \$20,650. At \$14,248 this family would have income at 69% of FPL. Therefore, the children in the family would qualify for Medicaid but the adults would not. At the former minimum wage, \$5.51 the family would only earn \$11,461 annually for full-time employment. At this level, the family would be 55.5% of FPL and both the adults and children would qualify for Medicaid (with new expansion for adults to be covered up to 60% of FPL).

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

FY 2006-07 and FY 2007-08 Traditional and Expansion Medicaid Caseload Recommendation

Staff Recommendation #1: Staff recommends a total FY 2006-07 Medicaid caseload of 393,180. Staff's caseload recommendation is a decrease of 8.4 percent from the current FY 2006-07 appropriated caseload and is only 554 clients lower than the Department's February 15 request for FY 2006-07 Medicaid caseload.

Staff Recommendation #2: Staff recommends a total FY 2007-08 Medicaid caseload of 383,784. Staff's caseload recommendation is a decrease of 2.4 percent from staff's revised FY 2006-07 caseload forecast and is 7,179 clients lower than the Department's February 15 request for FY 2007-08 Medicaid caseload.

Discussion

Staff's FY 2006-07 caseload recommendation of 393,180 clients is a decrease of 1.63 percent from the FY 2005-06 actual. However, if staff excludes her caseload estimate for the Medicaid expansion populations, then staff's caseload projection would be only 371,669 clients (including legal immigrants). At this client level, the decrease from the FY 2005-06 actual would be 7.0 percent. To put this caseload decline into perspective, the caseload decline in FY 1997-98, after welfare reform was enacted and the economy was at the height of the 1990's expansion, the Medicaid caseload decrease was only 4.6 percent on a lower base. Therefore, staff believes that staff's revised forecast is aggressive but that it is currently supported by the most recent caseload and expenditure data.

Staff's FY 2007-08 caseload recommendation of 383,783 clients is a decrease of 2.39 percent from staff's FY 2006-07 final caseload forecast. Staff's forecast is also 7,180 clients lower (1.8 percent) than the Department's FY 2007-08 forecast. Table 1 and 2 on the next pages compare the Department's final FY 2006-07 and FY 2007-08 caseload forecast with staff's final recommended FY 2006-07 and FY 2007-08 caseload forecasts by aid category.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Table 1: FY 2006-07 Revised Caseload Forecast -- Department Request Compared to Staff Recommendation					
	Current FY 2006-07 Appropriation	Department February 15 Request	Staff Rec.	Staff Rec. minus Current App.	Staff Rec. minus Dept. Req.
SSI 65+	37,036	36,154	36,218	(818)	64
SSI 60-64	6,241	6,120	6,068	(173)	(52)
QMB/SLIMB	12,570	12,810	12,706	136	(104)
SSI Disabled	48,447	48,516	48,489	42	(27)
Low-Income Adults	63,127	51,684	52,115	(11,012)	431
Expansion Low-Income Adults	4,850	5,540	5,292	442	(248)
Baby-Care Adults	4,890	4,949	5,018	128	69
Breast & Cervical Cancer Program	223	243	233	10	(10)
Eligible Children	228,438	205,804	205,213	(23,225)	(591)
Foster Care Children	17,091	16,508	16,580	(511)	72
<u>Non-Citizens</u>	<u>6,309</u>	<u>5,406</u>	<u>5,248</u>	<u>(1,061)</u>	<u>(158)</u>
Total	429,222	393,734	393,180	(36,042)	(554)
Percent Different				(8.40)%	(0.14)%

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Table 2: FY 2007-08 Revised Caseload Forecast -- Department Request Compared to Staff Recommendation					
	Staff FY 2006-07 Rec.	Department FY 2007-08 Request	Staff FY 2007-08 Rec.	Staff Rec. minus Prior Year Est.	Staff Rec. minus Dept. Req.
SSI 65+	36,218	36,512	36,703	485	191
SSI 60-64	6,068	6,285	6,252	184	(33)
QMB/SLIMB	12,706	14,185	13,294	588	(891)
SSI Disabled	48,489	49,156	48,942	453	(214)
Low-Income Adults	52,115	46,759	46,708	(5,407)	(51)
Expansion Low-Income Adults	5,292	11,247	10,377	5,085	(870)
Baby-Care Adults	5,018	4,926	5,264	246	338
Breast & Cervical Cancer Program	233	294	277	44	(17)
Eligible Children	205,213	199,380	193,981	(11,232)	(5,399)
Foster Care Children	16,580	16,813	17,295	715	482
<u>Non-Citizens</u>	<u>5,248</u>	<u>5,406</u>	<u>4,691</u>	<u>(557)</u>	<u>(715)</u>
Total	393,180	390,963	383,784	(9,396)	(7,179)
Percent Different				(2.39)%	(1.84)%

Table 3 and 4 and on the next pages breaks out staff's forecast by the populations that can be funded with General Fund and staff's estimate for the populations that can be funded with Health Care Expansion Fund.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Table 3: FY 2006-07 Staff's Medicaid Caseload Recommendation Compared to Current Medicaid Appropriation Broken Out by Traditional and Expansion Populations												
	SSI 65	SSI 60-64	QMB/ SLMB	SSI Disabled	Low Income Adults	Exp. Low Income Adults	Baby Care Adults	BCCTP	Low Income Children	Foster Children	Non- Citizens	Total
Current Appropriation												
Traditional Medicaid	36,224	6,125	12,570	47,095	59,336	0	4,630	156	214,603	16,999	6,309	404,047
Expansion Medicaid/1	812	116	0	1,352	3,791	4,850	260	67	13,835	92	0	25,175
TOTAL	37,036	6,241	12,570	48,447	63,127	4,850	4,890	223	228,438	17,091	6,309	429,222
Staff Recommendation												
Traditional Medicaid	35,406	5,952	12,706	47,264	48,324	0	4,758	163	191,848	16,488	5,248	368,157
Expansion Medicaid/1	812	116	0	1,225	3,791	5,292	260	70	13,365	92	0	25,023
TOTAL	36,218	6,068	12,706	48,489	52,115	5,292	5,018	233	205,213	16,580	5,248	393,180
Difference (Staff Recommendation - Current Appropriation)												
Traditional Medicaid/1	(818)	(173)	136	169	(11,012)	0	128	7	(22,755)	(511)	(1,061)	(35,890)
Expansion Medicaid	0	0	0	(127)	0	442	0	3	(470)	0	0	(152)
TOTAL	(818)	(173)	136	42	(11,012)	442	128	10	(23,225)	(511)	(1,061)	(36,042)

/1 Includes Legal Immigrants. Legal immigrants receive partial funding from the Health Care Expansion Fund. The caseload estimate for legal immigrants is based on a historical estimate for the fiscal impact on S.B. 03-176. In addition, not all of the Legal Immigrant's expenditures in Medical Services premiums are funded from the Health Care Expansion Fund. Only the estimated fiscal impact from H.B. 05-1086 (reinstated to full Medicaid benefits for legal immigrants) is funded from the Health Care Expansion Fund.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Table 4: FY 2007-08 Staff's Medicaid Caseload Recommendation Compared to Staff's Final FY 2006-07 Medicaid Caseload Forecast Broken Out by Traditional and Expansion Populations												
	SSI 65	SSI 60-64	QMB/SLMB	SSI Disabled	Low Income Adults	Exp. Low Income Adults	Baby Care Adults	BCCCTP	Low Income Children	Foster Children	Non-Citizens	Total
Staff's FY 2006-07 Final Medicaid Caseload												
Traditional Medicaid	35,406	5,952	12,706	47,264	48,324	0	4,758	160	191,848	16,488	5,248	368,154
Expansion Medicaid/1	812	116	0	1,225	3,791	5,292	260	73	13,365	92	0	25,026
TOTAL	36,218	6,068	12,706	48,489	52,115	5,292	5,018	233	205,213	16,580	5,248	393,180
Staff's FY 2007-08 Medicaid Recommendation												
Traditional Medicaid	35,891	6,136	13,294	47,507	41,086	0	5,004	194	175,277	17,203	4,691	346,283
Expansion Medicaid/1	812	116	0	1,435	5,622	10,377	260	83	18,704	92	0	37,501
TOTAL	36,703	6,252	13,294	48,942	46,708	10,377	5,264	277	193,981	17,295	4,691	383,784
Difference (Staff FY 2007-08 Recommendation - Staff's 2006-07 Recommendation)												
Traditional Medicaid/1	485	184	588	243	(7,238)	0	246	34	(16,571)	715	(557)	(21,871)
Expansion Medicaid	0	0	0	210	1,831	5,085	0	10	5,339	0	0	12,475
TOTAL	485	184	588	453	(5,407)	5,085	246	44	(11,232)	715	(557)	(9,396)

/1 Includes Legal Immigrants. Legal immigrants receive partial funding from the Health Care Expansion Fund. The caseload estimate for legal immigrants is based on a historical estimate for the fiscal impact on S.B. 03-176. In addition, not all of the Legal Immigrant's expenditures in Medical Services premiums are funded from the Health Care Expansion Fund. Only the estimated fiscal impact from H.B. 05-1086 (reinstated to full Medicaid benefits for legal immigrants) is funded from the Health Care Expansion Fund.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

For the traditional Medicaid caseload, staff's recommendation is based on a regression forecast for each aid category using caseload data through January 2007. This modeling works well for the caseloads with fairly steady growth patterns (i.e. SSI 65+, SSI 60-64, Disabled, QMB/SLMB, Foster Care). For the caseloads most impacted by economic conditions (Low-Income Children and Low-Income Adults), staff considered the historical trend from July 1995 through June 2000. During this time period, the Medicaid caseload was declining due to economic recovery and the impact of welfare reform. Staff used this historical trend rate multiplied by the caseload increase factor from July 1995 to July 2006. This monthly growth rate (which is negative) was then applied throughout the forecast period (February 2007 through June 2008).

For the expansion Medicaid caseload, staff's recommendation contains the following assumptions:

- 1) Legal Immigrants: Staff recommends a caseload of 3,512 clients for both FY 2006-07 and FY 2007-08. This is the same caseload that was assumed when S.B. 03-176 passed (this bill eliminated Medicaid coverage for optional legal immigrants). Currently, the CBMS system does not have the capability to discern who is a mandatory legal immigrant and who is an optional legal immigrant. Until the system changes are complete, staff recommends no change to the caseload assumptions for this population. Staff spreads this population across the aid categories using the same assumptions that staff used when H.B. 05-1086 passed (this bill reinstated Medicaid coverage for optional legal immigrants).

The Department's request increases the caseload assumption for this population to 3,814 clients based on the historic caseload growth for the entire Medicaid populations since S.B. 03-176 was passed. Staff does not recommend this approach. The Department has never been able to verify the original estimate with actual data. Until CBMS can verify the actual caseload, staff recommends no adjustments to the original estimate.

- 2) Children's Home and Community-Based Services and Children's Extensive Support Waiver Program Expansions: Staff recommends the Department's caseload request for the Children's Home and Community Based Services and the Children's Extensive Support Waiver Program Expansions for both FY 2006-07 and FY 2007-08. This recommendation assumes that in FY 2006-07, the Department will fill 485 expansion slots for the CHCBS Waiver and will fill 54 expansion slots for the CES Waiver. For FY 2007-08, the recommendation assumes that the Department will fill 676 expansion slots for the CHCBS Waiver and will fill 79 expansion slots for the CES Waiver (this is the estimate in March 2006 on how many slots were necessary in order to eliminate the wait list for these waiver programs).

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

- 3) *Breast and Cervical Cancer Program Expansion:* Similar to last year's recommendation, staff recommends that 30 percent of the estimated caseload for the Breast and Cervical Cancer Program Expansion be funded from the Prevention, Early Detection, and Treatment Fund transfer from the Department of Public Health and Environment.

- 4) *Removal of the Asset Test:* Staff recommends that a caseload estimate of 3,115 for low-income adults and 12,509 for low-income children be used in FY 2006-07 for the caseload impact of eliminating the asset test for Medicaid eligibility. For FY 2007-08, staff's estimate is for an increase to 4,946 low income adults and for 17,848 low income children.

Staff's estimate is based somewhat on the original estimates for this population and from the dollar allocation that the Department is forecasting. Once the asset test was eliminated, the Department no longer collects data from clients on assets for Medicaid eligibility. Therefore, this population can not be distinctively tracked in the CBMS system. Last year, the Department developed a methodology for estimating the impact of removing the Medicaid asset test:

"After the asset test is removed for the Medicaid population, it will be possible to obtain asset information on those Medicaid clients who are also in the Food Stamps or Colorado Works programs. Using historical data, the Department calculated that approximately half of the population is only in the Family Medical program, while the remaining clients receive services from Family Medical, Food Stamps, Colorado Works, and other Department of Human Services programs.....The plans to set a "flag" indicator for those clients who would have failed the asset test for Medicaid eligibility had the asset test still been in effect. The Department will apply the resulting percentage of clients in multiple programs who would not have qualified for Medicaid due to the asset test to the entire caseload of Medicaid children and families...." (Department February 15, 2006 budget request).

(Please note that S.B. 06-134 eliminated the asset test for Colorado Works; therefore, the only information that the Department is able to receive information on is Food Stamps).

The Department's request does not identify a client count. However, the Department has identified expenditure data from July 2006 through December 2006 that is attributed to clients who would not be receiving Medicaid benefits without the removal of the asset test.

Based on the expenditure data that the Department has projected for FY 2006-07 and FY 2007-08, staff has developed her recommended caseload estimate.

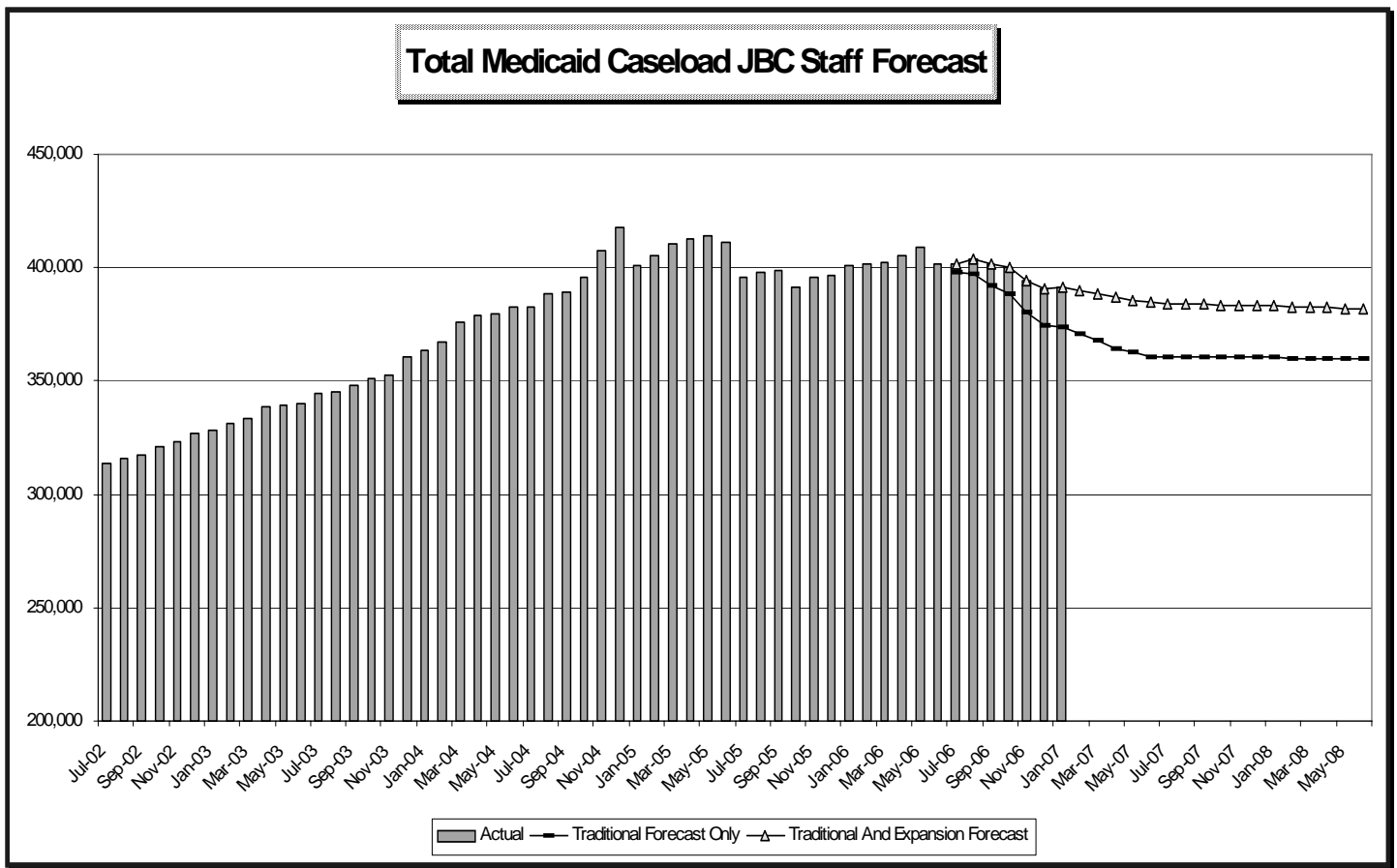
**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

- 5) *Presumptive Eligibility*: Staff does not separate this caseload from the Traditional caseload in her caseload estimates. However, the impact of the presumptive eligibility program is discussed in the Medical Services Premiums expenditure section of this document.

Summary

In summary, staff's recommended Medicaid caseload for both FY 2006-07 and FY 2007-08 forecasts an overall declining trend. Chart 1 below graphically displays the impact of staff's recommendation.



Additional information about the caseload forecast can be found in Appendix A of this packet.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

FY 2006-07 Medical Services Premiums Supplemental

As the Committee is aware, the Department updates their supplemental request each February 15th to include the most recent caseload and expenditure data. This subsection provides the detail for the Department's FY 2006-07 supplemental request and staff recommendation.

FY 2006-07 Medical Services Premiums Supplemental	Department's FY 2006-07 Request	Staff's FY 2006-07 Recommendation
FY 2006-07 Appropriation 2006 Session (Original Appropriation All Bills)	\$2,111,287,559	\$2,111,287,559
Late Supplemental Request/Recommendation	(\$58,766,770)	(\$45,708,152)
Total FY 2005-06 Requested/Recommended	\$2,052,520,789	\$2,065,579,407

Fund Split Information (Staff Recommendation)

	General Fund & GFE	Cash Funds	Cash Funds Exempt	Federal Funds	Total Funds
FY 2006-07 Current Appropriation	\$996,821,857	\$76,512	\$55,563,806	\$1,058,825,384	\$2,111,287,559
New FY 2006-07 Recommendation	\$977,299,526	\$38,256	\$53,467,102	\$1,034,774,523	\$2,065,579,407
Difference	(\$19,522,331)	(\$38,256)	(\$2,096,704)	(\$24,050,861)	(\$45,708,152)

*The Cash Fund and Cash Fund Exempt Funds are detailed in supporting tables that follow.

Discussion:

The current FY 2006-07 total fund appropriation for the MSP line item is \$2,111,287,559. Of this amount, \$2,095,676,691 was appropriated to provide actual care and medical services to Medicaid clients. This is the total amount appropriated for all acute care, community long-term care, institutional long-term care, some administrative services and disease management for both the Traditional and Expansion caseloads. The remaining \$15,610,868 represents that amount for bottom of the line refinancing and other costs not directly related to client services. The bottom of the line refinancing are mechanisms the State uses to save General Fund appropriations. For the most part, these mechanism relate to the Upper Payment Limit (UPL) financings and out stationing costs at

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Denver Health. Table 1 below shows the estimated costs included in the original FY 2006-07 appropriation.

Table 1: Current Appropriation for Medical Services within the Medical Services Premiums Line Item				
	Traditional Medicaid*	Legal Immigrants	Amendment 35 Expansion Populations	Total
Acute Care Services	\$1,209,421,129	\$9,138,411	\$60,505,004	\$1,279,064,544
Community Care Services	197,504,612	544,484	966,380	199,015,476
Long-Term Care Services/Insurance/Admin.	611,105,298	1,913,622	9,376	613,028,296
Disease Management	4,568,375	0	0	4,568,375
Bottom Line Financing	15,610,686	0	0	15,610,686
Total	\$2,038,210,100	\$11,596,517	\$61,480,760	\$2,111,287,377
General Fund	\$996,284,713	\$0	\$537,144	\$996,821,857
Certified Funds	14,441,108	0	0	14,441,108
BCCTP Fund	311,835	0	0	311,835
Transfer from DPHE for BCCTP	0	0	533,573	533,573
Transfer from DPHE for Disease Management	1,970,388	0	0	1,970,388
Health Care Expansion Fund	2,098,741	6,216,752	29,440,989	37,756,482
Gifts, Grants and Donations	0	0	0	0
Autism Fund	626,750	0	0	626,750
Federal Funds	1,022,476,565	5,379,765	30,969,054	1,058,825,384
TOTAL FUNDS	\$2,038,210,099	\$11,596,517	\$61,480,760	\$2,111,287,377

The appropriation above was based on a total Medicaid caseload of 429,222 clients. As the Committee is aware, since this appropriation was made the Medicaid caseload has not been growing at the rates originally assumed. As discussed earlier, staff is now recommending a caseload of 393,180 clients -- a decrease of 8.40 percent from the original estimate. Based on a similar forecasted drop in caseload, the Department has revised their expenditure estimates for the FY 2006-07 appropriation. Table 2 shows the Department's requested supplemental for FY 2006-07 by fund source.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Table 2: Submitted Department Supplemental Requests By Fund Source During the Last Four Months for Medical Services Premiums				
	November 1, 2006 Estimate	January 19, 2006 Estimate	February 15, 2007 Estimate	Difference between February 15, 2007 and November 1, 2006
Total	\$21,793,471	(\$28,653,128)	(\$58,766,770)	(\$80,560,241)
General Fund	11,726,732	(13,524,276)	(22,881,574)	(34,608,306)
Cash Funds	(38,256)	(38,256)	(38,256)	0
Cash Funds Exempt	(1,706,643)	(1,673,643)	(5,203,685)	(3,497,042)
Federal Funds	11,811,638	(13,416,953)	(30,643,255)	(42,454,893)

The Department's original November 1, 2006 estimate for FY 2006-07 was for an increase of \$21.8 million total funds. The Department's November 1, 2006 did not include the impact of current year caseload declines. The Department's February 15, 2007 estimate is based on the first six months of data in FY 2006-07 (through December 2006). As table 1 shows, there has been a rather significant change in the estimated expenditures for FY 2006-07 based on caseload declines since July 2006.

Staff Recommendation #3: Staff recommends a total fund reduction of \$45.7 million for the Medical Services Premiums line item FY 2006-07 appropriation. Of this amount, \$19.5 million is from the General Fund. Staff's General Fund reduction of \$19.5 million is \$3.3 million lower than the Department's reduction of \$22.8 million.

Discussion:

Staff's recommendation is a function of re-forecasting the caseload as well as re-estimating the expected expenditures from each category for the remainder of the year. As stated earlier, the original appropriation assumed that the cost for medical services for the Medicaid program would be \$2,095,676,871 (this excludes bottom of the line financing). The original appropriation also assumed a per capita cost of \$4,882.50 for medical services. The Department's revised estimate for FY 2006-07, assumes medical costs of \$2,038,588,531. Based on the Department's revised caseload estimates, the per capita cost would be \$5,177.58. Staff's revised estimate for FY 2006-07, assumes medical costs of \$2,051,647,150. Based on staff's revised caseload estimate, the average per capita cost is \$5,218.08. Table 3 on the next page summarizes this information.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Table 3: Overall Per Capita Costs for FY 2006-07						
	FY 2006-07 Current	FY 2006-07 Dept. Est.	% Change	FY 2006-07 Staff Est.	% Change to Current	% Change to Dept. Req.
Traditional Caseload	429,222	393,734	-8.27%	393,180	-8.40%	-0.14%
Medical Cost Estimate/1	\$2,095,676,871	\$2,038,588,531	-2.72%	\$2,051,647,150	-2.10%	0.64%
Overall Average Per Capita Cost	\$4,882.50	\$5,177.58	6.04%	\$5,218.09	6.87%	0.78%

/1 Does not include bottom of the line financing.

As Table 3 shows, staff's per capita estimate for medical services is 0.78 percent higher than the Department's request. However, the overall difference between the total costs estimated by the Department and staff is only a 0.64 percent difference. Table 3 also shows that although both the staff and Department forecast that caseload will drop by more than 8.0 percent from the original estimate, the per capita cost is anticipated to increase by over six percent (in both the staff and Department's request). Therefore, the overall forecasted reduction in the Medical Services Premiums line item for medical services is only a decrease of between 2.7 to 2.1 percent (department vs. staff recommendation).

What is driving the negative supplemental

Table 4 shows staff's estimate of how much of the overall supplemental is being driven by caseload decreases and how much is being driven by cost for service changes.

Table 4: Analysis of Factors Driving the Medicaid Budget (Medical Service Costs ONLY)						
	FY 2006-07 Current Appropriation	FY 2006-07 Department's Request	FY 2006-07 Staff Rec.	FY 2006-07 Department Compared to Current App.	FY 2006-07 Staff Rec. Compared to Current App.	FY 2006-07 Staff Rec. compared to Dept. Request
Total Cost Estimated	\$2,095,676,871	\$2,038,588,531	\$2,051,647,150	(\$57,088,340)	(\$44,029,721)	\$13,058,619
Caseload	429,222	393,734	393,180	(35,488)	(36,042)	(554)
\$/Client*	\$4,882.50	\$5,177.58	\$5,218.09	\$295.08	\$335.59	\$40.51

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Table 4: Analysis of Factors Driving the Medicaid Budget (Medical Service Costs ONLY)						
	FY 2006-07 Current Appropriation	FY 2006-07 Department's Request	FY 2006-07 Staff Rec.	FY 2006-07 Department Compared to Current App.	FY 2006-07 Staff Rec. Compared to Current App.	FY 2006-07 Staff Rec. compared to Dept. Request
Impact Associated with Caseload Change				(\$173,270,198)	(\$175,975,103)	(\$2,868,378)
Impact Associated with Cost per Client Changes (includes compounding effect)				\$116,181,858	\$131,945,382	\$15,926,997
Subtotal Medical Services Decrease				(\$57,088,340)	(\$44,029,721)	\$13,058,619

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

Table 5 shows the difference between staff's and the Department's assumptions for medical service costs for both the traditional and expansion populations.

Table 5: List of Assumption per Service Category		
Aid Category	Department's FY 2006-07 Supplemental Request	Staff's FY 2006-07 Supplemental Recommendation
Acute Care Costs	<p>The Department used their traditional methodology of trending the different aid category per capita costs based on recent history. The Department then selected a percent change to per capita costs that seemed reasonable based on the historical cost changes. After the new cost per capita was established for each aid category, the Department backed out or added policy changes that were not included in trend data .</p> <p>The Department's final forecast for acute care services (both traditional and expansion caseloads) is \$1,189,301,733</p>	<p>For acute care costs, staff trended current year expenditures through December 2006 forward to the end of the year. These costs were divided by the YTD average monthly caseload to establish a per-client-cost for the year. The new per-client cost was then multiplied by staff's year end caseload forecast.</p> <p>The Staff's final forecast for acute care services (for both the traditional and expansion caseloads) is \$1,191,349,783</p> <p>The biggest difference between staff's and the Department request is staff assigns \$1.3 million of the April 2007 rate increase to home health in the acute care calculations. The Department does not do this.</p>

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Table 5: List of Assumption per Service Category		
Aid Category	Department's FY 2006-07 Supplemental Request	Staff's FY 2006-07 Supplemental Recommendation
Community Long-Term Care	<p>The Department used their traditional methodology of trending percent increases over the last several years. However, the Department modified some assumptions to account more current year-to-date expenditures. After the new cost per capita was established for each aid category, the Department backed out or added policy changes.</p> <p>The Department's final forecast for community long-term care (both traditional and expansion caseloads) is \$216,565,263.</p>	<p>Staff recommendation is based on trending the first six months of expenditure for the fiscal year forward. After staff calculates this estimate staff adds the April 1, 2007 rate increase that was approved in H.B. 06-1385, a rate increase for consumer directed care waiver clients of \$179,680 (for five months). Staff assumes the consumer directed care waive clients will be added into the base April rate increase. Staff also made the Department's recommended adjustment to the Autism waiver program to reflect a later start date.</p> <p>Staff's final forecast for community long-term care (both traditional and expansion populations) is \$217,981,748.</p>
Class I Nursing Facilities	<p>For nursing home services, the Department updated cost estimates based on current patient day estimates and average per diem rate estimates. The Department estimates 3,559,568 patient days at an average cost of \$136.25 per day.</p> <p>The Department's final forecast for class 1 nursing facilities is \$481,620,796.</p>	<p>Staff used the Department's analysis of year-to-date expenditures and divides it by the year-to-date client costs to establish a per-capita cost. Staff then multiplies this per capita cost by staff's year end forecast for caseload.</p> <p>Staff's final forecast for class 1 nursing facilities is \$485,323,547.</p>
Class II Nursing Facilities	<p>The Department based their estimate on trending the year-to-date expenditures forward.</p> <p>The Department's final forecast for class II nursing facilities is \$2,150,794.</p>	<p>Staff used the Department's analysis of year-to-date expenditures and divides it by the year-to-date client costs to establish a per-capita cost. Staff then multiplies this per capita cost by staff's year end forecast for caseload.</p> <p>Staff's final forecast for class II nursing facilities is \$2,147,848.</p>

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Table 5: List of Assumption per Service Category		
Aid Category	Department's FY 2006-07 Supplemental Request	Staff's FY 2006-07 Supplemental Recommendation
PACE	<p>The Department anticipates that the 2nd half of the year's expenditures will similar to the first half of the year.</p> <p>The Department's final forecast for PACE is \$44,699,548.</p>	<p>Staff used the Department's analysis of year-to-date expenditures and divides it by the year-to-date client costs to establish a per-capita cost. Staff then multiplies this per capita cost by staff's year end forecast for caseload.</p> <p>Staff's final forecast for PACE is \$44,743,408.</p>
Supplemental Medicare Insurance Benefit	<p>To forecast FY 2006-07, the Department inflated the year-to-date expenditure of 439.8 million and inflated by the percentage increase to the Medicare Part B premium.</p> <p>The Department's final estimate for SMIB is \$66,148,378.</p>	<p>Staff used year-to-date expenditures multiplied by 2.825 divided by year-to-date caseload multiplied by year end caseload estimate.</p> <p>Staff's final estimate for SMIB is \$82,323,609.</p>
Health Insurance Buy-In Program	<p>The Department used their historic trending technique to estimate this line item.</p> <p>The Department's final estimate for HIBI is \$626,953.</p>	<p>Staff assumes monthly expenditures of \$60,000 per month.</p> <p>Staff's final estimate for HIBI is \$720,000.</p>
Single Entry Points	<p>The Department's supplemental estimated Single Entry Point costs are \$16,502,063. However, after submitting their FY 2006-07 supplemental, Department staff contacted staff to inform her that the single entry point estimate should have remained at the current budgeted amount of \$17,674,900.</p> <p>The Department's official supplemental request indicates single entry point costs of \$16,502,063.</p>	<p>Staff does not change any assumptions from the current budgeted amount for this contract.</p> <p>Staff's final forecast for Single Entry Points is \$17,841,710.</p>
Disease Management	<p>The Department assumed \$627,778 in base disease management for the current contract.</p> <p>The Department eliminates the funding for the H.B. 05-1262 disease management program as they will not be able to implement this year.</p>	<p>Staff recommends the Department's request of \$627,778 for the base contract.</p> <p>Staff does not delete the H.B. 05-1262 disease management funding from the Department's request. Staff recommends roll forward authority of this funding into FY 2007-08.</p>

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Table 5: List of Assumption per Service Category		
Aid Category	Department's FY 2006-07 Supplemental Request	Staff's FY 2006-07 Supplemental Recommendation
Admin. Organization Services Administration	The Department trended year to date expenditures forward. The Department's estimate is \$4,646,943.	Staff recommends the Department's request. Staff's estimate is \$4,646,943.
TOTAL SERVICE COSTS	\$2,038,588,531	\$2,051,647,150

Table 5 shows that staff's total recommendation for medical service costs is \$2,051,647,150. At this appropriation level, average monthly expenditures could equal \$170,970,595. During the first six months of the year, average monthly expenditures were \$170,191,849. Staff anticipates that monthly expenditures be roughly the same in second half of the year as in the first half of the fiscal for the following reasons:

- 1) Long-Term Care costs should remain fairly constant. The caseload for these services are not declining. In fact, staff has forecasted slightly higher caseloads for these aid categories.
- 2) Home and Community-Based Services and Home Health will receive a rate increase beginning in April 1, 2007 pursuant to H.B. 06-1385.
- 3) Because the state uses cash accounting for this line item, a drop in expenditure may lag behind the drop in caseload.

Staff Recommendation #4: Staff recommends the Department's revised estimated for the Medicare UPL Financing Estimate.

Beginning in FY 2002-03, the Department began certifying public expenditures at public hospitals, nursing homes and home health agencies up to the Medicare Upper Payment Limit (UPL) in order to maximize federal funds in the Medical Services Premiums line item. The additional federal funds were then used to help offset General Fund. This financing mechanism allowed the State to avoid making further budget reductions in the Medicaid program that would actually harm clients or reduce reimbursement to providers.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

The original FY 2006-07 budget for the Medical Services Premiums line item assumed that the Department would be able to certify a total of \$13.2 million in public expenditures and could offset the General Fund by this amount. In addition, the original FY 2006-07 appropriation assumed that the Department would be able to certify \$1.2 million at Denver Health in order to draw down an addition \$1.2 million in federal funds to reimburse Denver Health for their out-stationing costs. Finally, the FY 2006-07 appropriation also assumed that \$76,512 would be collected from ICFMR Fees to offset \$38,256 in General Fund. The total bottom of the line was estimated at \$15.6 million.

Based on current expenditure trends, the Department not estimates that the amount of funding that will be able to be certified at public hospitals, nursing facilities, and home health agencies is \$13.3 million. The Department reduces the assumption for the amount of the out stationing costs at Denver Health at \$623,073. Lastly, the Department requests a technical change to eliminates the double count to the ICFMR fee (similar to what the Committee approved last year for the UPL financing). Staff recommends the Department's latest estimate for the Medicare UPL financing and other bottom of the line financing issues as presented in their February 15, 2007 budget request.

Lastly, after staff finalizes the amount of recommendation, staff applies the applicable fund splits. Table 6 shows staff's fund splits for the Medical Services Premium line item.

TABLE 6: Fund Splits for Department's Request and Staff's Recommendation			
Fund	Department's FY 2006-07 Request	Staff's FY 2006-07 Recommendation	Difference
General Fund & GFE	\$973,940,283	\$977,299,526	\$3,359,243
Cash Funds	\$38,256	\$38,256	\$0
Certified Funds	\$13,582,466	\$13,582,466	\$0
Health Care Expansion Fund	\$35,695,626	\$36,782,419	\$1,086,793
Transfer from DPHE	\$584,848	\$2,586,730	\$2,001,882
Breast and Cervical Cancer Fund	\$340,493	\$358,799	\$18,306
<u>Autism Fund</u>	<u>\$156,688</u>	<u>\$156,688</u>	<u>\$0</u>
Subtotal Cash Fund Exempt	\$50,360,121	\$53,467,102	\$3,106,981
<u>Federal Funds</u>	<u>\$1,028,182,129</u>	<u>\$1,034,774,523</u>	<u>\$6,592,394</u>
TOTAL FUNDS	\$2,052,520,789	\$2,065,579,407	\$13,058,618

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

FY 2007-08 Medical Services Premiums Base Appropriation

After the FY 2006-07 supplemental is calculated, the FY 2007-08 base appropriation for the Medical Services Premiums line item is calculated. The base appropriation includes all annualization of special legislation, caseload growth, and cost-per-client cost changes. The base appropriation does not include any policy changes. Policy changes are requested as separate decision or base reduction items. As the Committee is aware, the Department submits new estimates for the Medical Services Premiums base on February 15th of each year. The updated estimates builds off of the Department's supplemental request and reflects updated caseload and cost-per-client estimates. This subsection provides the detail for the Department's FY 2007-08 base request and staff's recommendation. Stand alone decision items and base reduction items will be discussed in the section that follows.

FY 2007-08 Medical Services Premiums Base Request (Medical and Bottom of the Line Financing)	Department's FY 2007-08 Request	Staff's FY 2007-08 Recommendation
FY 2006-07 Appropriation 2006 Session	\$2,111,287,559	\$2,111,287,559
Department/ Staff Final Supplemental Recommendation	(\$58,766,770)	(\$45,708,152)
Total FY 2006-07 Appropriation	\$2,052,520,789	\$2,065,579,407
Decision Item #1, BA- A1 Base Medicaid Changes	\$92,138,577	\$55,927,434
Total FY 2007-08 Base Request and Recommendation	\$2,144,659,366	\$2,121,506,841

Fund Split Information (Staff Recommendation)

	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	Total Funds
FY 2006-07 Appropriation Adjusted by Staff Supplemental Recommendation	\$977,299,526	\$38,256	\$53,467,102	\$1,034,774,523	\$2,065,579,407
Staff FY 2007-08 Base Recommendation	\$984,877,177	\$38,256	\$73,912,825	\$1,062,678,583	\$2,121,506,841
Difference	\$7,577,651	\$0	\$20,445,723	\$27,904,060	\$55,927,434

*The Cash Fund and Cash Fund Exempt Funds are detailed in supporting tables that follow.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Discussion:

The Department's caseload and cost-per-client increase, when compared against the Department's revised estimate of expenditures for FY 2006-07, is an increase of \$92,138,577 (4.5 percent increase). Staff's caseload and cost-per-client increase is an increase of \$55,927,434 (2.7 percent) when compared with Staff's final FY 2006-07 supplemental recommendation. Table 1 compares the Department's and staff's caseload and cost-per-client increase with the original FY 2006-07 appropriation and the revised FY 2006-07 appropriation by fund source.

Table 1: Original and Revised FY 2006-07 Appropriation Compared with Department Request and Staff Recommendation for Caseload and Cost-per-Client Changes Only					
Item/Explanation	General Fund	CF	CFE	Federal Funds	Total Funds
Original FY 2006-07 Appropriation (2006 Session)	\$996,821,857	\$76,512	\$55,563,806	\$1,058,825,384	\$2,111,287,559
Staff's Revised FY 2006-07 Appropriation Recommendation	\$977,299,526	\$38,256	\$53,467,102	\$1,034,774,523	\$2,065,579,407
Department's Base FY 2007-08 Forecast	\$999,169,805	\$38,256	\$71,318,589	\$1,074,132,716	\$2,144,659,366
Difference from Original FY 2006-07 Appropriation	\$2,347,948	(\$38,256)	\$15,754,783	\$15,307,332	\$33,371,807
Difference from Staff's Revised FY 2006-07 Recommendation	\$21,870,279	\$0	\$17,851,487	\$39,358,193	\$79,079,959
Staff's Base FY 2007-08 Forecast	\$984,877,177	\$38,256	\$73,912,825	\$1,062,678,583	\$2,121,506,841
Difference from Original FY 2006-07 Appropriation	(\$11,944,680)	(\$38,256)	\$18,349,019	\$3,853,199	\$10,219,282
Difference from Staff's Revised FY 2006-07 Recommendation	\$7,577,651	\$0	\$20,445,723	\$27,904,060	\$55,927,434

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

As Table 1 shows, when the Department's request is compared against the Staff's revised FY 2006-07 recommendation, the Department has an increase of \$79.1 million total funds. This compares to the staff recommended increase of \$55.9 million. Staff's recommended base Medicaid funding for FY 2007-08 is \$23.2 million total funds lower than the Department's requested funding. Of this amount, \$14.3 million is General Fund.

Table 2 below shows the difference between the Department's and staff's calculations.

Table 2: Staff's FY 2007-08 Base Recommendation			
Item/Explanation	Department	Staff	Difference
Base Caseload	390,963	383,784	(7,179)
Base Acute Care	\$1,222,402,940	\$1,206,780,201	(\$15,622,739)
Community Care	\$231,850,131	\$224,221,962	(\$7,628,169)
Long Term Care	\$563,348,775	\$563,580,064	\$231,289
Supplemental Insurance	\$89,383,054	\$89,164,781	(\$218,273)
Service Management	\$23,171,923	\$23,257,290	\$85,367
Bottom of the Line Financing	<u>\$14,502,543</u>	<u>\$14,502,543</u>	<u>\$0</u>
Total Base Premiums	\$2,144,659,366	\$2,121,506,841	(\$23,152,525)
Staff's Recommended FY 2006-07 Appropriation	\$2,065,579,407	\$2,065,579,407	\$0
Total Increase	\$79,079,959	\$55,927,434	(\$23,152,525)

Staff Recommendation #5: Staff recommends a total fund increase of \$55,927,434 for caseload and cost-per-client growth base changes to the Medical Services Premiums line item when compared to staff's FY 2006-07 revised estimate. This is only an increase of 2.7 percent to Medical Services Premiums. While staff's recommendation is \$23.2 million lower than the Department's request, this is only a 1.1 percent difference.

The following tables details staff's recommendation.

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING
 JBC WORKING DOCUMENT -- DECISIONS SUBJECT TO CHANGE
 STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

Table 3: Staff's Estimate for Acute 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
FY 2007-08 Estimated												
BASE Caseload Both Expansion and Traditional	36,703	6,252	13,294	48,942	46,708	5,264	277	10,377	193,981	17,295	4,691	383,784
FY 2006-07 Final Per Capita Estimate	\$2,269.36	\$7,691.45	\$161.03	\$8,025.76	\$3,760.64	\$8,272.00	\$25,134.79	\$2,382.03	\$1,521.57	\$3,116.61	\$9,794.83	
FY 2007-08 Base Per Capita Estimate	\$2,263.83	\$7,678.74	\$168.56	\$8,178.62	\$3,597.91	\$8,801.23	\$25,130.57	\$2,444.75	\$1,657.17	\$3,165.71	\$9,792.81	
Percent Growth	-0.24%	-0.17%	4.68%	1.90%	-4.33%	6.40%	-0.02%	2.63%	8.91%	1.58%	-0.02%	
Base Acute Care	\$83,089,451	\$48,007,504	\$2,240,881	\$400,277,851	\$168,051,384	\$46,329,679	\$6,961,169	\$25,369,171	\$321,459,918	\$54,750,931	\$45,938,069	\$1,202,476,008
Bottom Line Adjustments												
H.B. 05-1015 Substance Abuse Offset	(4,104)	(1,567)	(71)	(13,586)	(6,680)	(1,351)	(234)	0	(10,474)	(1,531)	(1,902)	(\$41,500)
S.B. 06-165 Annualized	46,156	17,619	800	152,786	75,120	15,194	2,633	0	117,794	17,222	21,388	\$466,712
S.B. 06-165 Estimated Savings Disease Management	(23,276)	(8,886)	(403)	(77,050)	(37,883)	(7,662)	(1,328)	0	(59,404)	(8,685)	(10,786)	(\$235,363)
Annualize HH Rate Adjustment for April 1, 2007	771,615	208,665	4,129	2,716,246	16,926	299	0	750	92,435	286,254	43	\$4,097,363
Claims Adjustment for Rural Health Centers	<u>1,680</u>	<u>641</u>	<u>29</u>	<u>5,559</u>	<u>2,733</u>	<u>553</u>	<u>96</u>	<u>0</u>	<u>4,286</u>	<u>627</u>	<u>778</u>	<u>\$16,982</u>
Total Bottom Line Adjustments	\$792,071	\$216,472	\$4,484	\$2,783,955	\$50,216	\$7,033	\$1,167	\$750	\$144,637	\$293,887	\$9,521	\$4,304,194
Total ACUTE CARE Staff BASE ESTIMATE	\$83,881,522	\$48,223,976	\$2,245,365	\$403,061,806	\$168,101,600	\$46,336,712	\$6,962,336	\$25,369,921	\$321,604,555	\$55,044,818	\$45,947,590	\$1,206,780,201

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING
 JBC WORKING DOCUMENT - DECISIONS SUBJECT TO CHANGE
 STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

Table 4: Staff's 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
FY 2007-08 Estimated												
BASE Caseload Both Expansion and Traditional	36,703	6,252	13,294	48,942	46,708	5,264	277	10,377	193,981	17,295	4,691	383,784
FY 2006-07 Final Per Capita Estimate	\$3,191.07	\$2,333.32	\$5.47	\$1,724.84	\$1.64	\$0.00	\$0.00	\$0.00	\$3.01	\$231.60	\$0.00	
FY 2007-08 Base Per Capita Estimate	\$3,191.07	\$2,333.32	\$5.47	\$1,724.84	\$1.63	\$0.00	\$0.00	\$0.00	\$3.01	\$231.60	\$0.00	
Percent Growth	0.00%	0.00%	0.00%	0.00%	-0.59%	n/a	n/a	n/a	-0.16%	0.00%	n/a	
Base Community Care	\$117,122,006	\$14,587,916	\$72,688	\$84,417,111	\$76,129	\$0	\$0	\$0	\$583,465	\$4,005,522	\$0	\$220,864,838
Annualize April 1, 2007 Rate Increase	4,420,689	541,562	2,657	3,180,187	3,268	0	0	0	23,647	146,876	0	\$8,318,888
Annualize Consumer Directed Care Rate Increase	0	0	0	539,040	0	0	0	0	0	0	0	\$539,040
Autism Program	0	0	0	940,125	0	0	0	0	0	0	0	\$940,125
Consumer Directed Care	<u>(3,343,632)</u>	<u>(425,618)</u>	<u>(1,446)</u>	<u>(2,501,780)</u>	<u>(5,282)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(18,568)</u>	<u>(144,602)</u>	<u>0</u>	<u>(6,440,928)</u>
Total COMMUNITY CARE BASE ESTIMATE	\$118,199,063	\$14,703,860	\$73,900	\$86,574,683	\$74,116	\$0	\$0	\$0	\$588,544	\$4,007,796	\$0	\$224,221,962

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING
 JBC WORKING DOCUMENT - DECISIONS SUBJECT TO CHANGE
 STAFF RECOMMENDATION DOES NOT REFLECT COMMITTEE DECISION

Table 5: Staff's Estimate for Long Term Care and Insurance												
	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
FY 2007-08 Estimated BASE Caseload Both Expansion and Traditional	36,703	6,252	13,294	48,942	46,708	5,264	277	10,377	193,981	17,295	4,691	383,784
Nursing Home I	405,915,500	27,277,978	102,887	71,027,031	0	0	0	0	0	0	0	504,323,396
Nursing Home II	103,110	0	0	2,103,357	0	0	0	0	0	0	0	2,206,467
PACE	50,562,787	4,089,746	0	2,397,669	0	0	0	0	0	0	0	57,050,201
Specialized Medicare Insurance	46,831,522	2,791,524	14,283,222	24,482,423	129,689	0	0	0	0	0	0	88,518,379
Health Insurance Buy-In	<u>265,077</u>	<u>23,443</u>	<u>4,256</u>	<u>196,132</u>	<u>42,083</u>	<u>16,256</u>	<u>0</u>	<u>0</u>	<u>75,764</u>	<u>13,282</u>	<u>10,109</u>	<u>646,402</u>
Total Long -Term Care and Insurance	503,677,995	34,182,690	14,390,365	100,206,612	171,772	16,256	0	0	75,764	13,282	10,109	652,744,845

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING
 JBC WORKING DOCUMENT - DECISIONS SUBJECT TO CHANGE
 STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

Table 6: Staff's Estimate for 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
FY 2007-08 Estimated												
BASE Caseload												
Both Expansion and Traditional	36,703	6,252	13,294	48,942	46,708	5,264	277	10,377	193,981	17,295	4,691	383,784
Single Entry Point Costs	\$14,505,803	\$918,193	\$13,039	\$2,404,674	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$17,841,710
Per Capita Costs	\$395.22	\$146.86	\$0.98	\$49.13	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$46.49
Disease Management Does not Include the Roll Forward App.	119,140	41,680	135,780	285,487	101,713	29,843	1,994	0	252,425	40,644	0	1,008,706
ASO Impact	<u>505,767</u>	<u>99,657</u>	<u>0</u>	<u>767,900</u>	<u>478,260</u>	<u>79,328</u>	<u>0</u>	<u>0</u>	<u>2,236,946</u>	<u>239,017</u>	<u>0</u>	<u>4,406,876</u>
Administrative Cost Impact	15,130,710	1,059,530	148,819	3,458,061	579,973	109,171	1,994	0	2,489,371	279,661	0	23,257,292

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Acute Care Estimate:

- SSI 65 +: Staff recommends the Department's per capita cost estimate for the population. Staff also recommends the Department's base adjustments based on annualizing special bills. Staff assigns a portion of the April 1, 2007 rate annualization to acute care to recognize cost increases to home health agencies. The home health costs are part of acute care cost estimates. The per-capita-cost estimate is then multiplied by staff's FY 2007-08 caseload estimate.
- SSI 60-64: Staff assumes staff's FY 2006-07 per capita costs estimate adjusted by the April 1, 2007 rate increase. The per-capita-cost estimate is then multiplied by staff's FY 2007-08 caseload estimate.
- QMB/SLMB: Staff recommends the Department's per capita cost estimate for the population. Staff also recommends the Department's base adjustments based on annualizing special bills. Staff assigns a portion of the April 1, 2007 rate annualization to acute care to recognize cost increases to home health agencies. The home health costs are part of acute care cost estimates. The per-capita-cost estimate is then multiplied by staff's FY 2007-08 caseload estimate.
- SSI Disabled: Staff recommends the Department's per capita cost estimate for the population. Staff also recommends the Department's base adjustments based on annualizing special bills. Staff assigns a portion of the April 1, 2007 rate annualization to acute care to recognize cost increases to home health agencies. The home health costs are part of acute care cost estimates. The per-capita-cost estimate is then multiplied by staff's FY 2007-08 caseload estimate.
- Adults: Staff recommends a negative trend to the per capita costs for this aid category based somewhat on the per capita trend of FY 2004-05 through FY 2005-06.
- BCA: Staff recommends the Department's per capita cost estimate for the population. Staff also recommends the Department's base adjustments based on annualizing special bills. Staff assigns a portion of the April 1, 2007 rate annualization to acute care to recognize cost increases to home health agencies. The home health costs are part of acute care cost estimates. The per-capita-cost estimate is then multiplied by staff's FY 2007-08 caseload estimate.
- BCCTP: Staff recommends a continuation of FY 2006-07 estimate for the Breast and Cervical Cancer program.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Expansion

Adults: Staff recommends the Department's per capita cost estimate for the population. Staff also recommends the Department's base adjustments based on annualizing special bills. Staff assigns a portion of the April 1, 2007 rate annualization to acute care to recognize cost increases to home health agencies. The home health costs are part of acute care cost estimates. The per-capita-cost estimate is then multiplied by staff's FY 2007-08 caseload estimate.

Children: Staff recommends a slightly lower per capita cost from the Department's request based on current trends.

Foster

Children: Staff recommends the Department's per capita cost estimate for the population. Staff also recommends the Department's base adjustments based on annualizing special bills. Staff assigns a portion of the April 1, 2007 rate annualization to acute care to recognize cost increases to home health agencies. The home health costs are part of acute care cost estimates. The per-capita-cost estimate is then multiplied by staff's FY 2007-08 caseload estimate.

Non-Citizens: Staff recommends a continuation of her per-capita-cost estimate from FY 2006-07 before bottom of the line financing adjustments.

Other Acute Care Calculations -- Used for Fund Splits and For Informational Purposes

Staff recommends the Department's estimates for the following programs:

Family Planning: The Department estimates that \$8,763,643 will be spent on family planning activities that qualify for a 90 percent federal match. Staff recommends this estimate.

Prenatal Costs: Staff recommends the Department's request of \$4,231,798. Of this amount, \$863,386 is assumed for prenatal care expenses that are not matched by CMS. The remaining portion represents delivery costs that are matched by CMS.

Indian Health Services: Staff recommends the Department's estimate of \$863,386 for Indian Health Services. This program receives 100% matching funds from CMS.

Antipsychotic Drug Projection: Staff recommends the Department's estimate of \$27,925,215 for the antipsychotic drug project that is appropriated as an informational - only projection in the Mental Health

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

capitation program. This amount represents the total estimate after annualizing the Medicare Modernization Act impact and potential rebates.

Community Care Estimate:

Staff recommends that her estimated FY 2006-07 per-capita-costs be used to estimate the base Y 2007-08 costs. These costs are then adjusted to annualize the April 1, 2007 rate increases, add estimated costs for the autism waiver program that are not part of the FY 2006-07 base costs and to show the impact of the consumer directed care waiver.

Long Term Care and Insurance Estimate:

Class I Nursing Facilities: Staff recommends the Department's estimate for nursing home costs. The costs assume a total of 3,578,548 patient days at an average per diem cost of \$142.82.

Nursing Home II: Staff recommends the Department's estimate.

PACE: Staff recommends the Department's per capita costs multiplied by staff's caseload estimate.

Specialized Medicare Insurance: Staff recommends her FY 2006-07 per capita cost estimates multiplied by 1.0565 and then multiplied by staff's caseload estimate.

Health Insurance Buy-In: Staff recommends the Department's request for this service.

Bottom of the Line Financing:

Staff recommends the Department's estimate for the Medicare UPL calculations and for the ICMR Fee.

Summary of Base Medical Services Premiums Budget

Staff's total FY 2007-08 base recommendation is \$55,927,434 total funds higher than staff's recommendation for FY 2006-07. Of this amount, staff estimates \$103,334,402 is related to higher cost-per-client growth. This increase is offset by a decrease of \$47,406,968 related to lower caseload estimates for FY 2007-08. Table 7 summarizes staff's recommendation by Traditional and Expansion Caseload.

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING
 JBC WORKING DOCUMENT -- DECISIONS SUBJECT TO CHANGE
 STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

Table 7: FY 2007-08 Base Request Compared to FY 2006-07 by Traditional and Expansion Medicaid and By Fund Source

	Staff FY 2006-07 Recommendation			Staff FY 2007-08 BASE Recommendation			Difference	Percent Change
	Traditional Medicaid	Expansion Medicaid	Total	Traditional Medicaid	Expansion Medicaid	Total		
Caseload	368,157	25,023	393,180	346,283	37,501	383,784	(9,396)	-2.39%
Fund Source								
General Fund	\$977,299,526	\$0	\$977,299,526	\$984,877,177	\$0	\$984,877,177	\$7,577,651	0.78%
Cash Funds	\$38,256	\$0	\$38,256	\$38,256	\$0	\$38,256	\$0	0.00%
Certified Funds	\$13,582,466	\$0	\$13,582,466	\$14,191,007	\$0	\$14,191,007	\$608,541	4.48%
Health Care Expansion Fund	\$2,663,538	\$34,118,881	\$36,782,419	\$2,719,827	\$55,209,803	\$57,929,630	\$21,147,211	57.49%
Transfer from DPHE	\$1,970,388	\$616,342	\$2,586,730	\$0	\$735,600	\$735,600	(\$1,851,130)	-71.56%
Breast and Cervical Cancer	\$358,799	\$0	\$358,799	\$429,838	\$0	\$429,838	\$71,039	19.80%
Autism Fund	\$156,688	\$0	\$156,688	\$626,750	\$0	\$626,750	\$470,062	n/a
Federal Funds	<u>\$1,000,347,993</u>	<u>\$34,426,530</u>	#####	<u>\$1,006,939,653</u>	<u>\$55,738,930</u>	<u>\$1,062,678,583</u>	\$27,904,060	2.70%
Total	\$1,996,417,654	\$69,161,753	#####	\$2,009,822,508	\$111,684,333	\$2,121,506,841	\$55,927,434	2.71%

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

FY 2007-08 Medical Services Premiums Decision Items

After the Base Medical Services Premiums line item is calculated, then the discussion can move on to the Department's decision items. In addition to their base budget request, the Department has requested three Decision Items and two Base Reduction Items. Staff also have three change request items that were not part of the Department's request. This section of the packet discusses these decision items.

Decision Item #4

Department Request: The request a total fund increase of \$8,805 related to additional costs to access the SAVE program due to the passage of H.B. 06S-1023. Of this amount, \$1,349 is General Fund and \$7,456 is federal funds.

Staff Recommendation: Staff does not recommend the Department's request for this issue. Staff believes that the recommended FY 2006-07 and FY 2007-08 base funding will be able to support this decision item.

Decision Item #6

Department Request: The Department request a total fund increase of \$13,704,727 to the Medical Services Premiums line item for provider rate increases. This is in addition to the annualization of rates in the base request. Of this amount, \$6,755,310 is General Fund, \$138,113 is from the Health Care Expansion Fund and \$6,811,304 are federal funds.

Staff Recommendation: Staff recommends the Department's request for the Medical Services Premiums line item. Following is a discussion of the Department's total rate plan. For specific staff recommendation for county administration, county case management and non-emergency transportation, please see staff's write-up in the Executive Director's Office.

There are many different laws, rules, and policies that govern the reimbursement rates that are paid to different Medicaid providers. Table 1 on the following page gives a brief description on how rates are set for different provider classes.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Table 1: Rate Setting Authority and Process for Major Service Categories			
Service Required	Rate Set	Service Category	Explanation
federal	federal	Rural Health Clinic Services	Reimbursed on a per visit encounter rate. The encounter rate is the higher of the prospective payment system allowed by federal law or the Medicare Rate. Annual rate increases for rural health clinics are part of the base calculations for the Medical Services Premiums line item and do not require separate decision items.
federal	federal	Federal Qualified Health Center Services	Reimbursed on a per visit encounter rate at 100% of reasonable costs. The encounter rate is the higher of the prospective payment system allowed by federal law or an alternative rate established by the Department. The Department's alternative rate uses a base rate that receives an inflationary increase each year. Every three years the base rate is recalculated. Annual rate increase for FQHC are included in the base calculations for the Medical Services Premium line item and do not require separate decision items.
federal	federal	Indian Health Services	Paid 100% with federal funds. Rates are set by the federal government. Annual rate increases are included in the base calculations for the Medical Services Premiums line item and do not require separate decision items.
federal	federal rule	Supplemental Medicare Insurance Benefit	Set annually by the Centers for Medicare and Medicaid Services by federal rule. Annual rate increases are included in the base calculations for the Medical Services Premium line item and do not require separate decision items.
state/federal	federal law and state rule	Prescription Drugs	The Deficit Reduction Act of 2005 changes the methodology for reimbursing the ingredient costs for drugs from average wholesale price (AWP) to average manufacturer price (AMP) and sets the Federal Upper Limit at 250 percent of AMP for multiple source drugs. State rules determine the dispensing fees. Annual price changes are included in the base calculations for the Medical Services Premium line item and do not require separate decision items. However, if the Department makes a major changes to the methodology used to determine reimbursement or dispensing fees, those items are usually submitted as decision items.
federal	state law	Nursing Facilities	Nursing home rates are based on a statutory formula based on each facilities reasonable or actual costs for administrative and health services and a fair rental allowance for capital assets. These costs are or may be subject to various reimbursement limits. Annual rate increases are included in the base calculations for the Medical Services Premium lin item and do not require separate decision items. Any change in the reimbursement methodology used requires a statutory change.
federal	state rule	Physician/Nurse Practioner Services/EPSDT	Rates set by State rule based on procedure codes. Increases to these rates typically require a separate decision item.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Table 1: Rate Setting Authority and Process for Major Service Categories

Service Required	Rate Set	Service Category	Explanation
federal	state rule	Hospitals (Inpatient & Outpatient)	<p>Outpatient hospitals rates based on 72% of costs. As costs increase so does the reimbursement rate. Annual rate increases for outpatient are included in the base calculations for the Medical Services Premium lin item and do not require separate decision items.</p> <p>Current state regulations require inpatient hospital rates to be rebased every year based on Medicare rates. During the budget crisis years, the Department maintained a budget neutral policy of decreasing the percentage that the Medicaid rate would be compared to the Medicare rate in order not to drive additional price costs. Recently, the JBC has approved rate increases to insure that the Medicaid rate does not fall further behind the Medicare rate. Annual rate increases are generally approved as separate decision items.</p>
federal	state rule	Laboratory/ X-ray	Rates set by State rule based on procedure codes. Increases to these rates typically require a separate decision item.
federal	state rule	Emergency Transportation	Rates set by State rule based on procedure codes. Increases to these rates typically require a separate decision item.
federal	state rule	Family Planning	Rates set by State rule based on procedure codes. Increases to these rates typically require a separate decision item.
federal	state rule	Home Health	Rates set by State rule based on procedure codes. Increases to these rates typically require a separate decision item.
federal	state rule	Dental (Colorado does not provide optional Dental services)	Rates set by State rule based on procedure codes. Increases to these rates typically require a separate decision item.
state/federal	state rule	Hospice	Rates set by State rule based on procedure codes. Increases to these rates typically require a separate decision item.
state/federal	state rule	PACE	PACE is a Medicare and Medicaid managed care program. Rates are based on both Medicare and Medicaid services. Annual rate increases for the Medicaid capitation payment are included in the base calculations for the Medical Services Premium lin item and do not require separate decision items.
state/federal	state & federal law	HMOs*	The federal law requires HMO capitation payments to be actuarially sound. State statute dictates an upper payment limit (95% of fee-for-service) and how rates are adjusted and rebased. Annual rate increases for the Medicaid capitation payment are included in the base calculations for the Medical Services Premium lin item and do not require separate decision items.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Table 1: Rate Setting Authority and Process for Major Service Categories			
Service Required	Rate Set	Service Category	Explanation
state	state rule	Home and Community-Based Service Waivers	Rates set by State rule based on procedure codes. Increases to these rates typically require a separate decision item.
state	state rule	consumer directed care waiver	Rates are set by State rule. Increases to these rates typically require a separate decision item.
state	state rule	durable medical equipment	Rates are set by State rule. Increases to these rates typically require a separate decision item. Some of the items are reimbursed at invoice plus 20 percent. Price increase for these items are included in the base calculations for the Medical Services Premium lin item and do not require separate decision items. However, changing the methodology for the payment would include a separate decision item.
state	state rule	breast and cervical cancer	Rates are set by State rule. Increases to these rates typically require a separate decision item.
state	state rule	private duty nursing	Rates are set by State rule. Increases to these rates typically require a separate decision item.
state	state rule	single entry points	Rates are set by State rule. Increases to these rates typically require a separate decision item.
state	state rule	Health Insurance Buy-in	Rates are set by State rule. Increases to these rates typically require a separate decision item.
state	state rule	Administrative Service Organizations*	Rates are set by State rule. Increases to these rates typically require a separate decision item.

*Method of service delivery -- includes mandatory services within the expenditures noted.

As the table above shows, any services that are related to the fee-schedule maintained by the Department do not receive rate increases unless funding is provided by the General Assembly for such a purpose. During the budget crisis years (FY 2001-02 through FY 2004-05), several providers had rate decreases including: durable medical equipment, lab and x-ray, prescription drugs (both dispensing fee and ingredient reimbursement), inpatient hospital, private duty nursing, and transportation. In addition to these rate decreases, other providers did not receive their typical cost-of-living adjustments. The lack of COLA increases mainly impacted the community long-term care providers.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Recent Rate Increases

Beginning in FY 2005-06, the General Assembly began approving rate increases again for Medicaid providers. Following is a brief description of recent rate increases.

- ✓ ***S.B. 05-206:*** In S.B. 05-206 the General Assembly appropriated a total of \$18.9 million to adjust rates for inpatient hospital services, to increase the top five physician procedure codes to within 80 percent of the Medicare rate, and to provide a 2.0 percent COLA adjustment for the home and community-based service providers.

- ✓ ***H.B. 06-1369:*** In addition to the rate increases provided in S.B. 05-206, the General Assembly appropriated an additional \$5.4 million in provider rate increases effective April 1, 2006 in H.B. 06-1369. These rate increases included an additional 1.0 percent rate increase for inpatient hospital and a 2.0 percent rate increase for durable medical equipment. In addition, the General Assembly approved a plan to begin to increase the home and community-based service rates to within 80 percent of the Medicare rate.

- ✓ ***H.B. 06-1385:*** In addition to annualizing the costs of the rate increases provided in H.B. 06-1369 (a cost of \$25.7 million), H.B. 06-1385 also provided additional rate increases. Generally, H.B. 06-1385 provided \$21.6 million to provide a 3.25 percent increase for primary care providers and inpatient hospital effective July 1, 2006. H.B. 06-1385 also appropriated \$4.1 million to finish moving home and community-based provider rates to within 80 percent of Medicare rates effective April 1, 2006. House Bill 06-1385 also provided a 2.57 percent increase in non-emergency transportation services. The costs for annualizing the April 1, 2007 rate increase for home and community-based service providers is approximately \$12.3 million total funds.

In addition to providing appropriations for specific rate increases, last year the Joint Budget Committee expressed an interest in examining areas where gross rate disparities for primary care providers have occurred when compared to Medicare or market rates. The General Assembly appropriated \$58,000 for the Department to conduct a study on this topic. The Committee has approved an addition \$19,334 in FY 2007-08 to complete this study. The Department plans to submit the report to the Joint Budget Committee on November 1, 2007. However, until the study results are produced, the Department has identified specific rate increases that they recommend for FY 2007-08. For FY 2007-08 the Department is targeting six provider classes for rate increases: inpatient hospital; single entry points; speciality acute care providers; emergency transportation, non-emergency transportation, and county administration. Table 2 shows the total estimated fiscal impacts of the rate increases that the Department is requesting and what staff is recommending.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Table 2: Department's FY 2007-08 Rate Plan -- And Staff Recommendation					
Provider Class	Total Funds	General Fund	Health Care Expansion Fund	Federal Funds	Comments
Non-Emergency Transportation*	\$110,000	\$55,000	\$0	\$55,000	The Department's rate increase reflects only the Department's reimbursements for private transportation codes (does not include the transportation broker contract). The Department's request reflects a 31 percent increase for the private transportation codes to reflect the increase in fuel costs since the last time the rates were adjusted in 2002. Staff recommends this request. This item does not affect the Medical Services Premiums line item.
County Administration	\$423,126	211,563	0	211,563	The Department is proposing a 2.0 percent cost-of-living adjustment for county administration. Staff recommends this request with a technical adjustment. This item does not affect the Medical Services Premiums line item.
Administrative Case Management County Payment	\$31,872	15,936	0	15,936	The Department is proposing a 2.0 percent cost-of-living adjustment for county administrative case management payments. This item does not affect the Medical Services Premiums line item.
Inpatient Hospital	\$2,162,874	1,050,893	30,545	1,081,436	The Department's request would allow inpatient rates to remain at 90 percent of Medicare rates. Under the Medicare Modernization Act of 2003 (MMA), Medicare rates for are adjusted each year for inflationary increases. If the state does not increase Medicaid rates, the Medicaid reimbursement rate will fall in relation to the Medicare rate. The Department has set a goal of maintaining inpatient hospital rates at 90 percent of the Medicare rate. Staff recommends this request.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Table 2: Department's FY 2007-08 Rate Plan -- And Staff Recommendation

Provider Class	Total Funds	General Fund	Health Care Expansion Fund	Federal Funds	Comments
Emergency Transportation	300,000	145,763	4,237	150,000	In FY 2002-03, emergency transportation rates were cut by 5.0 percent. Since that time, rates have not increased despite the large increase in fuel costs. The Department's request is to provide a 5.0 percent increase to rates which will restore rates to their pre-FY 2002-03 level. Staff recommends this request.
Adult Immunizations	600,000	291,527	8,473	300,000	Currently the Department adult immunization at a rate of \$6.50 - the same prize that the Department reimburses for the administration of immunizations that practitioners receive for free from the Vaccines for Children's program. The Department recommends increasing adult immunizations to average wholesale price plus 10 percent, plus a \$2 administration fee. Staff recommends this request.
Anesthesia	3,150,000	1,530,515	44,485	1,575,000	Anesthesia rates have not increased since 1999 and are currently about \$14.33 for 15 minutes of services. The Department proposes increasing these rates to \$21.49 for 15 minutes of services in order to address some of the disparities in the rate when compared to other state programs (such as worker's compensation), providers, and states. Staff recommends this request.
Durable Medical Equipment Repair	500,000	242,939	7,061	250,000	The Department recommends an increase from \$15.35 per 15 minutes to \$35.48 per 15 minutes for wheelchair repair in order to cover the costs of travel and labor for providers. Staff recommends this request.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Table 2: Department's FY 2007-08 Rate Plan -- And Staff Recommendation					
Provider Class	Total Funds	General Fund	Health Care Expansion Fund	Federal Funds	Comments
Intrauterine Devices	90,000	8,746	254	81,000	Current reimbursement does not cover the cost of the device. The Department recommends increasing reimbursement from \$301.64 to \$398.37 (the current cost of the device is \$377.00). Staff recommends this request.
Surgical Procedures	1,650,000	801,698	23,302	825,000	The Department recommends increasing the conversion factor for surgical codes from \$33.43 to \$34.58 (a 3.45 percent increase). The last time the conversion factor was increased was in 1990. Staff recommends this request.
Therapy Services	1,000,000	485,878	14,122	500,000	Increases therapy rates by 9.05 percent for outpatient services to match some of the increase that was provided for home and community-based services. Staff recommends this request.
Health Maintenance Organization	398,966	193,849	5,634	199,483	Estimated impact to the MCO contract with Denver Health for the rate increases above. MCO rates are set by statute.
Single Entry Point	3,852,887	2,003,502	0	1,849,385	The Department recommends a 20.5 percent increase to the rates paid to single entry point agencies to recognize the additional services these agencies perform but are not reimbursed for. Staff recommends this request.
TOTAL	\$14,269,725	\$7,037,809	\$138,113	\$7,093,803	
Impact to MSP	\$13,704,727	\$6,755,310	\$138,113	\$6,811,304	

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Decision Item #10

Department's Request: The Department requests a decrease of \$22.7 million total funds to transfer the costs for single entry agencies and disease management be moved from the premiums line item to the Executive Director's Office. The Department's budget request has a corresponding increase in the Executive Director's Office to reflect the transfer.

Staff Recommendation: Staff does not recommend the Department's request at this time. The JBC has voted to include a footnote in the 2007 Long Bill to ask the Department for recommendations on how to restructure the EDO appropriations into a more programmatic structure. After seeing the Department's restructuring plan, staff may revisit this issue next year at supplemental times. In addition, moving these costs at this time distorts the impact of the caseload decreases in the Medical Services Premiums line item.

Base Reduction Item #1

Department Request: The Department requests a reduction of \$497,147 total funds to reflect assumed savings to the Medical Services Premiums line item due to increased field audits for hospitals and FQHCs.

Staff Recommendation: Staff recommends the Department's request. The Committee gave approval for the increase to the auditing contract on February 14, 2007 when the Committee heard the Department's Executive Director's Office division figure setting.

Budget Amendment #4

Department Request: The Department requests a total fund increase of \$758,467 for a managed care incentive payment to Denver Health. Of this amount, \$379,234 is General Fund. The Department seeks to implement a pilot incentive payment for Denver Health Medicaid Choice. The goal of the incentive payment is to ensure Denver Health's Medicaid Choice's ongoing participation as a Medicaid managed care organization. At the same time, the Department hopes that the incentive program will encourage activities which are beneficial to Medicaid clients. The incentive program will award Denver Health if their HEDIS scores are higher than the national average for selected primary and preventive care services.

Staff Recommendation: Staff recommends the Department's request.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Staff Initiated Issues:

COLA Adjustment for Home and Community Based Service Providers and Home Health

Staff Recommendation: Staff recommends a total fund increase of \$6,775,648 to provide a 2.0 percent COLA adjustment for Home and Community-Based Services Providers, Private Duty Nursing, and Home Health. Of this amount, \$3,387,324 is General Fund. Staff's recommendation implements the Committee's decision from January 2007 to include these groups in the common policy rate increase. Staff estimate has been revised based on her most recent calculations for the Medical Services Premiums line item.

HPV Vaccines for Children Under 20

Staff Recommendation: Staff recommends an increase of \$1,010,084 total funds for the costs of dispensing the HPV vaccines to children between the ages of twelve to twenty years old. The cost estimate is based on the number of children will seek to be vaccinated on a voluntary basis. The Center Disease Control has approved the HPV vaccine as recommended childhood vaccination. Therefore, staff assumes that the Medicaid program will provide coverage for this vaccination. In addition, staff assumes that the cost of the vaccine will be paid by the federal Vaccines for Children program. Therefore, staff recommendation does not include any costs for the vaccine itself. Staff's recommendation is based on the estimated cost associated with dispensing the vaccine including the office visits to receive the 3 shot series.

Executive Order Preferred Drug List

Staff Recommendation: Staff recommends a total fund decrease of \$670,376 to reflect six months of savings in drug costs in FY 2007-08 due to implementation of a preferred drug list. Staff's recommendation is based on the cost savings estimates from S.B. 05-022. These cost saving estimates are offset partially in administrative costs in Executive Director's Office. It is possible that there may be greater savings than the amount staff recommends if the program is implemented sooner than staff assumes. If this is the case, staff will address this issue at supplementals.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

FY 2007-08 PREMIUMS CONCLUSION

The following table summaries staff's FY 2007-08 Medical Services Premium.

	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	Total Funds
FY 2006-07 Appropriation Adjusted by Staff Supplemental Recommendation	\$977,299,526	\$38,256	\$53,467,102	\$1,034,774,523	\$2,065,579,407
Increase for Base Calculations	\$7,577,651	\$0	\$20,445,723	\$27,904,060	\$55,927,434
Immigration Reform	\$0	\$0	\$0	\$0	\$0
Rate Increase Plan	\$6,755,310	\$0	\$138,113	\$6,811,304	\$13,704,727
Move Single Entry Point and Disease Management	\$0	\$0	\$0	\$0	\$0
Savings for additional audits	(\$248,573)	\$0	\$0	(\$248,573)	(\$497,146)
Denver Health Incentive Payment	\$379,234	\$0	\$0	\$379,234	\$758,468
Executive Order for Preferred Drug List	(\$335,188)	\$0	\$0	(\$335,188)	(\$670,376)
HPV Vaccines for Children under 20	\$505,042	\$0	\$0	\$505,042	\$1,010,084
2.0% COLA for HCBS & HH	\$3,387,824	\$0	\$0	\$3,387,824	\$6,775,648
Total Recommendation	\$995,320,826	\$38,256	\$74,050,938	\$1,073,178,226	\$2,142,588,246
Difference	\$18,021,300	\$0	\$20,583,836	\$38,403,703	\$77,008,839

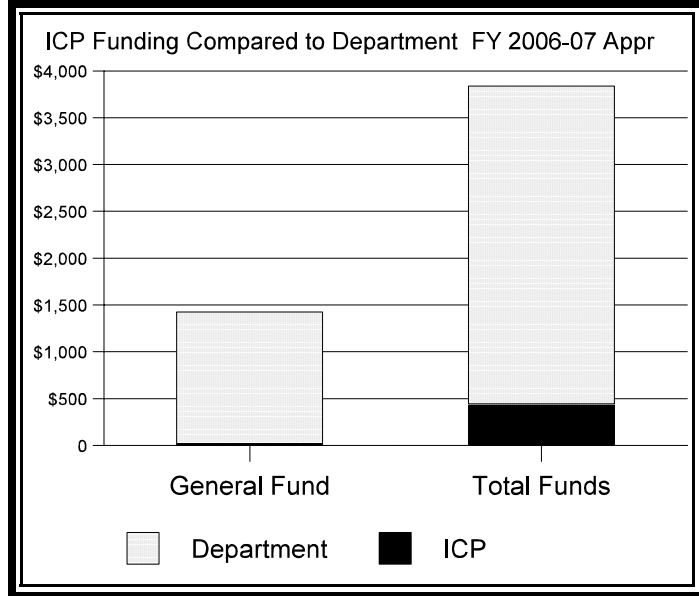
**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Indigent Care Program Division

Overview:

The Department of Health Care Policy and Financing's Indigent Care Program division contains the funding for the following programs: (1) Safety Net Provider Payments, (2) Indigent Care Clinic Program, (3) Pediatric Speciality Hospital Program, (4) Primary Care Program, (5) S.B. 06-044 Medically Indigent Program, (6) Children's Basic Health Plan, and (7) Comprehensive Primary and Preventive Care Grants program. The first four programs provide funding for the Colorado Indigent Care Program (CICP) which partially reimburses health care providers for medical services provided to Colorado's indigent



population that do not qualify for Medicaid or the Children's Basic Health Plan. The Children's Basic Health Plan original FY 2006-07 appropriation assumed a caseload of 42,590 children and an average monthly enrollment of approximately 1,578 adult pregnant women. The CICP program and CBHP programs both receive federal matching funds. The CICP program receives matching funds through the federal disproportionate share, Medicare Upper Payment Limit (UPL) and major teaching hospital payments under Title XIX of the Social Security Act. The CBHP program receives federal funds through Title XXI of the Social Security Act. The current FY 2006-07 General Fund appropriation for the Division represents 1.6 percent of the Department's total General Fund appropriation. The Division's FY 2006-07 total fund appropriation represents 13.2 percent of the Department's total fund appropriation.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Safety Net Provider Payments

Safety Net Provider Payments	Department's FY 2007-08 Request	Staff's FY 2007-08 Recommendation
FY 2006-07 Appropriation	\$296,188,630	\$296,188,630
FY 2007-08 Request/Recommendation	\$296,188,630	\$296,188,630
Change from prior year appropriation	0	0

Fund Split Information (Staff Recommendation)

	General Fund	Cash Funds Exempt Certified Funds	Federal Funds	Total Funds
FY 2006-07 Appropriation	13,090,782	135,003,533	148,094,315	296,188,630
FY 2007-08 Recommendation	13,090,782	135,003,533	148,094,315	296,188,630
Difference	0	0	0	0

*The Cash Fund Exempt Funds are funds that are certified at public hospitals in order to provide the state match for the Disproportionate Share, Medicare Upper Payment Limit, and Major Teaching Hospitals federal funds.

Background:

The Colorado Indigent Care Program (CICP) was authorized by House Bill 83-1129, the "*Reform Act for the Provision of Health Care for the Indigent*." The CICP is a financing mechanism through which the State reimburses providers for a portion of the care provided to CICP eligible individuals. While the CICP program receives matching federal funds, the CICP is not an entitlement program or an insurance program. Rather, the CICP is a financial aid program to ensure that a network of "safety-net providers" is available to treat medically indigent and uninsured or underinsured individuals.

In FY 2003-04, the "Safety Net Provider Payment" line item was created in response to a State Auditor's report recommendation to simplify the methodology used for distributing CICP payments to hospitals. The same audit report also recommended that the CICP disbursements be based on the

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

actual indigent care provided by the hospitals. Therefore, the appropriations for several Long Bill line item (Major Teaching Hospitals, Out-state Indigent Care Program, Disproportionate Share Payments to Hospitals, Pre-Component 1 Disproportionate Share Payments to Hospitals and Bad Debt) were combined into the one line item.

Within the Safety Net Provider payment, there are four separate calculations for payments from the Safety Net Provider Payment line item:

- ✓ The Low-Income Payment,
- ✓ Bad Debt Payments
- ✓ The High-Volume payment, and
- ✓ The Medicaid Shortfall payment.

The Low-Income Payment and the High-Volume payment use basically the same formula to distribute the available DSH and Medicare Upper Payment Limit funds. The funds are distributed based on the percentage of the hospitals weighted medically indigent costs relative to the sum of all weighted medically indigent costs. While the Upper Payment Limit uses basically the same formula as the DSH payment, the calculation is separate for state owned, locally owned, and privately owned providers since these groups have unique pools of money. The Bad Debt Payment is used as a balancing mechanism to maximize the federal funds available under the DSH allotment after the Low-Income Payment has been distributed. If the Low-Income payment utilizes the entire DHS allotment, the Bad Debt payment is zero. The Medicaid Shortfall payment is a payment to providers who qualify for a DHS payment but do not participate in the CICIP program (there were two providers in this category for FY 2005-06). Under federal law, these hospitals have to receive a DHS payment but the amount of the payment is not specified. For FY 2006-07, the Safety Net Provider Payments to hospitals is estimated at \$161,185,097 (this is the amount of the General Fund Appropriation and the Federal Funds appropriation only -- the CFE appropriation represents local funds certified to draw down federal match but are not actually expenditures by the state).

Department Request:

The Department requests continuation funding for this program in FY 2007-08.

Staff Recommendation:

Staff recommends the Department's request for continuation funding.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

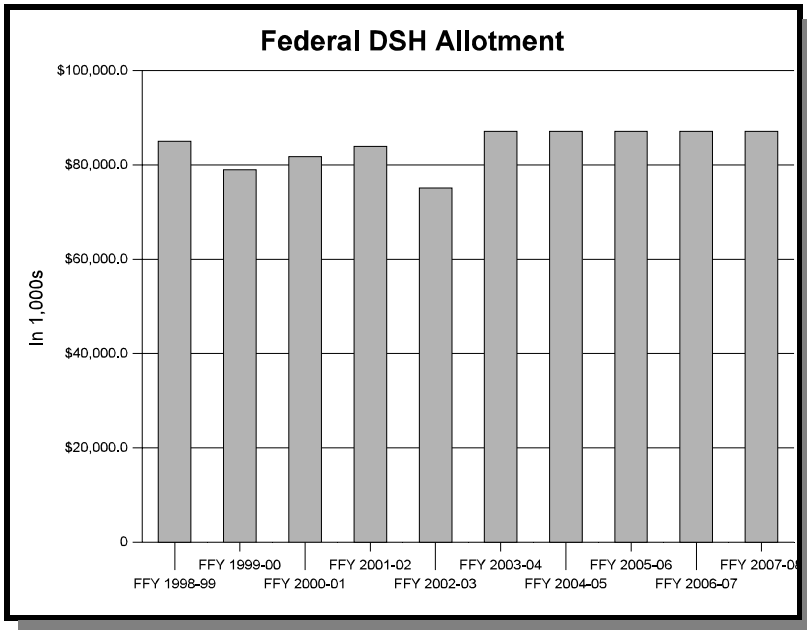
Discussion:

The Safety Net Provider Payments are based on the amount of federal funds available under the Disproportionate Share Payment cap and through the Medicare Upper Payment Limit financing mechanism.

Disproportionate Share Payments

Federal Medicaid regulations require states to make enhanced payments to "safety net" hospitals that provide services to a disproportionate share of Medicaid and low-income patients. These payments are made to offset some of the costs of providing services to uninsured and underinsured clients and are called the Disproportionate Share (DSH) payment. The amount of funds available for DSH is capped by federal law. Under the Colorado Indigent Care Program (CICP), the DSH payments are distributed to the hospitals using the Low-Income and Bad Debt payment methodologies. The available DSH payments to the privately-owned hospitals providers equals the amount of General Fund and corresponding Federal Match (FFP) allocated by the Department for privately-owned hospitals. The available DSH payments for publicly owned hospitals is the amount of the DSH FFP available under the federal cap after the privately-owned hospitals and other DSH payments are subtracted. The public hospitals do not receive any state funds -- the state certifies the public expenditures at these hospitals as the state match for the DSH FFP.

Under the Medicare Modernization Act of 2003, Congress increased the amount of the federal DSH cap for Colorado to \$87,127,600 beginning in FY 2003-04. The DSH cap is anticipated to stay at this level until approximately Federal Fiscal Year 2009-10.



**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Medicare Upper Payment Limit

The Medicare Upper Payment Limit is the maximum amount Medicaid can reimburse a provider and still receive the FFP. Currently, the Medicaid reimbursement rate for inpatient hospital rates is below the Medicare reimbursement rate. Therefore, there is room under the Medicare UPL to make additional payments to hospitals. For public hospitals that participate in the CICIP, the Department certifies the amount of public expenditures between the Medicaid rate and Medicare UPL. These certified funds are then used to draw down the FFP. The FFP is then distributed to the public hospitals through the high volume payment methodology. For private hospitals that participate in the CICIP, the General Fund appropriation is used as to fill in the gap between the Medicaid rate and the Medicare UP (up to the level of the General Fund appropriation). The General Fund appropriation and corresponding FFP is then distributed to the private hospitals through the high volume payment methodology. For public hospitals, the full amount of the gap between the Medicaid and Medicare UPL can be certified. However, for private hospitals, the amount of gap between the Medicaid and Medicare UPL that can be bridged is limited to the amount of General Fund available after the DSH payment to the private hospitals are made.

Recent Budget Actions

The following table shows the amount of payments to CICIP hospitals over the last five years plus the current year appropriation. Please note that payments do not include the CFE appropriations since these amounts are not distributed by the Department.

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07 (based on current App)
Total Payment to CICIP Hospitals	\$112,760,388	\$104,822,132	\$144,863,854	\$136,960,184	\$156,224,683	\$161,185,097
\$ Change	n/a	(\$7,938,256)	\$40,041,722	(\$7,903,670)	\$19,264,499	\$4,960,414
% Change	n/a	-7.04%	38.20%	-5.46%	14.07%	3.18%

In FY 2002-03, the drop in the CICIP payments to hospitals reflects the decrease in the DSH allotment at the federal level for that fiscal year. The FY 2003-04 increase of 38.2% reflects the increase in the DHS allotment as well as the implementation of the revised inpatient UPL calculation. The decrease in FY 2004-05 is mainly explained by a JBC budget action to reduce the General Fund appropriation by 25 percent in order to help balance the state budget. The increase in the FY 2005-06 appropriation reflects the restoration of the previous year's budget reduction (H.B. 05-1349) and a revised UPL calculation based on updated utilization and rate information (the JBC

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

approved this calculation in H.B. 06-1217). The increase in FY 2006-07 represents JBC action to increase reimbursement to private hospitals by 4.0 percent and to increase reimbursement to public hospitals by 3.0 percent based on an estimate of the amount of room that will be available under the Medicare UPL. Based on the current FY 2006-07 appropriation, payments to hospitals have increased by \$56,362,965 (53.8%) over the payment level in FY 2002-03.

For FY 2007-08, staff recommends continuation funding. If additional room becomes available under the Medicare UPL financing mechanism in FY 2007-08, this increase can be addressed during the supplemental process in January 2007 if it is possible to draw down additional federal funds with UPL financing.

CONCERN: On January 18, 2007, the Centers for Medicare and Medicaid Services (CMS) released a new rule to clarify which entities are able to certify public expenditures and the amount that can be certified. Under the proposed rules, there is a risk that Denver Health Medical Center and University Hospital could be converted from public-owned to private-owned providers. The Department is seeking legal clarification to confirm if these hospitals could still use provider certification of public expenditure to draw down the federal match under the current Inpatient UPL and Disproportionate Share Hospital (DSH) payments. **AT RISK IS \$120 MILLION IN FEDERAL FUNDS ANNUALLY, OR THE NEED TO HAVE ANEQUIVALENT IN GENERAL FUND TO DRAW THE FEDERAL FUND MATCH.** Staff recommends that the Committee have a meeting with the Governor's Office, Department and representatives from the two major hospitals to discuss a coordinated state response to this possible rule change.

Colorado Health Care Services Fund

Comprehensive Primary and Preventive Care Fund	Department's FY 2007-08 Request	Staff's FY 2007-08 Recommendation
FY 2006-07 Appropriation	\$0	\$0
Change Required Under S.B. 06-044	15,000,000	15,000,000
FY 2007-08 Request/Recommendation	\$15,000,000	\$15,000,000

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Fund Split Information (Staff Recommendation)

Colorado Health Care Services Fund and Program	General Fund	Total Funds
FY 2006-07 Appropriation	0	0
FY 2007-08 Recommendation	15,000,000	15,000,000
Difference	15,000,000	15,000,000

Description of Line Item:

Senate Bill 06-044 created the Colorado Health Care Services Fund to distribute additional funding to providers who serve clients in the indigent care program. Senate Bill 06-044 specifically required that \$14,962,408 be appropriated into this fund in FY 2005-06 and that \$15,000,000 be appropriated into the fund in FY 2007-08, FY 2008-09, and FY 2009-10. After FY 2009-10 there is no further requirement for funding for this program.

This Long Bill line item is the mechanism to appropriate \$15.0 million General Fund into the Colorado Health Care Services Fund.

Department Request:

The Department request reflects the amount of funding that must be requested pursuant to S.B. 06-044.

Staff Recommendation:

Staff recommends the Department's request.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Children's Hospital, Clinic Based Indigent Care

Children's Hospital, Clinic Based Indigent Care	Department's FY 2007-08 Request	Staff's FY 2007-08 Recommendation
FY 2006-07 Appropriation	\$16,180,483	\$16,180,483
FY 2007-08 Request/Recommendation	\$16,205,760	\$16,205,760
Change from prior year	\$25,277	\$25,277

Fund Splits (Staff Recommendation)

	General Fund	Cash Funds Exempt	Federal Funds	Total Funds
FY 2006-07 Appropriation	\$3,059,880	\$10,060,723	\$3,059,880	\$16,180,483
FY 2007-08 Recommendation	\$3,059,880	\$10,086,000	\$3,059,880	\$16,205,760
Difference	\$0	\$25,277	\$0	\$25,277

Cash Funds Exempt: This amount shall be from the Colorado Health Care Services Fund

Description of Line Item:

Clinics are not eligible to receive disproportionate share payments from the federal government (this is a hospital program only). Prior to FY 2002-03, the clinics participating in the Colorado Indigent Care Program received a General Fund appropriation to partially reimburse them for the care the clinics provide to clients on the Indigent Care Program. In FY 2002-03, during the budget crisis years, the line item was refinanced through an agreement with Children's Hospital. As a private hospital, Children's Hospital can not certify expenses to draw down federal matching funds by claiming Medicare UPL on their major teaching hospital payment. Therefore, General Fund must be used to help Children's Hospital draw down federal UPL funds. In order to save General Fund in FY 2002-03, the Joint Budget Committee approved the Department's request to contract with Children's Hospital to distribute the funding to the clinics participating in the indigent care program. Through this agreement with Children's Hospital, the Department was able to refinance the funding going to the clinics from 100 percent General Fund to 50 percent General Fund and 50 percent federal funds. Children's Hospital distributes all of this funding, except for \$60,000, to clinic participating in the indigent care program. The \$60,000 retained by Children's Hospital is the administration fee to cover expenses associated with operating this program.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

In 2006, the General Assembly passed S.B. 06-044. This bill requires that approximately \$15.0 million General Fund be appropriated to the Colorado Health Care Services Fund in FY 2005-06, FY 2007-08, FY 2008-09, and FY 2009-10. In FY 2006-07, the bill also required that of monies available in the Colorado Health Care Services Fund be distributed as follows: (1) 18 percent to Denver Health, and (2) 82 percent to clinics. Of the 82 percent to clinics, the bill required that 18 percent of this amount be distributed to clinics operated by licensed or certified health care facilities (hospitals) and the remaining 82 percent be distributed to federally qualifying health centers. Therefore, in FY 2006-07, an additional \$10,060,723 was available to be distributed to federally qualifying health centers (FQHCs) that participate in the Indigent Care Program. This funding was not matched by federal funds in FY 2006-07.

In FY 2007-08 through FY 2009-10, staff estimates that a total of \$10,086,000 will be available to be distributed to FQHCs from the Colorado Health Care Services Fund. This is an increase of \$25,277 from the amount distributed in FY 2006-07 pursuant to the General Fund appropriation requirements into the Colorado Health Care Services Fund required in S.B. 06-044.

Department Request:

The Department requests continuation funding for this line item with a technical adjustment to reflect that a full \$15.0 million must be appropriated into the Colorado Health Care Services Fund in FY 2007-08 pursuant to the requirements in S.B. 06-044. This amount of funding represents 82 percent of the funding remaining after the appropriation to Denver Health.

Staff Recommendation:

Staff's recommends the Department's request. The Department's request is consistent with the requirements of S.B. 06-044.

Currently, H.B. 07-1258 is making its way through the General Assembly. This bill allows the funding from the Health Care Services Fund to be used for any individual eligible for the Colorado Indigent Care Program (S.B. 06-044 was originally limited to adults only). In addition, H.B. 07-1258 requires that to extent possible, the Department shall pursue opportunities to maximize federal funds for the community health centers.

Staff is aware that representatives from the community health centers, the Department, and Children's Hospitals are discussing the possibility of using additional room under Children's Hospital's UPL to draw down additional federal funding for the community health centers. If such an agreement can be worked out, staff recommends that during supplementals next year, this line item be adjusted to estimate the available federal funds. However, for now, staff recommends that

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

the line item only reflect the matching federal funds for only the current contract with Children's Hospital. Staff recommends the following footnote be added to the Long Bill.

xx Indigent Care Program, The Children's Hospital, Clinic Based Indigent Care -- This line item includes \$10,086,000 for funding for community health centers from the Health Care Services Fund pursuant to the requirements in S.B. 06-044. The Joint Budget Committee is aware that the Department may be able to enter into contracts with eligible hospitals to draw down matching federal funds for this funding. The Joint Budget Committee requests that the Department submit a report by February 1, 2008 to the Joint Budget Committee describing their efforts to receive a federal match for these monies and the amount of any federal match available.

Health Care Services Fund Programs

Health Care Services Fund Programs	Department's FY 2007-08 Request	Staff's FY 2007-08 Recommendation
FY 2006-07 Appropriation	\$4,901,685	\$4,901,685
FY 2007-08 Request/Recommendation	\$4,914,000	\$4,914,000
Change from prior year	\$12,315	\$12,315

Fund Splits (Staff Recommendation)

	Cash Funds Exempt	Total Funds
FY 2006-07 Appropriation	\$4,901,685	\$4,901,685
FY 2007-08 Recommendation	\$4,914,000	\$4,914,000
Difference	\$12,315	\$12,315

Cash Funds Exempt: This amount shall be from the Colorado Health Care Services Fund

Description of Line Item:

In 2006 the General Assembly passed S.B. 06-044. This bill requires that \$15.0 million General Fund be appropriated to the Colorado Health Care Services Fund in FY 2007-08, FY 2008-09, and FY 2009-10 (in FY 2005-06 an initial appropriation of \$14.9 was made into the fund). In FY 2006-07, the bill also required that of monies available in the Colorado Health Care Services Fund be

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

distributed as follows: (1) 18 percent to Denver Health, and (2) 82 percent to clinics. Of the 82 percent to clinics, the bill required that 18 percent of this amount be distributed to clinics operated by licensed or certified health care facilities (hospitals) and the remaining 82 percent be distributed to federally qualifying health centers. This line item contains the amount of funding for Denver Health and for the clinics that are operated by a licensed or certified health care facilities (i.e. hospital clinics). The funding for the community health centers is contained in the Children's Hospital, Clinic Based Indigent Care line item discussed above.

In FY 2007-08 through FY 2009-10, staff estimates that a total of \$2,700,000 will be distributed to Denver Health and another \$2,214,000 will be distributed to health clinics associated with license or certified health care facilities. The total amount of funding distributed in FY 2007-08 to these providers is an increase of \$12,315 over the amount available for distribution in FY 2006-07.

Department Request:

The Department requests continuation funding for this line item with a technical adjustment to reflect that a full \$15.0 million must be appropriated into the Colorado Health Care Services Fund in FY 2007-08 pursuant to the requirements in S.B. 06-044. This amount of funding represents the distributions to Denver Health and to clinics associated with license or certified health care facilities.

Staff Recommendation:

Staff's recommends the Department's request. The Department's request is consistent with the requirements of S.B. 06-044.

Currently, Denver Health has maximized the amount of funds that they may certify under the Medicare UPL and Disproportionate Share Program in the Safety Net Provider line item. Therefore, staff does not believe that any federal match will be received in FY 2007-08 for the Denver Health funding. However, there is a possibility that some of the hospital-based clinics may be able to draw down a federal match if their billing is through their associated hospital and that hospital has room under their UPL financing. Therefore, staff recommends that the following footnote be added to the Long Bill for this line item.

xx Indigent Care Program, Health Care Services Fund Programs -- Senate Bill 06-044 requires the Department to submit a state plan amendment for federal financial participation for moneys appropriated to primary care clinics operated by a licensed or certified health care clinics operated by a licensed or certified health care facility. Senate Bill 06-044 authorizes the Department to receive and expend all available federal moneys without a corresponding reduction in cash funds exempt spending authority from the fund if the state plan amendment

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

is approved. The Joint Budget Committee requests that the Department submit a report by February 1, 2008 to the Joint Budget Committee on the status of the state plan amendment and on whether or not any additional federal match is available for distribution.

Pediatric Speciality Hospital & Pediatric Speciality Hospital Fund & General Fund

The following discussion is for the pediatric speciality hospital line item and the corresponding appropriations into the pediatric speciality hospital fund from the General Fund and the appropriation from the Tobacco Tax Cash Fund into the General Fund.

Pediatric Speciality Hospital Program	Department's FY 2007-08 Request	Staff's FY 2007-08 Recommendation
FY 2006-07 Appropriation	\$7,732,072	\$7,732,072
Technical Adjustment -- Tobacco Tax Forecast	(\$54,636)	(\$6,072)
FY 2007-08 Request/Recommendation	\$7,677,436	\$7,726,000

Appropriation from the General Fund into the Pediatric Speciality Hospital Fund	Department's FY 2007-08 Request	Staff's FY 2007-08 Recommendation
FY 2006-07 Appropriation	\$516,036	\$516,036
Technical Adjustment -- Tobacco Tax Forecast	(\$54,636)	(\$3,036)
FY 2007-08 Request/Recommendation	\$461,400	\$513,000

*This is an appropriation from the General Fund to the Pediatric Speciality Hospital Fund as required by H.B. 05-1262. This appropriation from the General Fund is General Fund Exempt pursuant to Section 24-022-117 (1) (c) (I) (B), C.R.S. and is not subject to the limitation on state fiscal year spending imposed by Section 20 of article X of the State Constitution.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Appropriation from the Tobacco Tax Cash Fund into the General Fund	Department's FY 2007-08 Request	Staff's FY 2007-08 Recommendation
FY 2006-07 Appropriation	\$1,032,072	\$1,032,072
Technical Adjustment -- Tobacco Tax Forecast	(109,272)	(519,072)
FY 2007-08 Request/Recommendation	\$922,800	\$513,000

This appropriation meets the requirement to appropriate a portion of the revenues collected from imposition of additional state cigarette and tobacco taxes to the General Fund pursuant to Section 21 of Article X of the State Constitution.

Fund Split Information (Staff Recommendation -- Pediatric Speciality Hospital Program Only -- Other Line Items are Self-Explanatory)

Pediatric Speciality Hospital	General Fund	Cash Funds Exempt	Federal Funds	Total Funds
FY 2006-07 Appropriation	3,350,000	516,036	3,866,036	7,732,072
FY 2007-08 Recommendation	3,350,000	513,000	3,863,000	7,726,000
Difference	0	(3,036)	(3,036)	(6,072)

Cash Funds Exempt -- This funding shall be from the Pediatric Speciality Hospital Fund.

Description of Line Item:

The Pediatric Speciality Hospital line item was created by the Joint Budget Committee in FY 2005-06 to provide additional funding to pediatric speciality hospitals to help offset the costs of providing care to a large number of Medicaid and indigent care clients. The Children's Hospital is the only provider who qualifies to receive funding from this line item. The funding for this line item is a supplemental Medicaid payment through Upper Payment Limit financing which utilizes General Fund to match the federal funds at the Medicaid federal financial participation rate. The payment to Children's Hospital from this line item is in addition to the Safety Net Provider Payment distributions to Children's Hospital.

Department Request:

The Department requests continuation funding for the Pediatric Speciality Hospital program with a technical adjustments for the amount of tobacco tax revenue that this line item receives. The Department's request is based on the OSPB revenue projection from June 2006.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Staff's Recommendation:

Staff recommends continuation funding for this line item with technical adjustments to the tobacco tax funding for this line item. Staff's recommendation is based on the Legislative Counsel Staff revenue forecast for December 2006. If the March 20, 2007 revenue forecast is substantially different, staff will do a staff comeback before the Long Bill is drafted.

Based on the December 2006 Legislative Council Staff revenue forecast, the amount of Amendment 35 Tobacco Tax Revenues that must be appropriated to the General Fund in FY 2007-08 is \$1,026,000. Of this amount, 50 percent must be appropriated to immunization programs (administered by the Department of Public Health and Environment) and 50 percent (\$513,000) must be appropriated to the Pediatric Speciality Hospital Fund (Section 24-22-117 (1) (c) (I) (B), C.R.S.). H.B. 05-1262 also requires that the General Assembly appropriate the amount in the Pediatric Speciality Hospital Fund each year.

Staff's recommendation also contains the required appropriations from the Tobacco Tax Cash Fund to the General Fund and from the General Fund to the Pediatric Speciality Hospital Fund. However, unlike last year when staff recommended that the entire Tobacco Tax Cash Fund appropriation into the General Fund be contained in the HCPF section of the Long Bill, staff recommends that only the Tobacco Tax appropriation into the General Fund that eventually is appropriated into the Pediatric Speciality Hospital Fund be appropriated in HCPF's section of the Long Bill. The remaining portion of the Tobacco Tax appropriation into the General Fund will be contained in the DPHE section of the Long Bill. This is done to alleviate any confusion between the two Department's regarding this appropriation.

Primary Care Fund Program

Primary Care Fund Program	Department's FY 2007-08 Request	Staff's FY 2007-08 Recommendation
FY 2006-07 Appropriation	\$32,939,958	\$32,939,958
Tobacco Tax Revenue forecast	(\$3,765,300)	(\$499,460)
Decision Item #12 -- Audit Program	(\$75,200)	(\$75,200)
FY 2007-08 Request/Recommendation	\$29,099,458	\$32,365,298

Note: The total appropriation from the Primary Care Fund is \$32,490,000. Of this amount, is appropriated in this line item for program costs and \$124,702 is appropriated in the Executive Director's Office for administrative costs.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Fund Split (Staff Recommendation)

Primary Care Fund Program	Cash Fund Exempt	Total Funds
FY 2006-07 Appropriation	\$32,939,958	\$32,939,958
FY 2007-08 Recommendation	\$32,365,298	\$32,365,298
Difference	(\$574,660)	(\$574,660)

Cash Fund Exempt: This amount shall be from the Primary Care Fund.

Line Item Description:

The Primary Care Fund was created during the 2005 Legislative Session in H.B. 05-1262 (Section 24-22-117, C.R.S.). This fund receives Cash Fund Exempt transfers equal to 19 percent of the Tobacco Tax revenue from Amendment 35. The Department allocates the monies appropriated to the fund by the General Assembly to qualified providers. This allocation is based on the qualified provider's percent of uninsured or medically indigent patients relative to the total of uninsured or medically indigent patients served by all qualified providers. Qualified providers must meet either of the following criteria:

- ✓ Be a Community Health Center as defined under Section 330 of the Public Health Services Act 42 U.S.C. Sec. 254b; or
- ✓ Have a patient caseload with at least 50 percent of total patients served being uninsured, medically indigent or enrolled in Medicaid or the Children's Basic Health Plan.

Department's Request:

The Department's request reflects the Governor's estimate for the Tobacco Tax revenues available for allocation to the Primary Care Fund. The Department also requests that \$75,200 in this program be moved to the Executive Director's Office in order to audit the program (Decision Item #12).

Staff Recommendation:

Staff recommendation reflects the Legislative Counsel Staff December 2006 revenue forecast for Amendment 35 Tobacco Tax revenues. Staff will update this recommendation if the March 20, 2007 revenue forecast is significantly different. The Joint Budget Committee approved Decision Item #12

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

on February 14, 2007 when they voted on the personal services line item for the Department. Staff's recommendation reflects the JBC action on February 14, 2007 to approve the audit of the program.

Children's Basic Health Plan (all Long Bill Line Items)

The Children's Basic Health Plan (CBHP) consists of four Long Bill line items: (1) the CBHP Trust Fund, (2) CHBP Administration, (3) CBHP Premiums, and (4) CBHP Dental. This section of the figure setting packet will discuss the CBHP program in its entirety. This section is organized as follows:

1. Line Item Request and Recommendation detail tables and fund split tables for each line item.
2. Background on Children's Basic Health Plan Program
3. CBHP Premium Costs Summary
 - Late Supplemental Discussed
 - Detailed Caseload Forecasts and Premium Costs for Children Medical Program
 - Detailed Caseload Forecasts and Premium Costs for Adult Prenatal Program
4. Cost forecasts for Dental Program
 - Late Supplemental Discussed
5. External Administration costs for the Children's Basic Health Plan Program
6. Trust Fund Balance Analysis

Line Item Request and Recommendation and Fund Split Detail

CBHP Trust Fund

H.B. 97-1304 Children's Basic Health Plan Trust	Department's FY 2007-08 Request	Staff's FY 2007-08 Recommendation
FY 2005-06 Appropriation 2006 Session	\$192,072	\$192,072
S.B. 07-163	\$2,543,215	\$2,543,215
Late Supplemental Request/Recommendation	\$4,290,773	\$6,231,777
Total FY 2006-07 Appropriation	\$7,026,060	\$8,967,064
DI #3 and BA-A3 (removes one-time funding and caseload and cost projections)	(\$2,282,669)	(\$6,258,824)
FY 2007-08 Request/Recommendation	\$4,743,391	\$2,708,240

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Fund Split Detail (staff recommendation)

CBHP Trust Fund	General Fund	Cash Fund	Total Funds
FY 2006-07 Appropriation	\$2,543,215	\$192,072	\$2,735,287
Late Supplemental Request	\$6,200,000	\$31,777	\$6,231,777
Final FY 2006-07 Recommendation	\$8,743,215	\$223,849	\$8,967,064
FY 2007-08 Recommendation	\$2,462,776	\$245,464	\$2,708,240
Difference	(\$6,280,439)	\$21,615	(\$6,258,824)

Cash Funds: This amount shall be from enrollment fees paid by the families of children in the program.

CBHP Administration

Children's Basic Health Plan Administration	Department's FY 2007-08 Request	Staff's FY 2007-08 Recommendation
FY 2006-07 Appropriation	\$5,534,708	\$5,534,708
Remove one-time costs	\$882	\$882
FY 2007-08 Request/Recommendation	\$5,535,590	\$5,535,590

Fund Split Detail (staff recommendation)

CBHP Administration	CFE CBHP Trust Fund	CFE Health Care Expansion Fund	Federal Funds	Total Funds
FY 2006-07 Appropriation	\$1,953,596	\$518,545	\$3,062,567	\$5,534,708
FY 2007-08 Recommendation	\$1,954,022	\$518,545	\$3,063,023	\$5,535,590
Difference	\$426	\$0	\$456	\$882

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

CBHP Premium Costs (includes both children and adults)

Children's Basic Health Plan Premiums	Department's FY 2007-08 Request	Staff's FY 2007-08 Recommendation
FY 2006-07 Appropriation	\$70,371,177	\$70,371,177
Late Supplemental Request	\$11,202,092	\$11,112,793
Total FY 2006-07 Appropriation	\$81,573,269	\$81,483,970
DI #3 and BA-A3 Caseload and Cost-Per-Client Estimate	\$10,578,935	\$8,341,843
FY 2007-08 Request/Recommendation	\$92,152,204	\$89,825,813

Fund Split Detail (staff recommendation)

CBHP Premiums	CFE CBHP Trust Fund	CFE Health Expansion Fund	Federal Funds	Total Funds
FY 2006-07 Appropriation	\$17,500,146	\$7,254,613	\$45,616,418	\$70,371,177
Supplemental Recommendation	\$3,938,394	(\$28,260)	\$7,202,659	\$11,112,793
Revised FY 2006-07 Rec.	\$21,438,540	\$7,226,353	\$52,819,078	\$81,483,970
FY 2007-08 Recommendation	\$22,714,443	\$8,884,142	\$58,227,228	\$89,825,813
Difference	\$1,275,903	\$1,657,789	\$5,408,150	\$8,341,842

CBHP Dental (Children only)

Children's Basic Health Plan Dental Benefit Costs	Department's FY 2007-08 Request	Staff's FY 2007-08 Recommendation
FY 2006-07 Appropriation	\$5,913,659	\$5,913,659
Late Supplemental	\$397,723	\$388,983
Total FY 2006-07 Appropriation	\$6,311,382	\$6,302,642

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Children's Basic Health Plan Dental Benefit Costs	Department's FY 2007-08 Request	Staff's FY 2007-08 Recommendation
DI #3 and BA-A3 Caseload and Cost Per Client Estimate	\$1,021,192	\$802,198
FY 2007-08 Request/Recommendation	\$7,332,574	\$7,104,840

Fund Split Detail (staff recommendation)

CBHP Dental	CFE CBHP Trust Fund	CFE Health Expansion Fund	Federal Funds	Total Funds
FY 2006-07 Appropriation	\$1,877,566	\$192,214	\$3,843,879	\$5,913,659
Supplemental Recommendation	\$171,369	(\$35,224)	\$252,838	\$388,983
Revised FY 2006-07 Rec.	\$2,048,935	\$156,990	\$4,096,717	\$6,302,642
FY 2007-08 Recommendation	\$2,161,642	\$325,052	\$4,618,146	\$7,104,840
Difference	\$112,707	\$168,062	\$521,429	\$802,198

Background

The Children's Basic Health Plan (CBHP) was enacted in 1997 to provide basic health insurance coverage for uninsured children in families with incomes under 185 percent of the federal poverty level. In order to encourage states to add Title XXI (CHIP) programs, the federal government offered an enhanced federal match. In Colorado, the CBHP program is eligible for a 65 percent federal match. Unlike Medicaid, the CBHP program is not an entitlement program -- the state has the ability to cap enrollment in the program based on available resources allocated to the program. The CBHP program is also capped at the federal level.

During the 2002 Session, the General Assembly added an adult prenatal care benefit under the program. This benefit was added as a waiver service. As a waiver service, this program must be eliminated before enrollment caps or other benefits are changed for children on the program.

In FY 2002-03, enrollment in the program was rapidly growing and exceeding forecasts. Because of the General Fund shortfall in FY 2002-03 and projected shortfall for FY 2003-04, the JBC carried

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

S.B. 03-291. This bill made the following changes to the CBHP: (1) suspended new enrollment in the adult prenatal program on May 5, 2003; (2) established a state-only prenatal program for any women who were enrolled but had not delivered by November 2003; and (3) capped the children's population beginning in November 2003. This bill allowed the state to save approximately \$5.0 million in General Fund expenditures. On July 1, 2004 the cap on enrollment was lifted for both the children and adult prenatal program.

In November 2004, the Colorado voters approved Amendment 35 to the Colorado Constitution. This Amendment raised the tax on tobacco products in order to raise revenues for additional health care programs. The Constitution requires the Amendment 35 revenues to be used to fund the enrollment in the CBHP program above the FY 2003-04 levels and to expand the number of eligible children and pregnant women on the program. During the 2005 Session, the General Assembly passed H.B. 05-1262 to enact the provisions required under Amendment 35. The following provisions in H.B. 05-1262 directly affect the CBHP Program:

- ✓ Eliminated the Medicaid asset test. This provision will reduce enrollment in the CBHP program because after the Medicaid asset test is eliminated, children who are currently enrolled in CBHP but are eligible for Medicaid without the asset test are being moved to the Medicaid program at redetermination in FY 2006-07. After FY 2006-07, caseload growth will normalize again to historic growth patterns.
- ✓ Allowed funding to be used for increased marketing activities in the CBHP program.
- ✓ Allowed Amendment 35 to fund the enrollment growth over the average monthly enrollment in FY 2003-04.
- ✓ Expanded eligibility for both children and pregnant women up to 200 percent FPL.

Children's Basic Health Plan Premium Costs

Department's Request and Staff Recommendation

FY 2006-07

The Department requests a supplemental of \$11,202,092 total funds for the CBHP Premium line item in FY 2006-07. Staff recommends a supplemental of \$11,112,793 total funds for the CBHP Premium line item in FY 2006-07. The Department request and staff recommendation have the following components:

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

- ✓ Department CBHP Children caseload request: The Department requests an increase in the children's Traditional caseload (up to 185% FPL) from 38,635 children to 46,559 children (an increase of 7,924 children or 20.5%). This is based on a new CBHP caseload forecast with actual data through August 2006 and estimated caseload adjusted for retroactivity through January 2007. The FY 2005-06 actual CBHP children's caseload was higher than the estimated caseload by 2,817 children. Therefore, the FY 2006-07 estimate has to be adjusted to reflect a higher starting caseload than was originally estimated. In addition, the decrease in the Medicaid children's caseload appears to be having a positive effect on the CBHP children's caseload. As children are leaving the Medicaid program due to higher family income, they are becoming eligible for the CBHP program. A family of four can have an income level of \$41,300 and qualify for the CBHP program.

In addition to the increase in the Traditional children's caseload, the Department is forecasting an increase in the children's Expansion caseload (from 186% to 200% FPL) from 1,630 children to 3,562 children (an increase of 1,932 children or 119%) due to faster than anticipated enrollment. Again this request is based on actual data through August 2006 and estimated caseload through January 2007.

Staff recommendation: Staff recommends a slightly different caseload assumption for the Traditional children's caseload. Staff recommends a total caseload of 46,489. This recommendation assumes that for the next four months that as many children will be added to the CBHP traditional population as leaves the caseload due to removing the asset test for the Medicaid caseload. In other words, staff projects that the CBHP traditional children's caseload will remain the same as the caseload reported in January 2007 throughout the remainder of the fiscal year. For the CBHP expansion population, staff recommends the Department's request.

- ✓ Department CBHP Children's Per Capita request: The Department requests an increase in the per capita costs for the children's medical costs from \$104.14 to \$106.29 (an increase of \$2.15 or 2.06%). The reason for the Department's revised PMPM rate for children in FY 2006-07 is based on the case mix between the self-insured network and the managed care organizations. Last year the Department's actuary estimated the costs for children in the self-insured network to be \$121.13 per month. Children in the MCOs were estimated to cost \$95.54 per month. At the time the appropriation was estimated, it was assumed that 35 percent of clients were in the self-insured network and 65 percent of clients were in the MCOs. This resulted in the blended rate of \$104.14. Based on more current data, the Department now estimates that 42 percent of clients are in the self-funded plan. This results in the new blended estimate of \$106.29.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Staff recommendation: Staff recommends the Department's request. The request is based on the most recent actuary analysis and assumptions about the case mix between the self-insured and MCO plans.

- ✓ Department adult prenatal request: The Department requests a decrease in the adult prenatal member months from 18,936 member months to 15,450 member months (a decline of 3,486 member months or 18.4 percent). The decrease reflects the current enrollment trends for the program year-to-date.

Staff recommendation: Staff recommends the Department's request.

- ✓ Department prenatal month request: The Department requests an increase to the prenatal member per capita rate from \$905.54 to \$1,045.44 in FY 2006-07. The Department gives two major reasons for the increase to the rate: (1) the original appropriation assumed nine months of care while the new assumption is six months of care which drives up the average per member per month costs, and (2) only 85 percent of the women are delivering while on the program.

Staff recommendation: Staff recommends the Department's request. The request is based on the most recent actuary analysis for this program.

FY 2007-08

The Department requests an increase of \$10,578,935 total funds for the CBHP Premium line item in FY 2007-08 over their FY 2006-07 supplemental request. Staff recommends a total increase of \$8,341,843 for the CBHP Premium line item in FY 2007-08 over staff's FY 2006-07 supplemental recommendation. The Department request and staff recommendation have the following components:

- ✓ Department CBHP Children caseload request: The Department requests an increase in the Traditional CBHP caseload that can be funded through the CBHP Trust fund of 135 children to a total caseload of 46,694. This brings the CBHP Traditional caseload up to the FY 2003-04 average monthly caseload. House Bill 05-1262 allows that any children caseload above this amount can be funded from the Health Care Expansion. For children funded from the Health Care Expansion Fund, the Department forecasts a total of 8,742 children (an increase of 5,180 children or 145 percent). Of this amount, the Department estimates that 5,312 will have incomes over 185% FPL and 3,430 will have incomes below 185% FPL.

Staff recommendation: Staff forecasts that there will be 46,694 children funded from the CBHP Trust Fund in FY 2007-08. However, staff forecasts that only 7,022 children will be

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

funded from the Health Care Expansion Fund. Staff's forecast is 1,721 or 19.7 percent lower than the Department's request. Staff forecasts a lower growth trend for the CBHP program beginning in FY 2007-08. Of the 7,022 children funded from the Health Care Expansion Fund, staff estimates that 2,670 will have incomes lower than 185% of FPL and 4,352 will have incomes between 185% and 200%. This results in a total growth rate for the Traditional caseload (those under 185%) of 6.2 percent and a total growth rate for the Expansion caseload of 18.2 percent.

Table 1: Summary of Staff's Recommended CBHP Children Caseload -- FY 2007-08			
Month	Traditional (up to 185% FPL)	Expansion Caseload Forecast (185-200% FPL)	Total Children Forecast
July	46,834	4,352	51,186
August	47,302	4,352	51,654
September	47,775	4,352	52,127
October	48,253	4,352	52,605
November	48,735	4,352	53,087
December	49,223	4,352	53,575
January	49,641	4,352	53,993
February	50,063	4,352	54,415
March	50,489	4,352	54,841
April	50,918	4,352	55,270
May	51,351	4,352	55,703
June	51,787	4,352	56,139
Average	49,364	4,352	53,716
Enrollment at or below 185% FPL			49,364
Enrollment Above FY 2003-04 Enrollment			46,694
Enrollment Eligible for Amendment 35 Funding (enrollment above FY 2003-04 Enrollment plus enrollment between 185% to 200%)			7,022

✓ Department children's capitation rate request: For FY 2007-08, the actuary is estimating that rates for the self-insured network will increase to \$124.00 per month (an increase of 3.1

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

percent). However, the actuary is forecasting an increase to the MCO rate of \$104.48 (a 9.4 percent increase). Assuming the same case mix ratio as is used in FY 2006-07, the Department forecasts that the blended rate will be \$112.68 per month (a total increase of 6.0 percent). At this level, the average annual medical cost for a child on the CBHP program is \$1,352.16. This compares to the Department's estimated \$1,676.31 for children on the Medicaid program (before decision items).

Staff recommendation: Staff recommends the Department's request. The Department's request is based on the most recent actuary analysis for the CBHP program. A growth rate of 6.0 percent is slightly lower than the 7.7 percent growth rate that the Kaiser Foundation estimated in 2006 for private insurance premiums.

✓ *Department request:* The Department requests a caseload increase in the Expansion adult women prenatal program (any enrollment above the FY 2003-04 caseload) from 15,450 member months to 18,447 member months (an increase of 2,997 or 19.4 percent). The Department bases their recommendation on recent enrollment trends.

Staff recommendation: Staff recommends the Department's request. There is a finite number of women in the State who may qualify for this program. Staff believes that the program will be close to its saturation point beginning in FY 2007-08. After FY 2007-08, staff predicts that this program will finally have stable growth rates that more closely follows population growth trends for the state. Table 2 below summarizes population caseload forecast for the adult prenatal program.

Table 2: Summary of Staff's/Department's Recommended Adult Prenatal Program			
Month	Adult Women Member Months Below 185% FPL	Adult Women Member Months 185% - 200% FPL	Total Prenatal Program Forecasted
July	1,125	410	1,535
August	1,134	424	1,558
September	1,143	438	1,581
October	1,152	452	1,604
November	1,161	466	1,627
December	1,170	480	1,650
January	1,179	491	1,670
February	1,188	502	1,690

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Table 2: Summary of Staff's/Department's Recommended Adult Prenatal Program			
Month	Adult Women Member Months Below 185% FPL	Adult Women Member Months 185% - 200% FPL	Total Prenatal Program Forecasted
March	1,197	513	1,710
April	1,206	524	1,730
May	1,215	535	1,750
June	1,224	546	1,770
Total Member Months Assumed			19,875
Enrollment Below the FY 2003-04 Enrollment			1,428
Enrollment Above FY 2003-04 Enrollment up to 185% FPL (eligible to be funded from Health Care Expansion Funds)			18,447
Enrollment Above FY 2003-04 Enrollment between 185%-200% FPL			5,781

- ✓ Department adult prenatal rate request: The Department's budget request assumes a PMPM of \$865.10 (a 17.3 percent decrease from the actuaries FY 2006-07 rate). The reasons for the rate decrease in FY 2007-08 is that as the program matures distortions in the data due from the small caseload should be smoothed against the larger risk pool. The actuary also takes into account changes in the fee schedules and variations in the blend of services received by clients.

Staff recommendation: Staff recommends the Department's request.

The following tables summarize staff's total recommendation for the CBHP Premium line item in both FY 2005-06 and FY 2006-07.

JBC Staff Figure Setting Document -- FY 2006-07

Medical and Dental Costs for the CBHP Program

	FY 2006-07 Current Appropriation			FY 2006-07 Department Revised Request			FY 2006-07 Staff Recommendation		
	Traditional Caseload	Expansion Caseload	Total Caseload	Traditional Caseload	Expansion Caseload	Total Caseload	Traditional Caseload	Expansion Caseload	Total Caseload
Children's Medical Program -- Premiums									
Caseload Estimate	38,635	3,955	42,590	46,559	3,562	50,121	46,489	3,562	50,051
Monthly Capitation	<u>\$104.14</u>	<u>\$104.14</u>	<u>\$104.14</u>	<u>\$106.29</u>	<u>\$106.29</u>	<u>\$106.29</u>	<u>\$106.29</u>	<u>\$106.29</u>	<u>\$106.29</u>
Estimated Monthly Costs	\$4,023,449	\$411,874	\$4,435,323	\$4,948,756	\$378,605	\$5,327,361	\$4,941,316	\$378,605	\$5,319,921
Annual Cost	\$48,281,399	\$4,942,488	\$53,223,887	\$59,385,073	\$4,543,260	\$63,928,333	\$59,295,790	\$4,543,260	\$63,839,049
Fund Splits									
Est. Enrollment Fee in CHBP Trust	\$122,857	\$69,215	\$192,072	\$175,527	\$48,586	\$224,113	\$175,264	\$48,586	\$223,849
CBHP Trust Fund	\$16,855,490	\$0	\$16,855,490	\$20,723,341	\$0	\$20,723,341	\$20,692,184	\$0	\$20,692,184
Health Care Expansion Fund	\$0	\$1,705,644	\$1,705,644	\$0	\$1,573,136	\$1,573,136	\$0	\$1,573,136	\$1,573,136
Federal Funds	<u>\$31,303,052</u>	<u>\$3,167,628</u>	<u>\$34,470,680</u>	<u>\$38,486,205</u>	<u>\$2,921,538</u>	<u>\$41,407,743</u>	<u>\$38,428,342</u>	<u>\$2,921,538</u>	<u>\$41,349,880</u>
Total Funds	\$48,281,399	\$4,942,486	\$53,223,885	\$59,385,073	\$4,543,260	\$63,928,333	\$59,295,790	\$4,543,260	\$63,839,049
Adult Prenatal -- Premiums									
Caseload Estimate -- Total MM	1,428	17,508	18,936	1,428	15,450	16,878	1,428	15,450	16,878
Per Diem Cost	<u>\$905.54</u>	<u>\$905.54</u>	<u>\$905.54</u>	<u>\$1,045.44</u>	<u>\$1,045.44</u>	<u>\$1,045.44</u>	<u>\$1,045.44</u>	<u>\$1,045.44</u>	<u>\$1,045.44</u>
Annual Cost	\$1,293,095	\$15,854,194	\$17,147,289	\$1,492,888	\$16,152,048	\$17,644,936	\$1,492,872	\$16,152,048	\$17,644,920
Fund Splits									
CBHP Trust Fund	\$452,582	\$0	\$452,582	\$522,511	\$0	\$522,511	\$522,505	\$0	\$522,505
Health Care Expansion Fund	\$0	\$5,548,969	\$5,548,969	\$0	\$5,653,217	\$5,653,217	\$0	\$5,653,217	\$5,653,217
Federal Funds	<u>\$840,514</u>	<u>\$10,305,225</u>	<u>\$11,145,739</u>	<u>\$970,377</u>	<u>\$10,498,831</u>	<u>\$11,469,209</u>	<u>\$970,367</u>	<u>\$10,498,831</u>	<u>\$11,469,198</u>
Total Funds	\$1,293,096	\$15,854,194	\$17,147,290	\$1,492,888	\$16,152,048	\$17,644,936	\$1,492,872	\$16,152,048	\$17,644,920
Total CBHP Medical Premiums									
Fund Splits									
Est. Enrollment Fee in CHBP Trust	\$122,857	\$69,215	\$192,072	\$175,527	\$48,586	\$224,113	\$175,264	\$48,586	\$223,849
CBHP Trust Fund	\$17,308,072	\$0	\$17,308,074	\$21,245,852	\$0	\$21,245,852	\$21,214,689	\$0	\$21,214,689
Health Care Expansion Fund	\$0	\$7,254,613	\$7,254,613	\$0	\$7,226,353	\$7,226,353	\$0	\$7,226,353	\$7,226,353
Federal Funds	<u>\$32,143,566</u>	<u>\$13,472,853</u>	<u>\$45,616,418</u>	<u>\$39,456,582</u>	<u>\$13,420,369</u>	<u>\$52,876,952</u>	<u>\$39,398,709</u>	<u>\$13,420,369</u>	<u>\$52,819,078</u>
Total Funds	\$49,574,495	\$20,796,681	\$70,371,177	\$60,877,962	\$20,695,308	\$81,573,269	\$60,788,662	\$20,695,308	\$81,483,970
Children's Dental Program									
Caseload Estimate	33,612	3,441	37,053	36,735	2,810	39,545	36,680	2,810	39,490
Per Diem Cost	<u>\$13.30</u>	<u>\$13.30</u>	<u>\$13.30</u>	<u>\$13.30</u>	<u>\$13.30</u>	<u>\$13.30</u>	<u>\$13.30</u>	<u>\$13.30</u>	<u>\$13.30</u>
Estimated Monthly Costs	\$447,042	\$45,763	\$492,809	\$488,576	\$37,379	\$525,955	\$487,842	\$37,379	\$525,220
Annual Cost	\$5,364,485	\$549,174	\$5,913,659	\$5,862,906	\$448,476	\$6,311,382	\$5,854,099	\$448,543	\$6,302,642
Fund Splits									
CBHP Trust Fund	\$1,877,566	\$0	\$1,877,566	\$2,052,017	\$0	\$2,052,017	\$2,048,935	\$0	\$2,048,935
Health Care Expansion Fund	\$0	\$192,214	\$192,214	\$0	\$156,967	\$156,967	\$0	\$156,990	\$156,990
Federal Funds	<u>\$3,486,924</u>	<u>\$356,955</u>	<u>\$3,843,879</u>	<u>\$3,810,889</u>	<u>\$291,509</u>	<u>\$4,102,398</u>	<u>\$3,805,165</u>	<u>\$291,553</u>	<u>\$4,096,717</u>
Total Funds	\$5,364,490	\$549,169	\$5,913,659	\$5,862,906	\$448,476	\$6,311,382	\$5,854,099	\$448,543	\$6,302,642
TOTAL PROGRAM COSTS									
Does Not Include Administration									
	\$54,938,985	\$21,345,850	\$76,284,835	\$66,740,868	\$21,143,784	\$87,884,651	\$66,642,761	\$21,143,850	\$87,786,612

JBC Staff Figure Setting Document -- FY 2007-08

Medical and Dental Costs for the CBHP Program

	FY 2007-08 Department Request			FY 2007-08 Staff Recommendation			Staff - Department		
	Traditional Caseload	Expansion Caseload	Total Caseload	Traditional Caseload	Expansion Caseload	Total Caseload	Traditional Caseload	Expansion Caseload	Total Caseload
Children's Medical Program -- Premiums									
Caseload Estimate	46,694	8,742	55,436	46,694	7,022	53,716	0	(1,721)	(1,721)
Monthly Capitation	<u>\$112.68</u>	<u>\$112.68</u>	<u>\$112.68</u>	<u>\$112.68</u>	<u>\$112.68</u>	<u>\$112.68</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
Estimated Monthly Costs	\$5,261,480	\$985,049	\$6,246,528	\$5,261,480	\$791,183	\$6,052,663	\$0	(\$193,866)	(\$193,866)
Annual Cost	\$63,137,759	\$11,820,583	\$74,958,342	\$63,137,759	\$9,494,191	\$72,631,950	\$0	(\$2,326,391)	(\$2,326,391)
Fund Splits									
Est. Enrollment Fee in CHBP Trust	\$176,036	\$85,387	\$261,423	\$176,036	\$69,427	\$245,464	\$0	(\$15,960)	(\$15,960)
CBHP Trust Fund	\$22,036,603	\$0	\$22,036,603	\$22,036,603	\$0	\$22,036,603	\$0	\$0	\$0
Health Care Expansion Fund	\$0	\$4,107,319	\$4,107,319	\$0	\$3,298,667	\$3,298,667	\$0	(\$808,651)	(\$808,651)
Federal Funds	<u>\$40,925,120</u>	<u>\$7,627,877</u>	<u>\$48,552,997</u>	<u>\$40,925,120</u>	<u>\$6,126,097</u>	<u>\$47,051,216</u>	<u>\$0</u>	<u>(\$1,501,780)</u>	<u>(\$1,501,780)</u>
Total Funds	\$63,137,759	\$11,820,583	\$74,958,342	\$63,137,759	\$9,494,191	\$72,631,950	\$0	(\$2,326,391)	(\$2,326,391)
Adult Prenatal -- Premiums									
Caseload Estimate -- Total MM	1,428	18,447	19,875	1,428	18,447	19,875	0	0	0
Per Diem Cost	<u>\$865.10</u>	<u>\$865.10</u>	<u>\$865.10</u>	<u>\$865.10</u>	<u>\$865.10</u>	<u>\$865.10</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
Annual Cost	\$1,235,363	\$15,958,500	\$17,193,863	\$1,235,363	\$15,958,500	\$17,193,863	\$0	\$0	\$0
Fund Splits									
CBHP Trust Fund	\$432,377	\$0	\$432,377	\$432,377	\$0	\$432,377	\$0	\$0	\$0
Health Care Expansion Fund	\$0	\$5,585,475	\$5,585,475	\$0	\$5,585,475	\$5,585,475	\$0	\$0	\$0
Federal Funds	<u>\$802,986</u>	<u>\$10,373,025</u>	<u>\$11,176,011</u>	<u>\$802,986</u>	<u>\$10,373,025</u>	<u>\$11,176,011</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Funds	\$1,235,363	\$15,958,500	\$17,193,863	\$1,235,363	\$15,958,500	\$17,193,863	\$0	\$0	\$0
Total CBHP Medical Premiums									
Fund Splits									
Est. Enrollment Fee in CBHP Trust	\$176,036	\$85,387	\$261,423	\$176,036	\$69,427	\$245,464	\$0	(\$15,960)	(\$15,960)
CBHP Trust Fund	\$22,468,980	\$0	\$22,468,980	\$22,468,980	\$0	\$22,468,980	\$0	\$0	\$0
Health Care Expansion Fund	\$0	\$9,692,793	\$9,692,793	\$0	\$8,884,142	\$8,884,142	\$0	(\$808,651)	(\$808,651)
Federal Funds	<u>\$41,728,106</u>	<u>\$18,000,902</u>	<u>\$59,729,008</u>	<u>\$41,728,106</u>	<u>\$16,499,122</u>	<u>\$58,227,227</u>	<u>\$0</u>	<u>(\$1,501,780)</u>	<u>(\$1,501,780)</u>
Total Funds	\$64,373,122	\$27,779,082	\$92,152,204	\$64,373,122	\$25,452,691	\$89,825,813	\$0	(\$2,310,431)	(\$2,310,431)
Children's Dental Program									
Caseload Estimate	36,842	6,897	43,739	36,842	5,540	42,382	0	(1,357)	(1,357)
Per Diem Cost	<u>\$13.97</u>	<u>\$13.97</u>	<u>\$13.97</u>	<u>\$13.97</u>	<u>\$13.97</u>	<u>\$13.97</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
Estimated Monthly Costs	\$514,677	\$96,357	\$611,034	\$514,677	\$77,393	\$592,070	\$0	(\$18,964)	(\$18,964)
Annual Cost	\$6,176,193	\$1,156,381	\$7,332,574	\$6,176,120	\$928,719	\$7,104,840	(\$73)	(\$227,662)	(\$227,734)
Network Stabilization	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fund Splits									
CBHP Trust Fund	\$2,161,668	\$0	\$2,161,668	\$2,161,642	\$0	\$2,161,642	(\$26)	\$0	(\$26)
Health Care Expansion Fund	\$0	\$404,733	\$404,733	\$0	\$325,052	\$325,052	\$0	(\$79,682)	(\$79,682)
Federal Funds	<u>\$4,014,525</u>	<u>\$751,648</u>	<u>\$4,766,173</u>	<u>\$4,014,478</u>	<u>\$603,668</u>	<u>\$4,618,146</u>	<u>(\$47)</u>	<u>(\$147,980)</u>	<u>(\$148,027)</u>
Total Funds	\$6,176,193	\$1,156,381	\$7,332,574	\$6,176,120	\$928,719	\$7,104,840	(\$73)	(\$227,662)	(\$227,734)
TOTAL PROGRAM COSTS									
Does Not Include Administration									
	\$70,549,315	\$28,935,463	\$99,484,778	\$70,549,242	\$26,381,411	\$96,930,653	(\$73)	(\$2,538,093)	(\$2,538,166)

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Children's Basic Health Plan Dental Costs

Department's Request and Staff Recommendation

FY 2006-07

Department Request: The Department requests a supplemental of \$397,723 total funds for the CBHP Dental Cost line item in FY 2006-07 related to the caseload issues discussed for the premiums line item. There is no change to the dental rate requested for FY 2006-07.

Staff Recommendation: Staff recommends a total supplemental of \$388,983 total funds. Staff's supplemental is based on the caseload assumptions discussed in the premiums line item above for the children's population.

FY 2007-08

The Department requests an increase of \$1,021,192 total funds for the CBHP Dental Cost line item in FY 2007-08 over their FY 2006-07 supplemental request. Staff recommends a total increase of \$802,198 for the CBHP Dental Cost line item in FY 2007-08 over staff's FY 2006-07 supplemental recommendation. The Department request and staff recommendation have the following components:

✓ *Department request:* The Department request is based on the caseload assumptions discussed in the Premiums line item. The Department also requests an increase in the dental capitation payment based on the actuary recommendation. The actuary recommends a FY 2007-08 increase in the capitation rate for dental services from \$13.30 per month to \$13.97 per month (5.0 percent increase). The rate is based on the annual trend for dental costs in PPO plans, the case mix, the number of children who reach the benefit maximum of \$500, and administrative costs.

Staff recommendation: Staff's recommendation is based on staff's caseload assumptions for the children's population discussed in the Premiums line item. Staff recommends the Department's increase to the capitation rate.

Children's Basic Health Plan Administration

This line item provides funding for the private contracts for administrative services associated with the operation of the CBHP. Internal administrative service (i.e. Department staff, MMIS costs, etc. are funded in the respective Department line items).

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

FY 2006-07

The CBHP Administration is not impacted by the Department's late supplemental request.

FY 2007-08

Department Request: The Department request continuation funding for this line item with an addition of \$882 to annualize the costs for immigration reform. On January 20, 2007 the Committee approved supplemental funding of \$13,501 for additional costs associated with verifying legal status for adults on the CBHP program for the CBHP administrative contractor (i.e. approximately half of CBHP applications are handled at the county and about half are processed by ACS). This cost was from August 1, 2006 through June 1, 2007. The Department's request annualizes this cost to \$14,383 in FY 2007-08.

Staff Recommendation: Staff recommends the Department's request for continuation funding and for Decision Item #4 (annualizing the costs for immigration reform -- H.B. 06S-1023). The following table explains the base appropriation and fund splits.

CBHP Administration Base Funding	CFE CBHP Trust Fund	CFE Health Care Expansion Fund	Federal Funds/1	Total Funds
Outreach and Client Education	\$38,597	\$0	\$61,903	\$100,500
Eligibility Determination and Enrollment	\$1,753,624	\$0	\$1,884,605	\$3,638,229
Prenatal Operational Costs	\$43,917	\$0	\$81,561	\$125,478
Professional Services	\$110,950	\$0	\$206,050	\$317,000
Decision Item #4 -- Immigration Reform	\$6,933	\$0	\$7,450	\$14,383
Cost Effective Marketing	\$0	\$499,265	\$800,735	\$1,300,000
Application Printing	\$0	\$19,280	\$20,720	\$40,000
Difference	\$1,954,022	\$518,545	\$3,063,023	\$5,535,590

These activities are allocated between both Title XXI and Title XIX funds.

Children's Basic Health Plan Trust Fund

The CBHP Trust Fund (Fund) was established to provide the State match for the Traditional CBHP programs. Revenues for the Fund come mainly from deposits of Tobacco Settlement monies and

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

transfers from the General Fund (when needed). The fund also receives the enrollment fees from clients in the program and interest earnings on the fund balance. When the fund was first established, the fund received an annual appropriation of \$8.6 million for the General Fund and unused balances were allowed to accumulate into the fund. However, in the FY 2001-02 supplemental the General Fund was eliminated as part of the state budget balancing actions (there was a sufficient fund balance to maintain the CBHP program at that time). Since FY 2001-02, the General Fund appropriation has been the minimal amount needed to the Fund the CBHP program while maintaining a solvent fund balance. In FY 2002-03, FY 2003-04, and FY 2004-05, the General Fund appropriation into the CBHP Trust Fund was \$2.6 million, \$1.1 million and \$3.3 million, respectively. With the passage of H.B. 05-1262, the General Fund Long Bill appropriation of \$2,255,000 for FY 2005-06 was eliminated because the revenues in the Fund with the addition of the Health Care Expansion Fund was assumed adequate to pay for the changes to CBHP program. In addition, last year the JBC carried S.B. 05-211 which transferred \$8.1 million on June 30, 2006 to the General Fund. In January 2007, the Committee approved a General Fund appropriation into the CBHP Trust Fund of \$2,543,215.

Department's Request and Staff Recommendation:

FY 2006-07 & FY 2007-08

Department's Request: The Department's requests a supplemental of \$4,258,732 to be appropriated into the CBHP Trust Fund in FY 2006-07 so that there will sufficient fund balance in the CBHP Trust Fund for the FY 2007-08 (i.e. this is an early deposit). The Department assumes that this funding will come through S.B. 07-189. This bill requires that a portion of the tobacco litigation settlement payment received by the State in April 2007 that is not required to be allocated for FY 2007-08 to tobacco settlement programs that currently receive tobacco litigation settlement moneys to be reserved in a newly created health care supplemental appropriations and overexpenditures account (account) in the tobacco litigation settlement cash fund (cash fund). The bill allows up to \$6.2 million in the account to be used only for overexpenditures and supplemental appropriations to the children's basic health plan trust for the 2006-07 and 2007-08 fiscal years.

The Department requests that \$4,481,968 be appropriated into the CBHP Trust Fund in FY 2007-08 in order to keep the fund solvent.

Staff's Recommendation: Staff recommends a General Fund Supplemental of \$6.2 million. If S.B. 07-189 passes, then the General Fund appropriation will be eliminated and the money will come from the Tobacco Litigation Settlement Cash Fund. Please note that staff's recommendation right now is for the maximum amount allowed under S.B. 07-189. Staff may revise her recommendation downward after the Committee has made a decision on the CBMS procurement supplemental request.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

For FY 2007-08, staff recommends a General Fund increase of \$2,462,776. This is the amount that staff estimates is needed to keep the Fund solvent if \$6.2 million is deposited into the fund in FY 2006-07. The \$6.2 million is not deposited into the fund in FY 2006-07, then a larger appropriation will be necessary in FY 2007-08. The following tables compare the Department's CBHP Trust Fund request compared to staff's CBHP Trust Fund recommendation.

Table 5: Children's Basic Health Plan Trust Fund -- Department Request				
Sources	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Request	FY 2007-08 Request
Beginning Balance	\$5,389,901	\$9,025,270	\$4,411,882	\$4,867,242
Revenues				
Tobacco Master Settlement	\$20,629,548	\$20,927,529	\$19,248,927	\$17,500,000
General Fund Appropriation	\$3,296,346	\$2,000,000	\$2,500,000	\$0
Interest Earnings	\$587,893	\$752,518	\$557,770	\$632,391
Annual Enrollment Fees	\$122,626	\$191,726	\$175,527	\$176,036
Other (year-end adjustments)	\$156,901	\$945,896	\$0	\$0
Title XXI Federal Match	\$40,591,093	\$41,801,325	\$47,132,259	\$49,655,355
Total Revenues	\$65,384,407	\$66,618,994	\$69,614,483	\$67,963,782
Expenditures				
State Program Expenditures	\$20,723,603	\$20,944,551	\$25,426,992	\$26,753,733
State Other Administration Expenditures	\$434,342	\$386,506	\$878,053	\$903,904
Transfer to General Fund (05-211)	\$0	\$8,100,000	\$0	\$0
Federal Expenditures	\$40,591,093	\$41,801,325	\$47,132,259	\$49,655,355
Total Expenditures	\$61,749,038	\$71,232,382	\$73,437,304	\$77,312,992
Remaining Balance	\$9,025,270	\$4,411,882	\$589,061	(\$4,481,968)
Supplemental Requested from GF or S.B. 07-189			\$4,258,732	General Fund Request
Interest Earnings on Supplemental			\$19,449	

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Table 6 Children's Basic Health Plan Trust Fund -- Staff's Recommendation				
Sources	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Request	FY 2007-08 Request
Beginning Balance	\$5,389,901	\$9,025,270	\$4,411,882	\$7,060,183
Revenues				
Tobacco Master Settlement	\$20,629,548	\$20,927,529	\$19,248,927	\$17,500,000
General Fund Appropriation	\$3,296,346	\$2,000,000	\$2,500,000	\$0
Interest Earnings	\$587,893	\$752,518	\$557,770	\$632,391
Annual Enrollment Fees/1	\$122,626	\$191,726	\$175,527	\$176,036
Other (year-end adjustments)	\$156,901	\$945,896	\$0	\$0
Title XXI Federal Match	\$40,591,093	\$41,801,325	\$47,068,662	\$49,655,381
Total Revenues	\$65,384,407	\$66,618,994	\$69,550,886	\$67,963,808
Expenditures				
State Program Expenditures	\$20,723,603	\$20,944,551	\$25,441,070	\$26,823,174
State Other Administration Expenditures	\$434,342	\$386,506	\$878,053	\$1,008,212
Transfer to General Fund (05-211)	\$0	\$8,100,000	\$0	\$0
Federal Expenditures	\$40,591,093	\$41,801,325	\$47,068,662	\$49,655,381
Total Expenditures	\$61,749,038	\$71,232,382	\$73,387,785	\$77,486,767
Remaining Balance	\$9,025,270	\$4,411,882	\$574,983	(\$2,462,776)
Supplemental Requested from GF or S.B. 07-189			\$6,200,000	General Fund Recommendation
Additional Interest Earnings on GF			\$285,200	

/1 Total enrollment fees that are deposited into the CBHP Trust Fund are estimated at \$223,849 in FY 2006-07 and \$245,464 in FY 2007-08. However, the table above shows only the enrollment fees for the Traditional Population. The other enrollment fees are estimated to offset costs to the Health Care Expansion Fund.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Table 7 shows staff's estimate for the Other Administrative Expenditures that use monies from the CBHP Trust Fund.

Table 7: Internal CBHP Trust Fund Expenditures		
	FY 2006-07	FY 2007-08
Personal Services	\$202,359	\$205,564
Health, Life, Dental	\$11,294	\$12,383
Short-term Disability	\$458	\$267
Salary Survey and Performance Based Pay	\$4,685	\$12,688
SB 04-257 Amortization Equalization Disbursement	\$3,043	\$2,467
2006 Amortization Equalization Disbursement	\$0	\$514
Operating Expenses	\$701	\$701
Legal Services	\$5,945	\$5,945
MMIS Contract	\$224,016	\$286,892
MMIS Reprocurement	\$7,771	\$0
HIPPA National Provider Id	\$7,255	\$0
DHS - Medicaid CBMS	\$408,266	\$478,531
DHS-Medicaid -- CBMS	\$2,260	\$2,260
Total	\$878,053	\$1,008,212

Because of S.B. 07-189, staff recommends that the CBHP Trust Fund be used in the internal administration line items above. However, beginning in FY 2008-09, staff recommends that the Committee fund these line items from direct General Fund appropriations. This will reduce the double count of appropriations by reducing the amount of General Fund that is appropriated into the CBHP Trust Fund and then appropriated out again for administrative expenses. It will also make the appropriation structure and accounting for these lines item easier by reducing the number of fund sources. The Department will continue to track CBHP expenses due to the requirement that CBHP administration costs not exceed 10 percent of the program costs.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Comprehensive Primary and Preventive Care Program

Comprehensive Primary and Preventive Care Program	Department's FY 2007-08 Request	Staff's FY 2007-08 Recommendation
FY 2006-07 Appropriation	\$2,621,651	\$2,621,651
Technical Change -- Tobacco Settlement Fund Forecast	46,383	(603,899)
FY 2007-08 Request/Recommendation	\$2,668,034	\$2,017,752

Fund Split Information (Staff Recommendation)

Comprehensive Primary and Preventive Care Grant Program	Cash Fund Exempt	Total Funds
FY 2006-07 Appropriation	\$2,621,651	\$2,621,651
FY 2007-08 Recommendation	2,017,752	2,017,752
Difference	(\$603,899)	(\$603,899)

Cash Fund Exempt: This amount shall be from the Comprehensive Primary and Preventive Care Fund created in Section 26-4-1007, C.R.S., pursuant to Section 24-75-1104 (1) (g), C.R.S.

Description of Line Item:

Senate Bill 00-71, concerning the use of monies received pursuant to the Tobacco Litigation Settlement, created the Comprehensive Primary and Preventative Care Fund as one of eight funds that receive tobacco funds from the Tobacco Litigation Settlement Cash Fund. Pursuant to § 26-4-1007, C.R.S.: *"Beginning with the 2000-01 fiscal year, and for each fiscal year thereafter, the General Assembly shall appropriate to the fund six percent of the total amount of moneys received by the State pursuant to the Master Settlement Agreement, not including attorney fees and costs, during the preceding fiscal year; except that the amount so appropriate to the fund shall not exceed six million dollars in any fiscal year."*

In 2004, the General Assembly passed H.B. 04-1421 which changed the allocation of the Tobacco Litigation Settlement monies. Current statute (§ 24-75-1104.5 (1) (b) C.R.S.) now provides that "the Comprehensive Primary and Preventive Care Grant Program ... shall receive three percent of the total amount of settlement moneys annually received by the state, not to exceed five million dollars in any fiscal year."

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

The Comprehensive Primary and Preventive Care Grants Program is authorized in sections 26-4-1001 through 26-4-1007, C.R.S. The grant program is intended to award grants to health care providers to expand primary, preventive health care services to low income, uninsured residents of Colorado. The enabling legislation (S.B. 00-71) specifies that while the program is designed to expand services to Colorado's uninsured or medically indigent populations, the program is not intended to supplant or expand the State Medicaid, the Children's Basic Health Plan, or the Colorado Indigent Care Program.

The majority of the grant money has been spent on expanding clinics or expanding the availability of primary care services for the uninsured or medically indigent by hiring additional staff and purchasing equipment and supplies.

Department Request:

The Department requests continuation funding for this program based on the Governor's Office revenue forecast for the Tobacco Settlement moneys.

Staff Recommendation:

Staff's recommendation incorporates the JBC decision for the Tobacco Settlement allocations which was voted on February 2007.

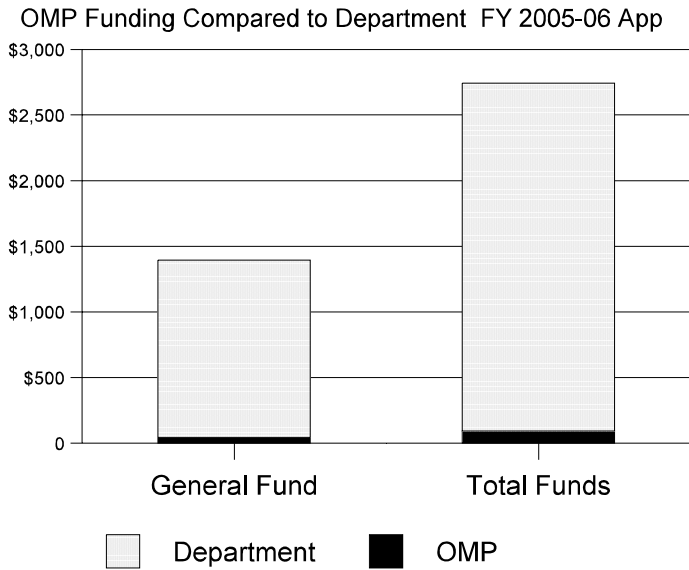
**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Other Medical Programs Division

Overview:

The Department of Health Care Policy and Financing's Other Medical Programs Division contains the funding for six line items. The six current line item funded in this division include: (1) The Old Age Pension State Medical Program; (2) the University of Colorado Family Medicine Residency Training Program; (3) the Enhanced Prenatal Care Training and Technical Assistance; (4) the Nurse Home Visitor Program Medicaid Funding; (5) Public School Health Services; and (6) the Medicare Modernization Act State Contribution Payment. Of these six programs, four qualify for federal Medicaid matching funds, one is a state-only health programs, and one is a



payment to the federal government for prescription drug coverage for dual eligibles. The FY 2006-07 the current General Fund appropriation for the Division represents 5.3 percent of the Department's total General Fund appropriation. The Division's FY 2006-07 total fund appropriation represents 3.7 percent of the Department's total fund appropriation.

Please note that last year the General Assembly passed S.B. 219. This bill moved the responsibility for the Home Care Allowance Program and for the Adult Foster Care Program to the Department of Human Services.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

**Old Age Pension State Medical Program Clients
& Supplemental Old Age Pension Medical Care Fund**

This recommendation includes the appropriation for the Old Age Pension State Medical Program and the appropriation from the Tobacco Tax Cash Fund into the Supplemental Old Age Pension Medical Care Fund. While H.B. 05-1262 requires the General Assembly to appropriate monies from the Tobacco Tax Cash Fund into the Supplemental Old Age Pension Fund annually, it did not specify in which agency the appropriation should occur. For transparency sake, staff recommends that this appropriation be placed in the Department of Health Care Policy and Financing. However, it will be the State Treasurer's responsibility to transfer the amount of funds indicated in the appropriation into the fund.

Old Age Pension State Medical Program	Department's FY 2007-08 Request	Staff's FY 2007-08 Recommendation
FY 2006-07 Appropriation	\$14,262,663	\$14,262,663
Remove One-Time Funding from FY 2006-07	(\$1,207,180)	(\$1,013,680)
Decision Item #11 -- Use Fund Balance	\$725,468	\$725,468
Total FY 2007-08 Request/Recommendation	\$13,780,951	\$13,974,451
Difference from FY 2006-07 Appropriation	(\$481,712)	(\$288,212)

Supplemental Old Age Pension Medical Care Fund	Department's FY 2007-08 Request	Staff's FY 2007-08 Recommendation
FY 2006-07 Appropriation	\$2,580,180	\$2,580,180
Technical Adjustment -- Tobacco Tax Forecast	(\$273,180)	(\$79,680)
Total FY 2007-08 Request/Recommendation	\$2,307,000	\$2,500,500

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Fund Split Information (Staff Recommendation)

Old Age Pension State Medical Program Clients	Cash Fund Exempt	Total Funds
FY 2006-07 Appropriation	\$14,262,663	\$14,262,663
FY 2007-08 Recommendation	\$13,974,451	\$13,974,451
Difference	(\$288,212)	(\$288,212)

Cash Funds Exempt: Of this amount, \$9,998,483 shall be from the Old Age Pension Health and Medical Care Fund, pursuant to Section 7 (c) of Article 24 of the State Constitution, and \$3,975,968 shall be from the Supplemental Old Age Pension Health and Medical Care Fund created in section 26-2-117 (3), C.R.S. Of the amount from the Supplemental Old Age Pension Health and Medical Care Fund, \$2,500,500 is a transfer of funds from the Tobacco Tax Cash Fund, \$750,000 is the statutory required transfer into the fund, and \$725,468 is unexpended fund balance in the Supplemental Old Age Pension Health Medical Care Fund.

Supplemental Old Age Pension Medical Care Fund	Cash Fund Exempt	Total Funds
FY 2006-07 Appropriation	\$2,580,180	\$2,580,180
FY 2007-08 Recommendation	\$2,500,500	\$2,500,500
Difference	(\$79,680)	(\$79,680)

Cash Fund Exempt: This amount shall be an appropriation from the Tobacco Tax Cash Fund into the Supplemental Old Age Pension Medical Care Fund.

Explanation of Line Item:

The Old Age Pension (OAP) Health and Medical program was established through Article XXIV of the Colorado Constitution and 26-2-117 (2) C.R.S. to provide health care services to persons who qualify to receive old age pensions but who are ineligible for Medicaid or Medicare. Individuals aged 60 and over are eligible for OAP if they are a Colorado resident, a U.S. Citizen or legal immigrant, have a monthly income less than \$589 (76 percent of FPL) and have less than \$2,000 in available resources (exempts the cash surrender value of life insurance policies up to \$25,000). In FY 2005-06, the caseload for this population increased from 4,766 to 5,076 individuals -- an increase of 310 individuals or 6.5 percent growth.

The Colorado Constitution caps the revenue deposited into the Old Age Pension Health and Medical Care Fund at \$10.0 million annually. In 2002, the General Assembly passed HB 02-1276 that created a Supplemental Old Age Pension and Medical Care Fund to supplement the program by an

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

additional \$1.0 million. The amount in this fund was reduced during the budget reduction actions in 2003 to \$750,000. Amendment 35 to the Colorado Constitution passed in November 2004 increased the taxes on tobacco products. Amendment 35 allowed 3.0 percent of the new revenue to be allocated to the State General Fund, the Old Age Pension Program, and to the counties and cities. When the General Assembly passed H.B. 05-1262, the General Assembly allocated 50 percent of the 3 percent allocation to the Supplemental Old Age Pension Health and Medical Care Fund Old Age Pension Fund.

Department Request:

The Department request contains two components:

- 1) A decrease in base funding of \$1,207,180 from FY 2006-07. This decrease is related to removing \$976,180 in one-time funding in FY 2006-07 and to a decrease of \$231,000 in estimated revenue from the Tobacco Tax Cash Fund based on Legislative Council's June 2006 Revenue Forecast.
- 2) Decision Item # 11 request that the \$725,468 in current fund balance for the Supplemental Old Age Pension Health and Medical Fund be used to offset the decrease due to one-time funding that was appropriated in FY 2006-07.

Staff Recommendation:

Staff recommends the Department's request with technical changes as described below.

- 1) A decrease in base funding of \$1,013,680 from FY 2006-07. This decrease is related to removing \$976,180 in one-time funding that was appropriated in FY 2006-07 and a decrease of \$37,500 in estimated revenue from the Tobacco Tax Cash Fund based on Legislative Council's December 2006 Revenue Forecast. If the March 2007 revenue forecast has a substantially different forecast, staff will do a staff comeback before the Long Bill is introduced to reflect the new revenue amounts.
- 2) Staff recommends the Department's Decision Item #11 to use the current unspent fund balance to offset a portion of the decrease from the FY 2006-07 to the FY 2007-08 appropriation.

Discussion:

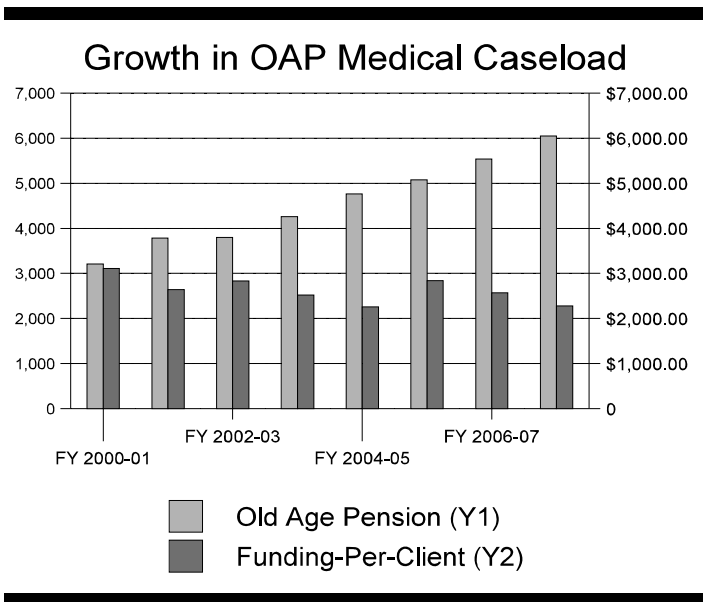
Because of growing caseloads for this program, the amount of medical benefits and the reimbursement rates for this program have been reduced in recent years. Prior to FY 2005-06, the appropriation limit for this program was \$10,750,000. Due to growing caseload and medical costs,

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

in FY 2003-04 the Department suspended inpatient hospital services (clients could still qualify for the Colorado Indigent Care Program for these services) and cut provider reimbursement rates for a number of providers from 82% of the Medicaid rate to 50% of the Medicaid rate. In October 2004, the Department restored inpatient services for hospitals participating in the Indigent Care Program. However, reimbursement rates for inpatient care was 10% of the Medicaid rate. In addition, the Department restored the reimbursement rates for physicians, emergency transportation, medical supplies, hospice services and home health services back to 82% of the Medicaid rate.

After the passage of Amendment 35, additional revenues became available for this program. Per the provisions of the H.B. 05-1262, in FY 2004-05 \$971,180 was appropriated into the fund (but not to the program) and in FY 2005-06 \$2,538,000 in tobacco revenues were appropriated to the OAP Supplemental Fund and later in H.B. 06-1217 into the program. Based on this appropriation into the OAP Supplemental Fund, the Medical Services Board decided to increase reimbursement rates for providers. Effective July 15, 2005, providers were reimbursed at 100 percent of the Medicaid reimbursement for physician and practitioner services; emergency transportation services; medical supply services; hospice services; home health services and supplies; laboratory and X-ray services and emergency dental services. Furthermore, provider reimbursement was increased to 62 percent of the appropriate Medicaid reimbursement for outpatient services, including outpatient hospitals, federal qualified health centers, rural health centers and dialysis centers.



During the January 2006 Budget Hearing, the Department identified this program as a potential at-risk program because of the double digit growth in caseload over the last several year and the capped nature of its funding sources. Later in June 2006, the JBC had to approve an emergency supplemental for this program because funding was not sufficient for the growing caseload and the rates that the Medical Services Board had adopted in July 2005. When the Department staff realized that funding would not be sufficient, they requested that the Medical Services Board reduce rates

again. Reimbursement rates for outpatient services were reduced from 62% of the Medicaid rate to 53%; physician services was reduced from 100% of the Medicaid rate to 70%; and rates for dental, laboratory, medical supply, home health, and transportation services were decreased from 100% of the Medicaid rate to 53%.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

The FY 2006-07 appropriation included one-time funding of \$976,180 for the program. This one-time funding increase represented the FY 2004-05 appropriation from the Tobacco Tax Cash Fund into the Old Age Pension Supplemental Medical Fund that was never appropriated for program expenditures. In making this recommendation, staff stated, *"staff recommends that this funding be appropriated in FY 2006-07 to reduce the benefit decrease that will be necessary to stay within the appropriation. Please note, because this comes from fund balance, this amount of revenue will not be available for appropriation in FY 2007-08. Therefore, staff's recommendation only delays the year in which benefit cuts will occur to stay within the current capped appropriation levels."*

In order to stay within the current FY 2006-07 appropriation, the Department continues to adjust reimbursement rates. Table one shows the reimbursement adjustments since the start of the FY 2006-07.

Service Type	Rates as a Percent of Medicaid Effective 7/1/2006	Rates as a Percent of Medicaid Effective 9/1/2006	Rates as a Percent of Medicaid Effective 11/1/2006
Pharmacy	100%	100%	70%
Inpatient Hospital	10%	10%	10%
Outpatient Services	62%	40%	40%
Practitioner/Physician	100%	40%	40%
Emergency Dental	100%	40%	40%
Independent Laboratory and X-ray	100%	40%	40%
Medical Supply	100%	40%	40%
Hospice and Home Health	100%	40%	40%
Emergency Transportation	100%	40%	40%

Decision Item #11 would appropriate \$725,468 in unused fund balance from the Supplemental Old Age Pension Health and Medical Fund in order to fund the growing caseload and to retain most of the November 1, 2006 rates throughout FY 2007-08. Again, this is one-time funding and is not a permanent solution to the OAP program's funding issues. The Department states in their request, *"The Department is in the process of reviewing the Old Age Pension State Medical Program. This review is to redesign the program to meet the needs for the clinics while staying within the spending authority with more stability in the payment structure....However, during this transition period, the Department is requesting an appropriation of the remaining funds in the Supplemental Old Age Pension Health and Medical Care Fund in order to help limit the volatility of the reimbursement rates."*

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

There will be sufficient fund balance in the Supplemental Old Age Pension Health and Medical Fund to meet the Department's request. Therefore, staff recommends this request for the following reasons:

- 1) This measure will allow the Department to fund this program without major rate changes in FY 2007-08. This should give the Department enough time to submit a plan to the JBC on how to restructure this program for the future. The restructure of the program may include legislation for the 2008 Session.

- 2) The Joint Budget Committee bill, S.B. 07-133, moves this program to cash accounting. This should increase the accuracy of budget projections for this program in the future. In addition, S.B. 07-133 has a one-time savings of \$680,779 for the Supplemental Old Age Pension Health and Medical Fund. The savings in S.B. 07-133 will provide a cushion if the Department miscalculates the impact of rate adjustments as in FY 2005-06.

For the fourth year in a row, staff recommends that the following footnote be included in the Long Bill.

- xx Department of Health Care Policy and Financing, Other Medical Programs, Old Age Pension State Medical Program -- The Department is requested to submit a report by November 1, 2007 recommending changes to the benefit structure or eligibility criteria for the Old Age Pension State Medical Program in order to stay within the current statutory appropriation limits for the program. The report should include the most recent five year expenditure history for the different medical services categories used by this population. In addition, the report should include a five year forecast for the caseload and costs of this program if benefits are not reduced.

**University of Colorado Family Medicine Residency Training Programs (HCPF)
& Figure Setting for the Commission on Family Medicine**

University of Colorado Family Medicine Residency Training Programs	Department's FY 2007-08 Request	Staff's FY 2007-08 Recommendation
FY 2006-07 Appropriation	\$1,703,558	\$1,703,558
FY 2007-08 Request/Recommendation	\$1,903,558	\$1,903,558
Difference from FY 2006-07 Appropriation	\$200,000	\$200,000

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Fund Split Information (Staff Recommendation)

	General Fund	Federal Funds	Total Funds
FY 2006-07 App.	\$851,779	\$851,779	\$1,703,558
FY 2007-08 Rec	\$951,779	\$951,779	\$1,903,558
Difference	100,000	100,000	200,000

Department's Request:

Please see the Commission on Family Medicine figure setting packet for details on this program.

Staff Recommendation:

Staff's recommendation reflects the Committee's action on February 14, 2007.

Enhanced Prenatal Care Training and Technical Assistance

Enhanced Prenatal Care Training and Technical Assistance	Department's FY 2007-08 Request	Staff's FY 2007-08 Recommendation
FY 2006-07 Appropriation	\$102,346	\$102,346
FY 2007-08 Request/Recommendation	\$102,346	\$108,999
Difference	\$0	\$6,653

Fund Split Information (Staff Recommendation)

	General Fund	Federal Funds	Total Funds
FY 2006-07 Appropriation	\$51,173	\$51,173	\$102,346
FY 2007-08 Recommendation	\$54,500	\$54,499	\$108,999
Difference	\$3,327	\$3,326	\$6,653

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Line Item Description:

This line item was established in FY 1995-96 to permit training of providers in coordinating and evaluating 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.

Department's Request:

The Department's request reflects continuation funding for this line item.

Staff Recommendation:

Staff recommendation reflects the Committee's action on March 2, 2007 during the figure setting presentation for the Department of Public Health and Environment. The increase is related to distribution of potted items from FY 2006-07.

Nurse Home Visitor Program

Nurse Home Visitor Program	Department's FY 2007-08 Request	Staff's FY 2007-08 Recommendation
FY 2006-07 Appropriation	\$3,010,000	\$3,010,000
FY 2007-08 Request/Recommendation	\$3,010,000	\$3,010,000
Difference	\$0	\$0

Fund Split Information (Staff Recommendation)

	Cash Fund Exempt	Federal Funds	Total Funds
FY 2006-07 Appropriation	\$1,505,000	\$1,505,000	\$3,010,000
FY 2007-08 Recommendation	\$1,505,000	\$1,505,000	\$3,010,000
Difference	\$0	\$0	\$0

Cash Fund Exempt: Transfer from the Department of Public Health and Environment

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Line Item Description:

This line item was established in FY 2003-04 to receive federal matching Medicaid funding for nurse home visiting program activities eligible for Medicaid reimbursement. This refinancing to draw down additional federal funds allowed the nurse home visitor program to increase the number of women and infants served by the program. The Department of Public Health and Environment is responsible for the administration of this program.

Department's Request:

The Department's request reflects the Department's of Public Health and Environment's request for continuation funding for this program.

Staff Recommendation:

Staff's recommendation reflects the Committee's action on March 2, 2007 during the figure setting presentation for the Department of Public Health and Environment.

Public School Health Services

Public School Health Services	Department's FY 2007-08 Request	Staff's FY 2007-08 Recommendation
FY 2006-07 Original Appropriation	\$31,535,961	\$31,535,961
S.B. 07-163 Supplemental	(\$200,000)	(\$200,000)
Revised FY 2006-07 Appropriation	\$31,335,961	\$31,335,961
Decision Item #9 (addressed during supplementals)	\$0	\$0
Increase to HCPF Administration Costs	(\$972)	(\$972)
DOE Administration Cost Change	\$0	(\$7,176)
FY 2006-07 Request/Recommendation	\$31,334,989	\$31,327,813
Difference	(\$972)	(\$8,148)

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Fund Split Information (Staff Recommendation)

	Cash Fund Exempt	Federal Funds	Total Funds
FY 2006-07 Appropriation	\$16,007,021	\$15,528,940	\$31,535,961
S.B. 07-133	\$0	(\$200,000)	(\$200,000)
Total FY 2006-07 Appropriation	\$16,007,021	\$15,328,940	\$31,335,961
FY 2006-07 Recommendation	\$16,007,021	\$15,320,792	\$31,327,813
Difference	\$0	(\$8,148)	(\$8,148)

Cash fund exempt: This amount shall be from the certification of public funds at school districts.

Description of Line Item:

In 1997, the General Assembly, authorized public school districts, boards of Cooperative Education Services, and State K-12 educational institutions to provide health services to children using funds from reimbursed Medicaid services. The intent of the legislation was to:

- ✓ Support local school health and related services;
- ✓ Increase access to preventive and primary health care services for low-income, uninsured and under-insured children; and
- ✓ Improve coordination of care between schools and health care providers.

The legislation allows school districts to finance health services through receipt of matching federal Title XIX funds for Medicaid services provided by qualified Medicaid providers to Medicaid-eligible children. The matching funds must be used to expand health services for all children. Up to 30 percent of the reimbursed funds can be used for initiatives to increase access to health care for uninsured and under-insured children. The State match for the federal financial participation is through "certified" funds from the school districts for ongoing health care services. The State General Fund does not directly support this program.

Department's Request

The Department requests continuation funding. The Department's Decision Item # 9 was addressed during the January supplementals. The Department's supplemental request moved \$200,000 in federal funds to the Department's EDO to fund a contract with Public Consulting Group to review the school district rates and methodologies used for claiming Medicaid reimbursement. Funding for this contract continues in FY 2007-08 per the Committee's action on February 14, 2007.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Staff Recommendation

Staff recommends the Department's request with a technical adjustment to reflect the increase in potted items in the Department of Education's budget. The Committee took action on the Department of Education's budget on March 1, 2007. Staff's recommendation is consistent with the Committee's Action..

Table 1 below compares the Department's request and the staff recommendation.

Table 1 : Public School Health Services			
	Staff Recommendation		
	CFE	FF	Total Funds
Base Estimate	\$16,007,021	\$16,007,021	\$32,014,042
HCPF PCG Contract	\$0	(\$200,000)	(\$200,000)
HCPF Administration Costs	\$0	(\$294,533)	(\$294,533)
DOE Administration Costs	\$0	(\$191,696)	(\$191,696)
Total Req./ Rec	\$16,007,021	\$15,320,792	\$31,327,813

Medicare Modernization Act of 2003, State Contribution Payment

Medicare Modernization Act of 2003, State Contribution Payment	Department's FY 2007-08 Request	Staff's FY 2007-08 Recommendation
FY 2006-07 Appropriation	\$73,493,542	\$73,493,542
Base Adjustment for Caseload & Inflation	\$598,079	\$3,226,279
FY 2006-07 Request/Recommendation	\$74,091,621	\$76,719,821

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Fund Split Information (Staff Recommendation)

	General Fund	Total Funds
FY 2006-07 Appropriation	\$73,493,542	\$73,493,542
FY 2007-08 Recommendation	\$76,719,821	\$76,719,821
Difference	\$3,226,279	\$3,226,279

Description of Line Item:

Beginning January 2006, individuals who are dual eligible for Medicare and Medicaid were moved from the Medicaid program to the Medicare program for their prescription drug coverage. Although all dual eligibles will have to enroll in the MMA, state's will retain responsibility for the majority of the drug costs that the state was paying for those clients before MMA was enacted. This is because the MMA requires that states make a contribution back to the federal government for the drug costs of dual eligible individuals (this commonly referred to as the "clawback"). The state contribution is calculated as follows:

Base Amount: The law requires that the net weighted average monthly per capita expenditure for the dual eligible's in 2003 will be the state's base maintenance effort amount.

Yearly Obligation: The base amount will be increased by a health expenditure factor (e.g. the per capita expenditure will be adjusted annually for national prescription care cost growth). This per capita cost will then be multiplied by the number of dual eligibles for the month (e.g. caseload x cost). The maintenance of effort will then be multiplied by the clawback percentage. Initially, states will be responsible for 90 percent of the costs. This percentage will phase-down to 75 percent of the costs by 2015.

This line item was created in FY 2005-06 to reflect the appropriation for the State's contribution payment. Initially, this line item was included in the Medical Services Premiums Division. However, during the January 2006 supplementals, staff transferred the payment to the Other Medical Services Division.

Department Request:

The Department requests an increase of \$598,079 General Fund over the current FY 2006-07 for the MMA State Contribution Payment. The Department's request is based on an average monthly caseload of 49,934 dual eligibles. The Department assumes a per capita cost of \$120.56 from July

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

2007 through December 2007 and a per capita cost of \$126.72 from January 2008 through June 2008.

Staff's Recommendation

Staff's recommendation is based on average monthly enrollment from July 2007 through December 2007 of 51,502 dual eligibles at a per capita cost of approximately \$120.56. Staff assumes an average monthly enrollment from January 2008 through June 2008 of 51,905 dual eligibles at a per capita cost of approximately \$126.72. Therefore, staff's estimate for the MMA State Contribution Payment is \$76,719,821. Staff estimate is based on a caseload growth of 1.06 percent over staff's caseload projection for FY 2006-07 of a total average caseload of 51,362 (this projection is based on the first six months of actuals for FY 2006-07). Staff's recommendation assumes the Department's per capita costs estimates including their estimate for the phase down factor and the inflationary increase.

Table 1 below compares the Department's request with staff's recommendation.

Table 1: Staff's MMA State Contribution Payment for FY 2007-08		
	Department	Staff
Payments from July 2007 through December 2007		
Per capita cost based on National Health Expenditure growth rate of 7.08 percent	\$136.48	\$136.48
Phasedown Percentage for Calendar Year 2007	88.33%	88.33%
Per Capita Cost multiplied by the Phasedown	\$120.56	\$120.56
Average Monthly Enrollment (1 st Six Months of FY) for Dual Eligibles	49,784	51,502
Total payments for the first six months of FY 2007-08	\$36,011,754	\$37,255,347
Payments from January 2008 through June 2008		
Per capita cost based on National Health Expenditure growth rate of 7.13 percent from calendar year 2006	\$146.21	\$146.21
Phasedown Percentage for Calendar Year 2008	86.67%	86.67%
Per Capita Cost multiplied by the Phasedown	\$126.72	\$126.72
Average Monthly Enrollment (2 nd Six Months of FY) for Dual Eligibles	50,084	51,905
Total payments for the second six months of FY 2007-08	\$38,079,867	\$39,464,474
TOTAL MMA State Contribution Payment Estimate for FY 2007-08	\$74,091,621	\$76,719,821

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

**Executive Director's Office –
Only Lines Where Action Was Not Taken on February 14, 2007 and Staff Comebacks**

Salary Survey and Senior Executive Service

Salary Survey and Senior Executive Service	Department's FY 2007-08 Request	Staff's FY 2007-08 Recommendation
FY 2006-07 Appropriation	\$459,483	\$459,483
Annualize Prior Year Salary Survey by transferring to Personal Services	(\$459,483)	(\$459,483)
Common Policy (includes deduct for S.B. 06-235 PERA AED)	\$566,815	\$480,923
FY 2007-08 Request / Recommendation	\$566,815	\$480,923

Fund Split Information (Staff Recommendation)

	General Fund	Cash Funds Exempt	Federal Funds	Total Funds
FY 2006-07	\$198,893	\$11,087	\$249,503	\$459,483
FY 2007-08 Rec	\$217,149	\$15,225	\$248,549	\$480,923
Difference	\$18,256	\$4,138	(\$954)	\$21,440

Cash Fund Exempt: Of this amount, \$8,621 shall be from the CBHP Trust Fund, \$3,065 shall be from the Health Care Expansion Fund, \$891 shall be from the Autism Fund, \$1,156 shall be from the Primary Care Fund, \$982 shall be a transfer from the Department of Public Health Environment, and \$510 shall be from the Comprehensive Primary and Preventive Care Fund.

Explanation of Line Item:

The Salary Survey and Senior Executive Service appropriation reflects the amounts appropriated to the Department to cover the cost of salary increases based on survey of job and wage classifications performed annually by the Department of Personnel and Administration.

Department's Request:

The Department's request reflects the OSPB common policy.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Staff's Recommendation:

Staff's recommendation reflects the common policy voted on by the Committee. Staff's recommendation was pending when this line item was originally presented on February 14, 2007.

Performance Based Pay and Anniversary Increases

Performance Based Pay and Anniversary Increases	Department's FY 2007-08 Request	Staff's FY 2007-08 Recommendation
FY 2006-07 Appropriation	\$0	\$0
(Common Policy)	\$126,818	\$206,506
FY 2007-08 Request / Recommendation	\$126,818	\$206,506

Fund Split Information (Staff Recommendation)

	General Fund	Cash Funds Exempt	Federal Funds	Total Funds
FY 2006-07 App.	\$0	\$0	\$0	\$0
FY 2007-08 Rec	\$92,725	\$6,484	\$107,297	\$206,506
Difference	\$92,725	\$6,484	\$107,297	\$206,506

Cash Fund Exempt: Of this amount, \$3,553 shall be from the CBHP Trust Fund, \$1,429 shall be from the Health Care Expansion Fund, \$367 shall be from the Autism Fund, \$487 shall be from the Primary Care Fund, \$386 shall be from a transfer from the Department of Public Health and Environment, and \$262 shall be from the primary and preventive Care Fund.

Explanation of Line Item:

The Performance-based Pay line item represents the annual amount appropriated for periodic salary increases for State employees based on demonstrated and documented ability of each employee to satisfy standards related to quantity and quality of work.

Department's Request:

The Department's request reflects the OSPB common policy.

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Staff's Recommendation:

Staff's recommendation reflects the common policy adopted by the Committee. Staff's recommendation was pending when this line item was presented on February 14, 2007.

Medicaid Management Information System Contract

Medicaid Management Information System Contract	Department's FY 2007-08 Request	REVISED Staff's FY 2007-08 Recommendation
Original FY 2006-07 Appropriation	\$23,185,837	\$23,185,837
S.B. 07-163	\$3,175,635	\$3,175,635
Late Supplemental	\$0	\$170,370
FY 2005-06 Adjusted Appropriation	\$26,361,472	\$26,531,842
Adjust for Last Year's Special Bills Annualization and One-Time Appropriations	(\$3,424,258)	(\$3,593,900)
BA #1 -- Maintenance Costs for the PERM project	\$10,808	\$10,080
BA #3 --Fixed Price Contract Reduction	(\$1,450,102)	(\$1,775,102)
BA #4 -- Children's Basic Health Plan Premiums Assistance Program	\$180,558	\$180,558
Executive Order Establishing a Preferred Drug List	\$0	\$340,880
Total FY 2007-08 Request/Recommendation	\$21,678,478	\$21,694,358
Increase/(Reductions) from adjusted FY 2006-07 Appropriation	(\$4,682,994)	(\$4,837,484)

Fund Split Information (Staff Recommendation)

	General Fund	Cash FundsExempt	Federal Funds	Total Funds
FY 2006-07adjusted appropriation w/ late supplemental	\$6,347,570	\$636,474	\$19,547,799	\$26,531,843
FY 2007-08 staff recommendation	\$5,228,133	\$674,137	\$15,792,088	\$21,694,358
Difference	(\$1,119,437)	\$37,663	(\$3,755,711)	(\$4,837,485)

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

JBC WORKING DOCUMENT - DECISIONS SUBJECT TO CHANGE

STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

Cash Fund Exempt: Of this amount, \$286,892 shall be from the Children's Basic Health Plan, \$284,899 shall be from Health Care Expansion Fund, \$97,981 shall be from the Old Age Pension Fund, \$2,347 shall be from the Department of Public Health and Environment for the Nurse Home Visitor Program, \$1,885 shall be from the Autism Fund, and \$133 shall be from the Breast and Cervical Cancer Treatment Fund.

Revised Recommendation:

On February 14, 2007, the JBC voted to approve staff's recommendation for this MMIS line item for both FY 2006-07 and FY 2007-08. However, in reviewing the FY 2007-08, an error was found in staff's calculations. Staff's original FY 2007-08 recommendation double counted a deduction for one-time funding in FY 2006-07 related to staff's recommendation for system changes to implement the preferred drug list and neglected to carry forward into FY 2007-08 a fund split adjustment that the JBC approved in S.B. 07-163 for FY 2006-07. Therefore, staff has revised her calculations to make these technical corrections. The table below shows the impact of staff's correction.

FY 2007-08	Recommendation on February 14, 2007	Revised Recommendation	Difference
General Fund	\$5,091,791	\$5,228,133	\$136,342
Cash Funds Exempt	\$674,137	\$674,137	\$0
Federal Funds	\$15,758,060	\$15,792,088	\$34,028
Total	\$21,523,988	\$21,694,358	\$170,370

DPHE Facility Survey and Certification

Department of Public Health and Environment Facility Survey and Certification	Department's FY 2007-08 Request	Staff's FY 2007-08 Recommendation
FY 2006-07 Original Appropriation	\$4,079,161	\$4,079,161
S.B. 07-163	\$4,780	\$4,780
Total FY 2006-07 Appropriation	\$4,083,941	\$4,083,941
Change Requests (NP DI #9, NP BA #4)	\$356,511	\$455,097
FY 2007-08 Request/Recommendation	\$4,440,452	\$4,539,038

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Fund Split Information (Staff Recommendation)

	General Fund	Federal Funds	Total Funds
FY 2006-07 appropriation	\$1,272,408	\$3,037,297	\$4,309,705
FY 2007-08 staff recommendation	\$1,346,102	\$3,192,936	\$4,539,038
Difference	\$73,694	\$155,639	\$229,333

Explanation of Line Item:

This line item funds the survey and certification of nursing facilities, hospices, home health agencies, and Home and Community Based Services agencies, 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.

Department Request:

The Department's request reflects the request from the Department of Public Health and Environment.

Staff's Recommendation

Staff's recommendation reflects the Committee's decision on March 2, 2007.

Enrollment Broker

Enrollment Broker	Department's FY 2007-08 Request	Staff's FY 2007-08 Recommendation
FY 2006-07 Appropriation	\$942,784	\$942,784
Change Request / Recommendation (JBC Action)	\$0	(\$242,784)
FY 2007-08 Request / Recommendation	\$942,784	\$700,000

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Fund Split Information (Staff Recommendation – JBC Action on February 14, 2007)

	General Fund	Cash Funds Exempt	Federal Funds	Total Funds
FY 2006-07 appropriation	\$437,878	\$33,514	\$471,392	\$942,784
FY 2007-08 staff recommendation	\$316,486	\$33,514	\$350,000	\$700,000
Difference	(\$121,392)	\$0	(\$121,392)	(\$242,784)

Cash Fund Exempt: Health Care Expansion Fund

The Committee took action on this line item on February 14, 2007. The JBC's action was different than the Department's request and staff's recommendation. Therefore, staff provided the above tables as an update to reflect the Committee's action on this line item.

County Administration

County Administration	Department's FY 2007-08 Request	Staff's FY 2007-08 Recommendation
FY 2006-07 Original Appropriation	\$18,306,628	\$18,306,628
S.B. 07-163	\$2,808,505	\$2,808,505
Revised FY 2006-07 Appropriation	\$21,115,133	\$21,115,133
Decision Item #4 (Annualize S.B. 07-163 Immigration Issue)	\$41,184	\$41,184
Decision Item #6 -- Rate Increase	\$366,133	\$423,126
GBA #2 -- Address county administration issues	\$2,209,022	\$2,209,022
Total FY 2007-08 Request/Recommendation	\$23,731,472	\$23,788,465

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Fund Split Information (Staff Recommendation – JBC Action on February 14, 2007)

	General Fund	Cash Funds Exempt	Federal Funds	Total Funds
FY 2006-07 appropriation	\$6,302,837	\$4,272,508	\$10,539,788	\$21,115,133
FY 2007-08 staff recommendation	\$7,301,834	\$4,632,531	\$11,854,100	\$23,788,465
Difference	\$998,997	\$360,023	\$1,314,312	\$2,673,332

Cash Fund Exempt: Local Funds

Description of Line Item:

This line item was added to the Executive Director's Office Division in FY 2006-07 pursuant to S.B. 06-219 which reorganized the Department of Health Care Policy and Financing's statutory authority. In S.B. 06-219, the portion of county administration and administrative case management services that are related to the Medicaid program was moved from the administrative oversight of the Department of Human Services to administrative oversight by the Department of Health Care Policy and Financing.

Funding in this line item provides partial reimbursement to local county departments of social services for costs associated with performing Medicaid, Children's Basic Health Plan, and Old Age Pension State Medical Program eligibility determinations. The FY 2006-07 appropriation was based on the following allocations:

Issue	Amount
Base allocation per county of \$67,715	\$1,460,096
Contract with counties for administration of HCPF Programs	\$16,475,396
Funding for the MMA of 2003	\$202,680
Implementation of Immigration Reform	\$2,808,505
Amount retained by Department for Work Load Study	\$168,456
Total HCPF FY 2006-07 Appropriation	\$21,115,133

Department Request:

The Department requests has the following components:

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Decision Item #4: The Department requests an increase of \$41,184 to annualize the funding that the Joint Budget Committee approved for the implementation of the Federal Deficit Reduction Act of 2005 and H.B. 06S-1023 (immigration reform). The funding associated with the DRA of 2005 was fully annualized in the budget request since this act was implemented on July 1, 2006. However, the funding that was approved for H.B. 06S-1023 was only for 11 months of funding since this act was not implemented until August 2006. Therefore, this funding needs to be annualized in FY 2007-08. The estimated time to verify lawful presence is estimated at approximately \$4.01 per application (an increase of 5 minutes per application).

Decision Item #6: The Department requests a 2.0 percent cost-of-living adjustment for this line item. The Department's calculation is based on the original FY 2006-07 appropriation.

BA-GBA-2: The new administration requested a total increase to county administration of \$6,559,432. Of this amount, \$4,350,410 was requested for the Department of Human Services programs and \$2,209,022 was requested for the Department of Health Care Policy and Financing programs. The intent of this request is to provide a funding bridge until the work load study is complete. If additional funding is found necessary once the workload study is complete, the Departments will request supplemental funding to "true-up" the appropriation based on the work load study findings.

Staff Recommendation:

Staff recommends the Department's request with a technical calculation difference. Staff recommends that 2.0 percent provider rate increase be based on the original FY 2006-07 appropriation plus the S.B. 07-163 and Decision Item #4 amount. The additional staff and costs to implement the DRA of 2005 and H.B. 06S-1023 were added in FY 2006-07 and therefore, these costs should be included in the COLA calculation.

Administrative Case Management

Administrative Case Management	Department's FY 2007-08 Request	Staff's FY 2007-08 Recommendation
FY 2006-07 Original Appropriation	\$1,593,624	\$1,593,624
Decision Item #6 -- Rate Increase	\$31,872	\$31,872
Total FY 2007-08 Request/Recommendation	\$1,625,496	\$1,625,496

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Fund Split Information (Staff Recommendation)

	General Fund	Federal Funds	Total Funds
FY 2006-07 appropriation	\$796,812	\$796,812	\$1,593,624
FY 2007-08 staff recommendation	\$812,748	\$812,748	\$1,625,496
Difference	\$15,936	\$15,936	\$31,872

Description of Line Item:

Funding for administrative case management case management includes reimbursement for staff and operating costs associated with State supervision and county administration of programs that protect and care for children, including out-of-home placement, subsidized adoptions, child care, and burial reimbursements. Medicaid funding for these costs was identified through the Public consulting Group contract at OSPB.

Prior to FY 2006-07, this funding was appropriated to the Department of Human Services. However, S.B. 06-219 moved the appropriation for the Medicaid funded programs from DHS to HCPF.

Department Request:

The Department requests continuation funding for this program with a 2.0 percent COLA adjustment (Decision Item #6).

Staff Recommendation:

Staff recommends the Department's request.

Non-Emergency Transportation Services

Non-Emergency Transportation Services	Department's FY 2007-08 Request	Staff's FY 2007-08 Recommendation*
FY 2006-07 Original Appropriation	\$5,068,722	\$5,068,722
S.B. 07-163 Supplemental Bill	\$1,957,862	\$1,957,862
Late Supplemental Request	\$557,177	\$557,177

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Non-Emergency Transportation Services	Department's FY 2007-08 Request	Staff's FY 2007-08 Recommendation*
Total FY 2006-07 Appropriation Request	\$7,583,761	\$7,583,761
Eliminate One-Time Funding Associated with Late Supplemental	(\$557,177)	(\$557,177)
Decision Item #6 -- Rate Increase	\$110,000	\$110,000
Decision Item #7/BA #2 -- Contract Increase	\$162,718	\$162,718
Total FY 2007-08 Request/Recommendation	\$7,299,302	\$7,299,302

*All but Decision Item # 6 for this line item was presented on February 14, 2007.

Fund Split Information (Staff Recommendation)

	General Fund	Federal Funds	Total Funds
FY 2006-07 appropriation (with late supplemental recommendation)	\$3,791,881	\$3,791,880	\$7,583,761
FY 2007-08 staff recommendation	\$3,649,651	\$3,649,651	\$7,299,302
Difference	(\$142,230)	(\$142,229)	(\$284,459)

*Staff's recommendation does not include a decision on Decision Item #6 which involves the Department's rate plan. Staff present all Department rate issues at the March 8, 2007 figure setting.

On February 14, 2007, the JBC took action on this line item with the exception of Decision Item #6. Staff recommended that Decision Item #6 be discussed on March 8th, 2007 when all other rate increases for the Department was discussed.

Department Request for Decision Item #6:

The Department requests a 31 percent increase to the codes that are used to reimburse individuals for the use of private vehicles, mileage, lodging, escorts and meals. Transportation by private vehicles is commonly used by clients in the remote counties of the state. Rates for these codes have not been changed since FY 2002-03 when non-emergency transportation was restructured as an administrative expense. However, the cost of gasoline has increased from \$1.385 per gallon on July 1, 2002 to the current price of approximately \$2.11 per gallon. This is an increase of at least 52 percent (please note, that last summer gasoline prices were over \$2.899).

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Staff's Recommendation:

Staff recommends the Department's request. As the Committee is aware, the Department had to increase the contract for the Transportation Broker in the metro area due to a failed procurement in FY 2005-06. In addition, the Committee approved staff recommendation on February 14, 2007 to add \$162,718 to the appropriation for increased costs associated with non-metro counties and community centered boards. This rate increase will allow the third type of provider of non-emergency transportation, private transport, to receive a rate increase that recognizes the increased cost for fuel.

Disease Management and Single Entry Point Case Management

Staff does not recommend the Department's request to move these costs from the Medical Services Premiums line item into the Executive Director's Office. Therefore, the costs for these services are discussed in the Medical Services Premiums Division.

Public School Health Services Administration

School District Eligibility Determinations	Department's FY 2007-08 Request	Staff's FY 2007-08 Recommendation*
FY 2006-07 Original Appropriation	\$0	\$0
S.B. 07-163 Supplemental Bill	\$384,520	\$384,520
Total Fiscal FY 2006-07 Appropriation	\$384,520	\$384,520
Change Request / Recommended	\$0	\$7,176
Total FY 2007-08 Request/Recommendation	\$384,520	\$391,696

Fund Split Information (Staff Recommendation)

	Federal Funds	Total Funds
FY 2006-07 appropriation	\$384,520	\$384,520
FY 2007-08 staff recommendation	\$391,696	\$391,696
Difference	\$7,176	\$7,176

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

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

Explanation of Line Item:

This line item was added during supplementals to reflect the amount of administrative funding the Department transfers to the Department of Education for administrative costs for the Public School Health Services program and for a \$200,000 contract with Public Consulting Group to review on school districts are billing for this program.

Department Request:

The Department requests continuation funding for this program.

Staff Recommendation:

Staff's recommendation reflects the Committee's decision for the Department of Education's figure setting for this line item from March 1, 2007.

Long Bill Footnote Recommendation

Staff recommended new footnotes within the body of this documents. However, staff recommends the following continuation, modification of elimination of existing footnotes:

- 2 All Departments, Totals -- The General Assembly requests that copies of all reports requested in other footnotes contained in this act be delivered to the Joint Budget Committee and the majority and minority leadership in each house of the General Assembly. Until such time as the Secretary of State publishes the code of Colorado regulations and the Colorado register in electronic form pursuant to section 24-4-103 (11) (b), C.R.S., each principal department of the state is requested to produce its rules in an electronic format that is suitable for public access through electronic means. Such rules in such format should be submitted to the Office of Legislative Legal Services for publishing on the Internet. Alternatively, the Office of Legislative Legal Services may provide links on its internet web site to such rules. It is the intent of the General Assembly that his be done within existing resources

Recommendation: This footnote is common to all departments. Staff will reflect the JBC decision on whether to continue this footnote or not after the JBC makes their decision on common footnotes.

- 3 All Departments, Totals -- Every Department is requested to submit to the Joint Budget Committee information on the number of additional federal and cash funds exempt FTE

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

JBC WORKING DOCUMENT - DECISIONS SUBJECT TO CHANGE

STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

associated with any federal grants or private donations that are applied for or received during FY 2006-07. The information should include the number of FTE, the associated costs (such as workers' compensation, health and life benefits, need for additional space, etc.) that are related to the additional FTE, the direct and indirect matching requirements associated with the federal grant or donated funds; the duration of the grant, and a brief description of the program and its goals and objectives.

Recommendation: This footnote is common to all departments. Staff will reflect the JBC decision on whether to continue this footnote or not after the JBC makes their decision on common footnotes.

- 20 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 budget to the Joint Budget Committee, by the third Monday 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 within the monthly report.

Recommendation: Staff recommends that this footnote be continued in the Long Bill.

- 20a Department of Health Care Policy and Financing, Executive Director's Office – It is the intent of the General Assembly that the Department comply with the federal regulations that the Medicaid program be the payer of last resort to the fullest extent possible (42 CFR 433.138 and 42 CFR 433.139). If the State Auditor's report finds that the Department is deficient in collecting from third party payers, the Department is authorized to seek federal waiver authority to pay providers first and then seek reimbursement from the obligated third party payer. The Department is requested to submit a report to the Joint Budget Committee by November 1, 2006, on the effectiveness of its third party collections and how the Department plans to address any recommendations contained in the State Auditor's review of this issue. The Department's report is requested to include a cost benefit analysis of when it is in the state's interest to pursue third party recovery.

Recommendation: Staff recommends that this footnote be discontinued from the Long Bill. The Governor vetoed this footnote last year. However, the Department did submit the required report requested in the footnote (see staff briefing). The audit report will be published shortly. After reviewing the audit report, staff will make recommendations to the Joint Budget Committee on any deficiencies she finds with the third party payer recovery program.

- 20b Department of Health Care Policy and Financing, Executive Director's Office – The Department is requested to provide a status report on the implementation schedules and

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING

JBC WORKING DOCUMENT - DECISIONS SUBJECT TO CHANGE

STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

anticipated FY 2006-07 fiscal impact for the following legislation: S.B. 04-177, H.B. 05-1015, H.B. 05-1066, H.B. 05-1131, and H.B. 05-1243. This report is requested to be submitted to the majority and minority leadership in each house of the General Assembly and to the Joint Budget Committee by no later than August 1, 2006.

Recommendation: Staff recommends that this footnote be discontinued from the Long Bill. The Governor vetoed this footnote last year. However, the Department did submit the required report requested in the footnote (see staff briefing). Additional updates on the implementation of these bills will occur in the annual budget submission. A special report is no longer necessary.

- xx Department of Health Care Policy and Financing, Executive Director's Office – The Department is requested to submit a plan to the Joint Budget Committee on or before October 1, 2007 on how to restructure the Executive Director's Office Division's appropriation line item into a more programmatic basis than the current Long Bill structure.

Recommendation: The JBC voted to include this footnote on February 14, 2007.

- 22 Department of Health Care Policy and Financing, Executive Director's Office, Primary Care Provider Rate Task Force and Study -- The Department is requested to work with the provider community to examine any issues of rate disparity and rate shortfalls for physician and acute care providers. The Department is requested to report on its preliminary findings by November 1, 2006, and its final analysis by November 1, 2007. The Department's appropriation contains ~~\$58,000~~ \$19,334 total funds for the expenses of any task force that the Department may assemble and for temporary staffing costs for conducting such a study.

Recommendation: Staff recommends that this footnote be continued in next year's Long Bill with the changes noted above.

- 23 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 2006-07~~ FY 2007-08 to the Joint Budget Committee by July 25, ~~2006~~ 2007. 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 25.5-408, C.R.S.

Recommendation: Staff recommends that this footnote be continued even though there is only one managed care organization participating in the medical Medicaid program. This

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

JBC WORKING DOCUMENT - DECISIONS SUBJECT TO CHANGE

STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

footnote allows staff to collect historical data on the MCO rates for both the medical Medicaid program and beginning with last also the BHO rates.

- 24 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.

Recommendation: This footnote reflects the legislative intent for the Division of Medical Service Premiums to have flexibility in spending the Medical Services Premium line. The detail by population is provided for tracking and policy making purposes only. Staff recommends that this footnote be continued in the 2007 Long Bill.

- 25 Department of Health Care Policy and Financing, Medical Services Premiums -- The General Assembly has determined that the average appropriated rates provide sufficient funds to pay reasonable and adequate compensation to efficient and economical providers. The Department should take actions to ensure that the average appropriated rates are not exceeded.

Recommendation: This footnote states legislative intent in the area of Medicaid rates. Staff recommends that this footnote be continued.

- 26 Department of Health Care Policy and Financing, Medical Services Premiums -- The calculations for this line item include \$9,917,925 total funds for a 3.25 percent reimbursement rate increase for primary care providers beginning July 1, 2006. It is the intent of the General Assembly that the Medical Services Board adopt rules to increase reimbursement rates for provider codes paid from the physician, dental, Early and Periodic Screening, Diagnosis and Treatment, lab and x-ray, and durable medical equipment services categories. The Department is requested to provide a report to the Joint Budget Committee by August 1, 2006, on the status of the rules adopted by the Medical Services Board regarding this reimbursement rate increase.

Recommendation: This footnote is related to rate increases that were approved for FY 2006-07. Staff recommends that this footnote be discontinued.

- 27 Department of Health Care Policy and Financing, Medical Services Premiums -- The calculations for this line item include \$11,713,742 total funds for a 3.25 percent rate increase for inpatient hospital services provided to Medicaid clients beginning July 1, 2006. It is the intent of the General Assembly that the Medical Services Board adopt rules that increase each individual hospital's Medicaid reimbursement rate by 3.25 percent for inpatient hospital services provided to Medicaid clients. The Department is also requested to provide a report

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

JBC WORKING DOCUMENT - DECISIONS SUBJECT TO CHANGE

STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

to the Joint Budget Committee by August 1, 2006, on the status of the rules adopted by the Medical Services Board regarding this rate increase.

Recommendation: This footnote is related to rate increases that were approved for FY 2006-07. Staff recommends that this footnote be discontinued.

- 28 Department of Health Care Policy and Financing, Medical Services Premiums -- The calculations for this line item include \$4,138,750 for rate increases for home- and community-based waiver services, private duty nursing services, and home health services beginning April 1, 2007. It is the intent of the General Assembly that the Medical Services Board adopt rules to provide the following rate increases:

<u>Provider Class</u>	<u>Rate Increase</u>
Assisted Living Facilities	12.50%
Day Care Services	1.00%
Skilled Nursing	23.60%
Physical Therapy	23.60%
Speech Therapy	23.60%
Occupational Therapy	23.60%
Private Duty Registered Nursing	23.60%
Private Duty Licensed Nursing	23.60%

The Department is requested to report to the Joint Budget Committee by June 1, 2007, the rate plan that has been adopted by the Medical Services Board.

Recommendation: This footnote is related to rate increases that were approved for FY 2006-07. Staff recommends that this footnote be discontinued.

- 29 Department of Health Care Policy and Financing, Medical Services Premiums -- Beginning in January 2006, individuals fully eligible for the Medicare and Medicaid coverage will receive their drug benefits through the Medicare Modernization Act of 2003, Part D Drug Benefit Program. While this program is anticipated to create prescription drug savings in the state's Medicaid program, these savings will be reduced by the mandatory state contribution to the federal government. The Department is requested to provide the Joint Budget Committee with quarterly reports regarding the calculations for the mandatory State

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

JBC WORKING DOCUMENT - DECISIONS SUBJECT TO CHANGE

STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

contribution payment to the federal government for the Medicare Modernization Act of 2003. The reports should contain an estimate of how the State contribution payment compares to the savings estimate of transferring the prescription drug benefit from the Medicaid program to the Medicare program.

Recommendation: Staff recommends that this footnote be discontinued. The MMA state contribution payment is fully annualized and information on its expenditures can be submitted with regular budget submission. Quarterly reports are no longer necessary for this line item.

- 30 Department of Health Care Policy and Financing, Indigent Care Program, Safety Net Provider Payment -- The Department is requested to submit a report by February 1, 2007 2008, to the Joint Budget Committee, estimating the disbursement to each hospital from the Safety Net Provider Payment line item for FY 2006-07 FY 2007-08.

Recommendation: Staff recommends that this footnote be continued with the changes noted above.

- 31 Department of Health Care Policy and Financing, Indigent Care Program, Children's Basic Health Plan Premium Costs -- This appropriation assumes the following caseload and cost estimates: (1) traditional children's caseload of ~~38,635~~ 46,694 at an average cost of ~~\$104.14~~ \$112.68 per month; (2) expansion of the children's caseload by ~~3,955~~ of 7,022 at an average cost of ~~\$104.14~~ \$112.68 per month; (3) traditional adult prenatal member months of 1,428 at an average cost of ~~\$905.54~~ \$865.10 per month; and (4) expansion of the adult prenatal member months by ~~17,508~~ 18,447 at an average cost of ~~\$905.54~~ \$865.10 per month. Traditional caseload is funded from the Children's Basic Health Plan. Expansion caseload is funded from the Health Care Expansion Fund.

Recommendation: Staff recommends that this footnote be continued with the changes noted above. This footnote is included each year in the Long Bill to provide an explanation for the amount of funding included in the Children's Basic Health Plan. The footnote merely describes the caseload assumption and cost assumptions (similar to the line item descriptions in the Medical Services Premiums division). The information in the footnote is the best estimate of caseload and cost that the Joint Budget Committee has at the time the appropriation is set. During supplementals, these caseload and cost assumptions are adjusted as needed.

- 32 Department of Health Care Policy and Financing, Indigent Care Program, Children's Basic Health Plan Dental Benefit Costs -- This appropriation assumes an average cost of ~~\$13.30~~ \$13.97 per month per child. The caseload is estimated at ~~87~~ 79 percent of the caseload of

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

JBC WORKING DOCUMENT - DECISIONS SUBJECT TO CHANGE

STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

the premiums line item to reflect that children are not eligible for services until one month after they enroll in the plan.

Recommendation: Staff recommends that this footnote be continued with the changes noted above. This footnote is included each year in the Long Bill to provide an explanation for the amount of funding included in the Children's Basic Health Plan. The footnote merely describes the caseload assumption and cost assumptions (similar to the line item descriptions in the Medical Services Premiums division). The information in the footnote is the best estimate of caseload and cost that the Joint Budget Committee has at the time the appropriation is set. During supplementals, these caseload and cost assumptions are adjusted as needed.

- 33 Department of Health Care Policy and Financing, Other Medical Services, Services for ~~5,989~~ Old Age Pension State Medical Program clients ~~at an average cost of \$2,381.48~~ -- The Department is requested to submit a report by November 1, ~~2006~~ 2007 recommending changes to the benefit structure or eligibility criteria for the Old Age Pension State Medical Program in order to stay within the ~~appropriation limit of \$13,286,483 for FY 2007-08.~~ CURRENT STATUTORY APPROPRIATION LIMITS FOR THE PROGRAM. The report should include the most recent five year expenditure history for the different medical services categories used by this population. In addition, the report should include a five year forecast for the caseload and cost of this program if benefits are not reduced.

Recommendation: Staff recommends that this footnote be continued with the changes noted above.

- 34 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.

Recommendation: Staff recommends that this footnote be continued.

- 35 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

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2007-08 FIGURE SETTING**

JBC WORKING DOCUMENT - DECISIONS SUBJECT TO CHANGE

STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

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 appropriation 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 appropriations 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.

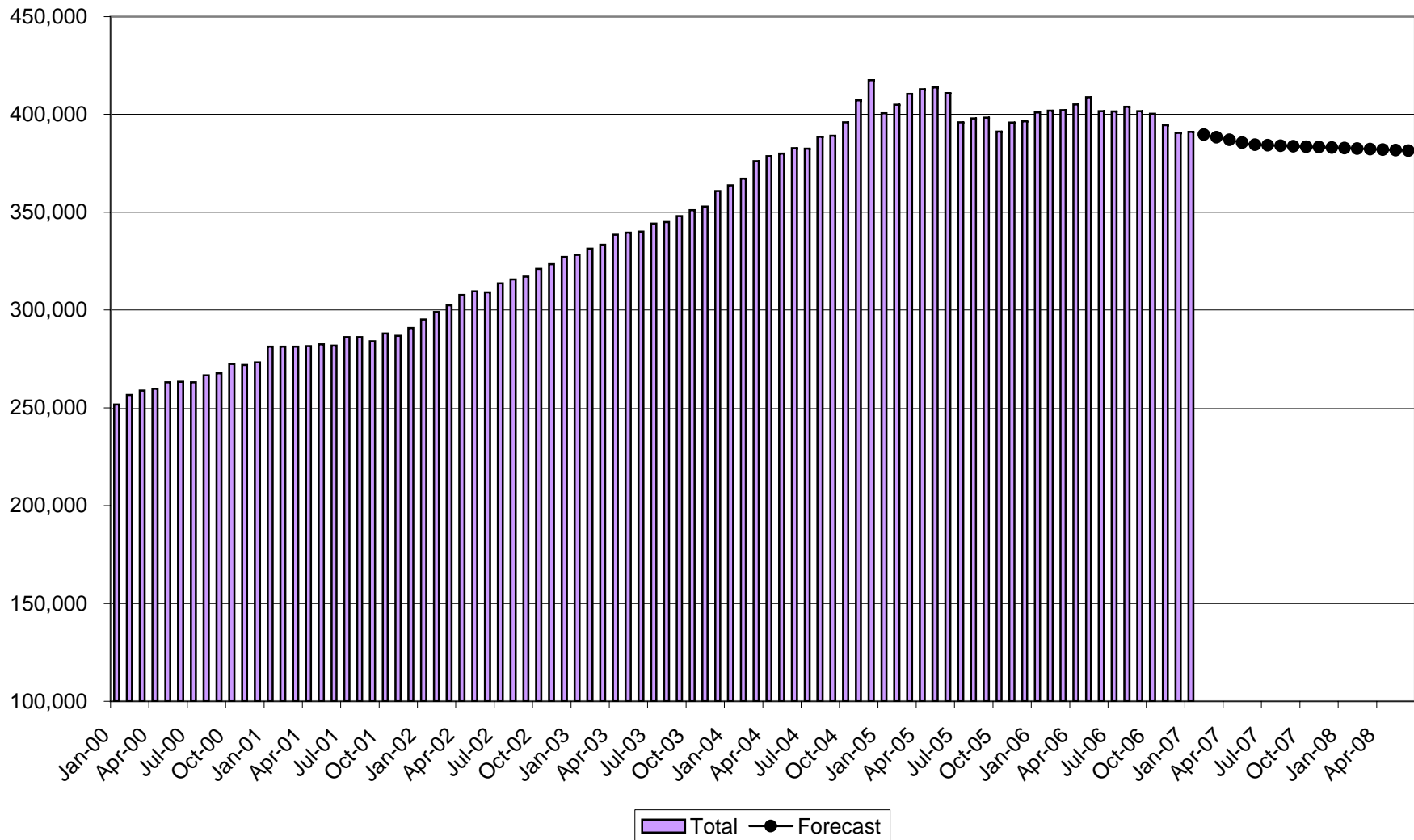
Recommendation: This footnote was included last year in the Long Bill at the request of the Department of Health Care Policy and Financing. This footnote provides legislative intent to allow some flexibility in the transfer of funds in the Department of Human Services Medicaid -funded programs in order to reconcile to centralized appropriation transfers made in the Department of Human Services. Staff recommends that this footnote be continued.

**JBC Staff Figure Setting
10 Year History and Staff Recommendation**

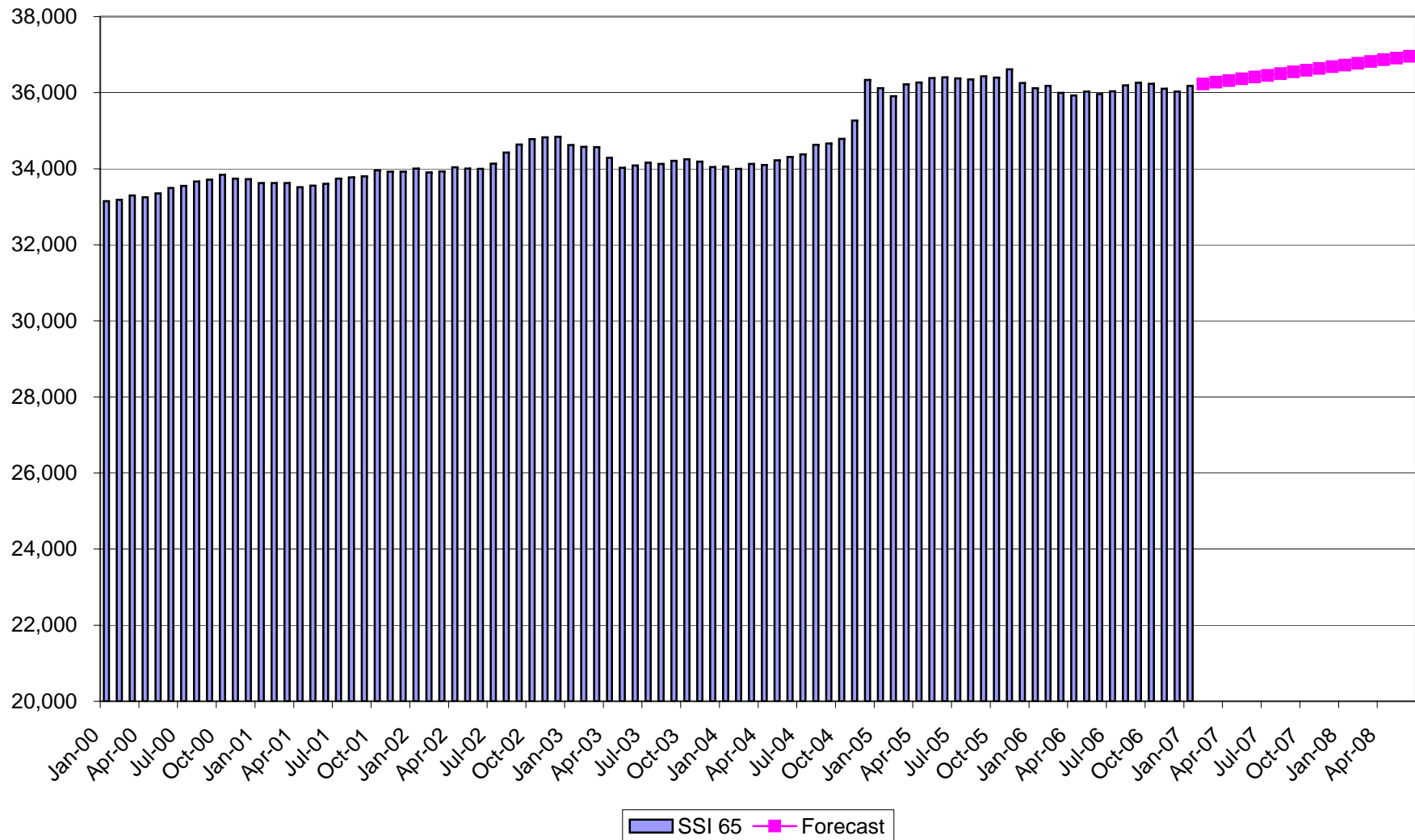
Nonretroactive Medicaid Caseload

	SSI 65	SSI 60-64	QMB/ SLIMB	SSI Disabled	Low Income Adults	Expansion Adults	Baby Care Adults	BCCTP	Eligible Children	Foster Care	Non- Citizens	Total
FY 95-96	31,321	4,261	3,937	44,736	36,690	0	7,223	0	113,439	8,376	4,100	254,083
FY 96-97	32,080	4,429	4,316	46,090	33,250	0	5,476	0	110,586	8,261	4,610	249,098
% Change from Previous Year	2.42%	3.94%	9.63%	3.03%	-9.38%	n/a	-24.19%	n/a	-2.52%	-1.37%	12.44%	-1.96%
FY 97-98	32,664	4,496	4,560	46,003	27,179	0	4,295	0	103,912	10,453	5,032	238,594
% Change from Previous Year	1.82%	1.51%	5.65%	-0.19%	-18.26%	n/a	-21.57%	n/a	-6.04%	26.53%	9.15%	-4.22%
FY 98-99	33,007	4,909	6,104	46,310	22,852	0	5,017	0	102,074	11,526	5,799	237,598
% Change from Previous Year	1.05%	9.19%	33.86%	0.67%	-15.92%	n/a	16.81%	n/a	-1.77%	10.26%	15.24%	-0.42%
FY 99-00	33,135	5,092	7,597	46,386	23,515	0	6,174	0	109,816	12,474	9,065	253,254
% Change from Previous Year	0.39%	3.73%	24.46%	0.16%	2.90%	n/a	23.06%	n/a	7.58%	8.22%	56.32%	6.59%
FY 00-01	33,649	5,157	8,157	46,046	27,081	0	6,561	0	123,221	13,076	12,451	275,399
% Change from Previous Year	1.55%	1.28%	7.37%	-0.73%	15.16%	n/a	6.27%	n/a	12.21%	4.83%	37.35%	8.74%
FY 01-02	33,916	5,184	8,428	46,349	33,347	0	7,131	0	143,909	13,121	4,028	295,413
% Change from Previous Year	0.79%	0.52%	3.32%	0.66%	23.14%	n/a	8.69%	n/a	16.79%	0.34%	-67.65%	7.27%
FY 02-03	34,485	5,456	8,949	46,378	40,021	0	7,579	46	166,537	13,843	4,101	327,395
% Change from Previous Year	1.68%	5.25%	6.18%	0.06%	20.01%	n/a	6.28%	n/a	15.72%	5.50%	1.81%	10.83%
FY 03-04	34,149	5,528	9,787	46,565	46,754	0	8,203	103	192,048	14,790	4,604	362,531
% Change from Previous Year	-0.97%	1.32%	9.36%	0.40%	16.82%	n/a	8.23%	n/a	15.32%	6.84%	12.27%	10.73%
FY 04-05	35,615	6,103	9,572	47,626	56,453	0	6,110	86	220,592	15,669	4,976	402,802
% Change from Previous Year	4.29%	10.40%	-2.20%	2.28%	20.74%	n/a	-25.52%	n/a	14.86%	5.94%	8.08%	11.11%
FY 05-06	36,219	6,048	11,012	47,565	57,747	0	5,050	188	213,600	16,311	5,959	399,699
% Change from Previous Year	1.70%	-0.90%	15.04%	-0.13%	2.29%	n/a	-17.35%	n/a	-3.17%	4.10%	19.75%	-0.77%
FY 06-07 Current App.	37,036	6,241	12,570	48,447	63,127	4,850	4,890	223	228,438	17,091	6,309	429,222
% Change from Previous Year	2.26%	3.19%	14.15%	1.85%	9.32%	n/a	-3.17%	n/a	6.95%	4.78%	5.87%	7.39%
FY 06-07 REVISED FORECAST	36,218	6,068	12,706	48,489	52,115	5,292	5,018	233	205,212	16,580	5,248	393,180
% Change from FY 2005-06	0.00%	0.32%	15.39%	1.94%	-9.75%	n/a	-0.63%	23.78%	-3.93%	1.65%	-11.93%	-1.63%
FY 07-08 FIGURE SETTING FORECAST	36,703	6,252	13,294	48,942	46,433	10,377	5,264	277	193,675	17,295	4,691	383,202
% Change from FY 2007-08 Forecast	1.34%	3.03%	4.63%	0.93%	-10.90%	96.06%	4.90%	18.95%	-5.62%	4.31%	-10.62%	-2.54%

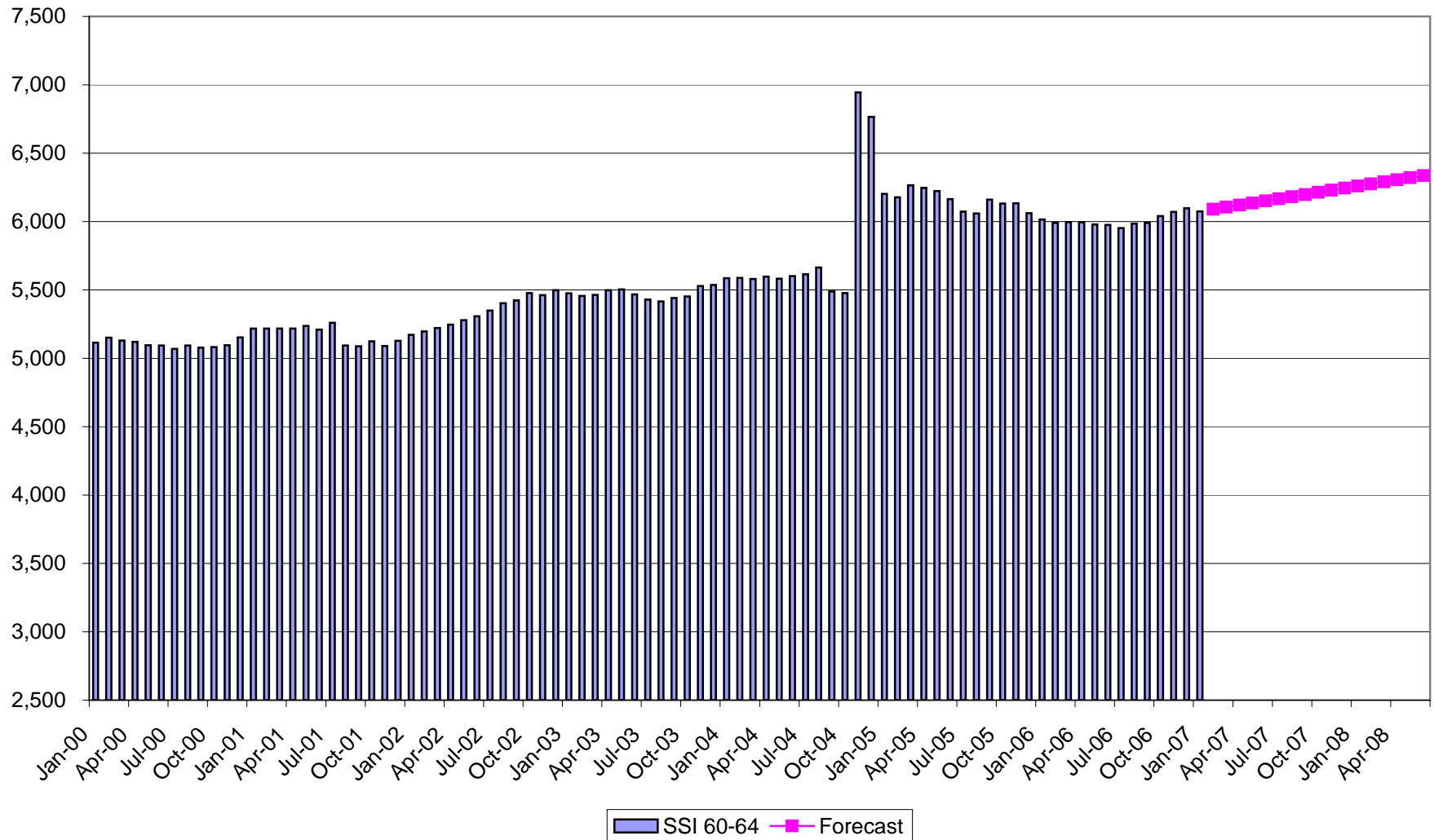
Total Medicaid Caseload JBC Forecast



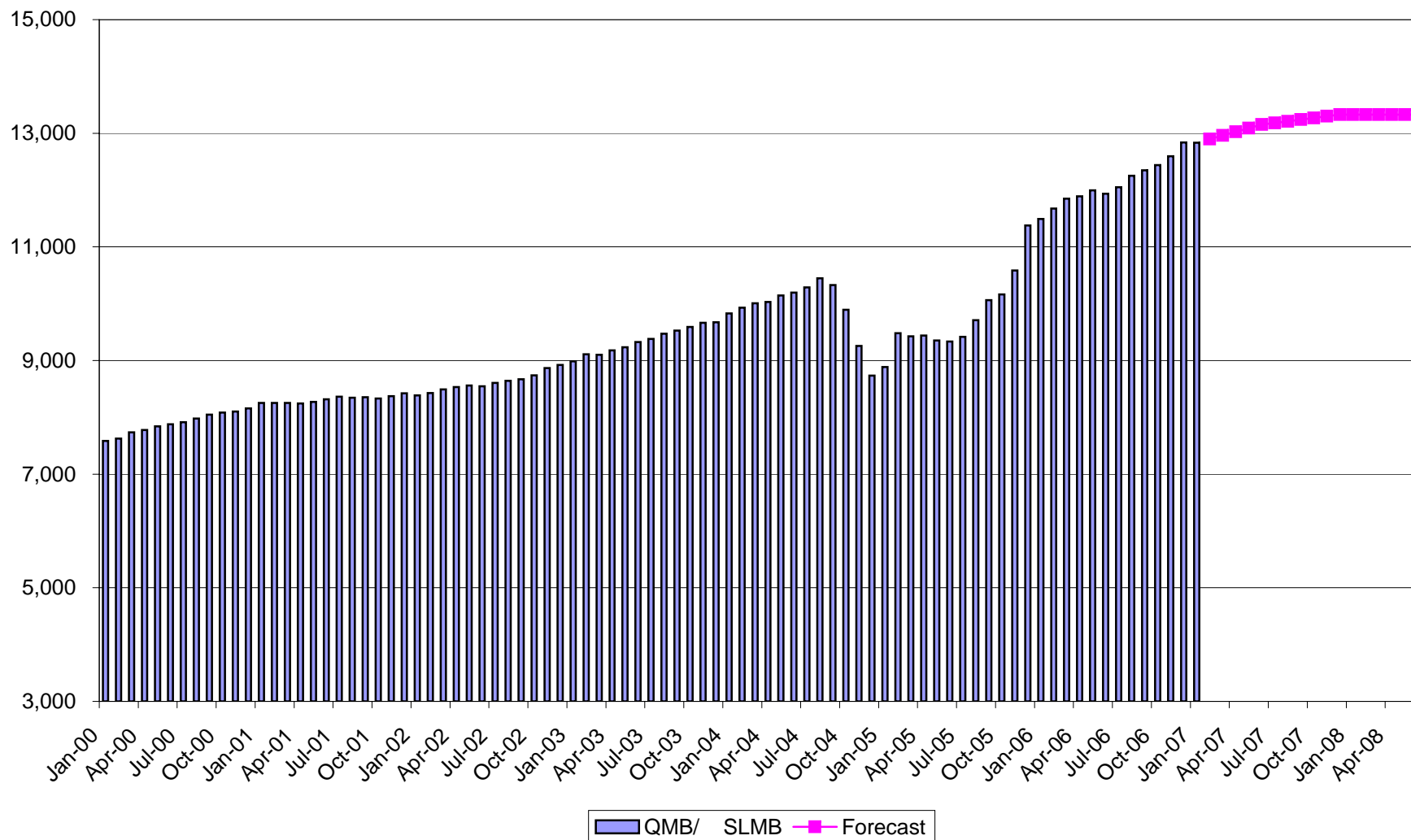
SSI 65 + JBC Staff Forecast



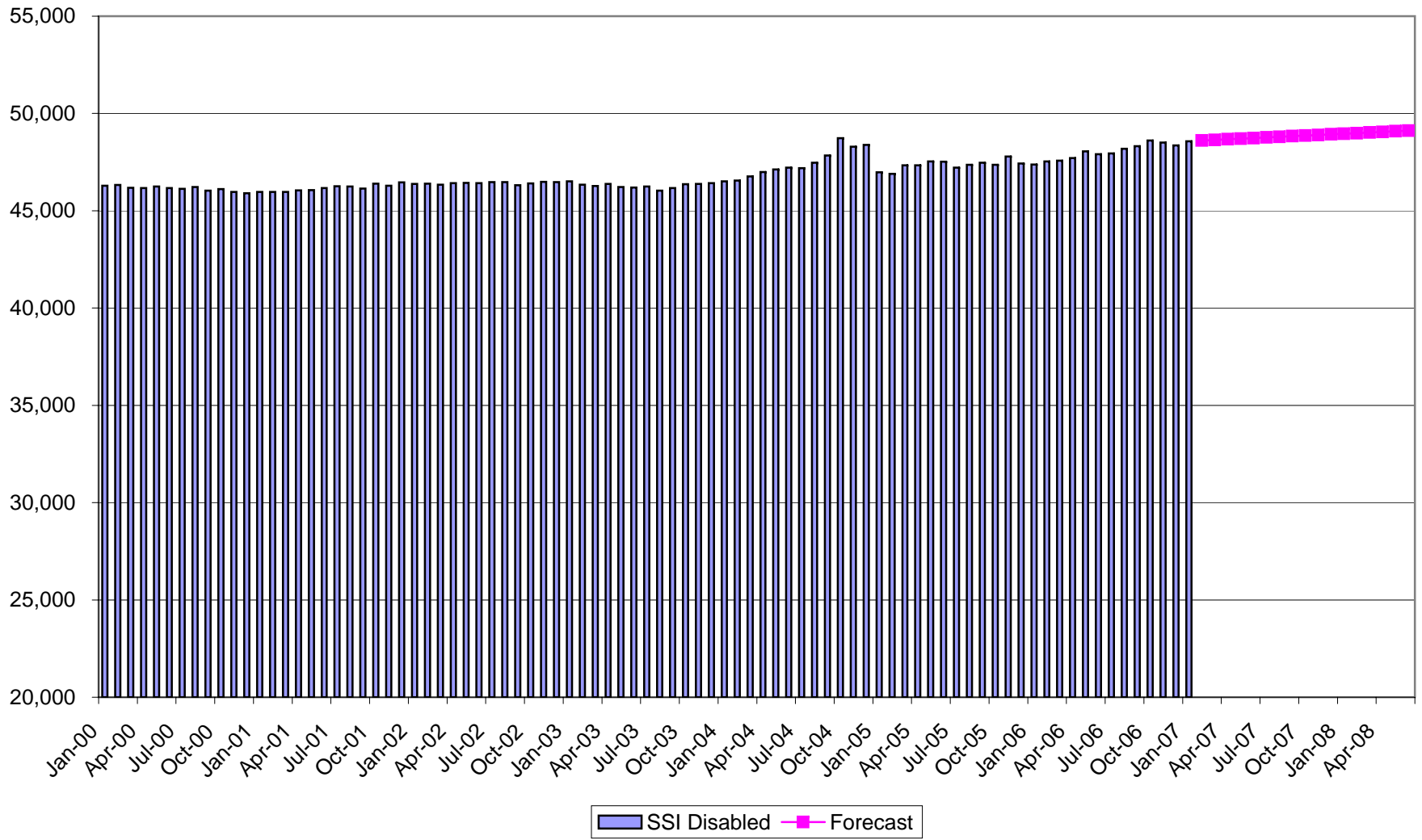
SSI 60 to 64 JBC FORECAST



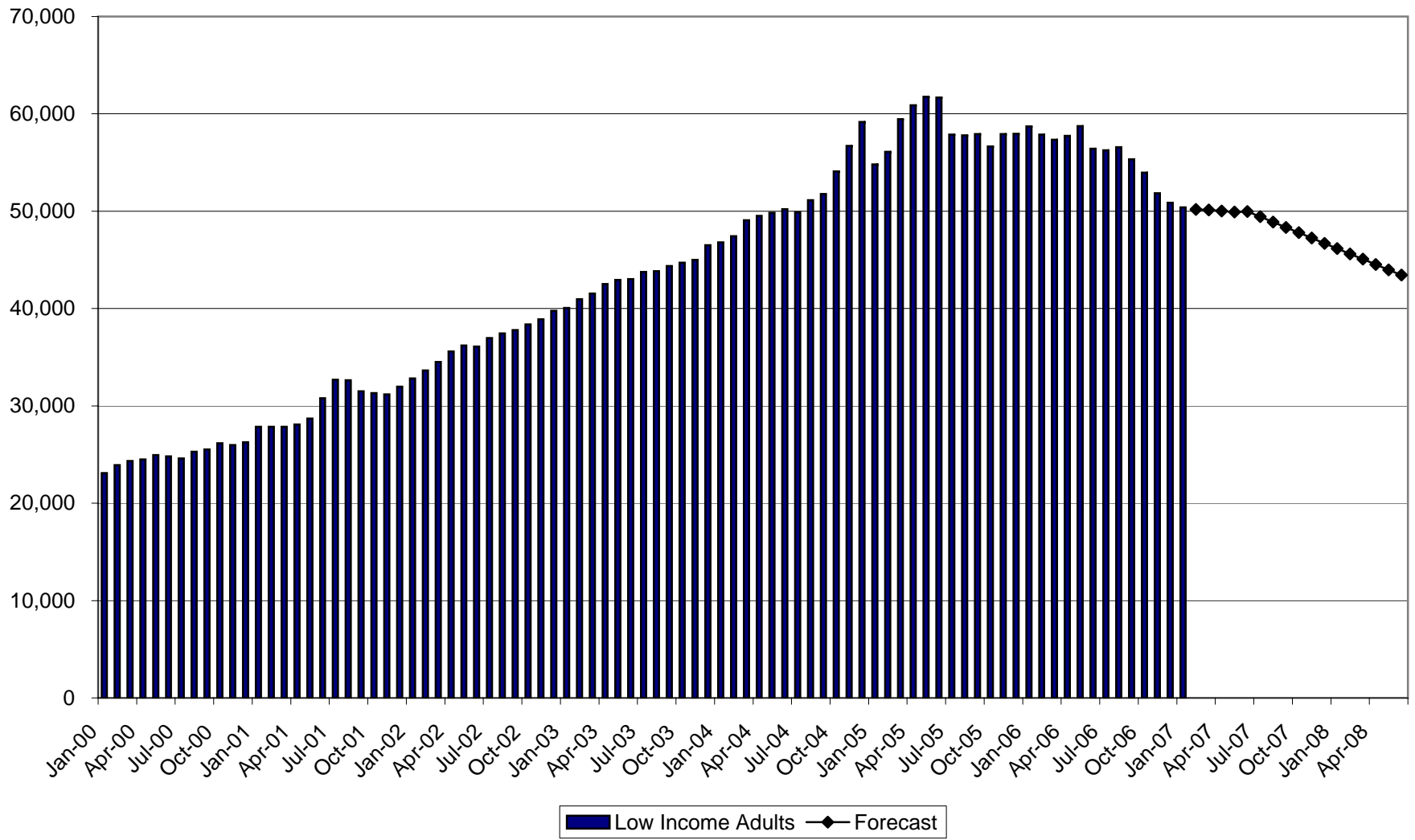
QMB / SLMB JBC Staff Forecast



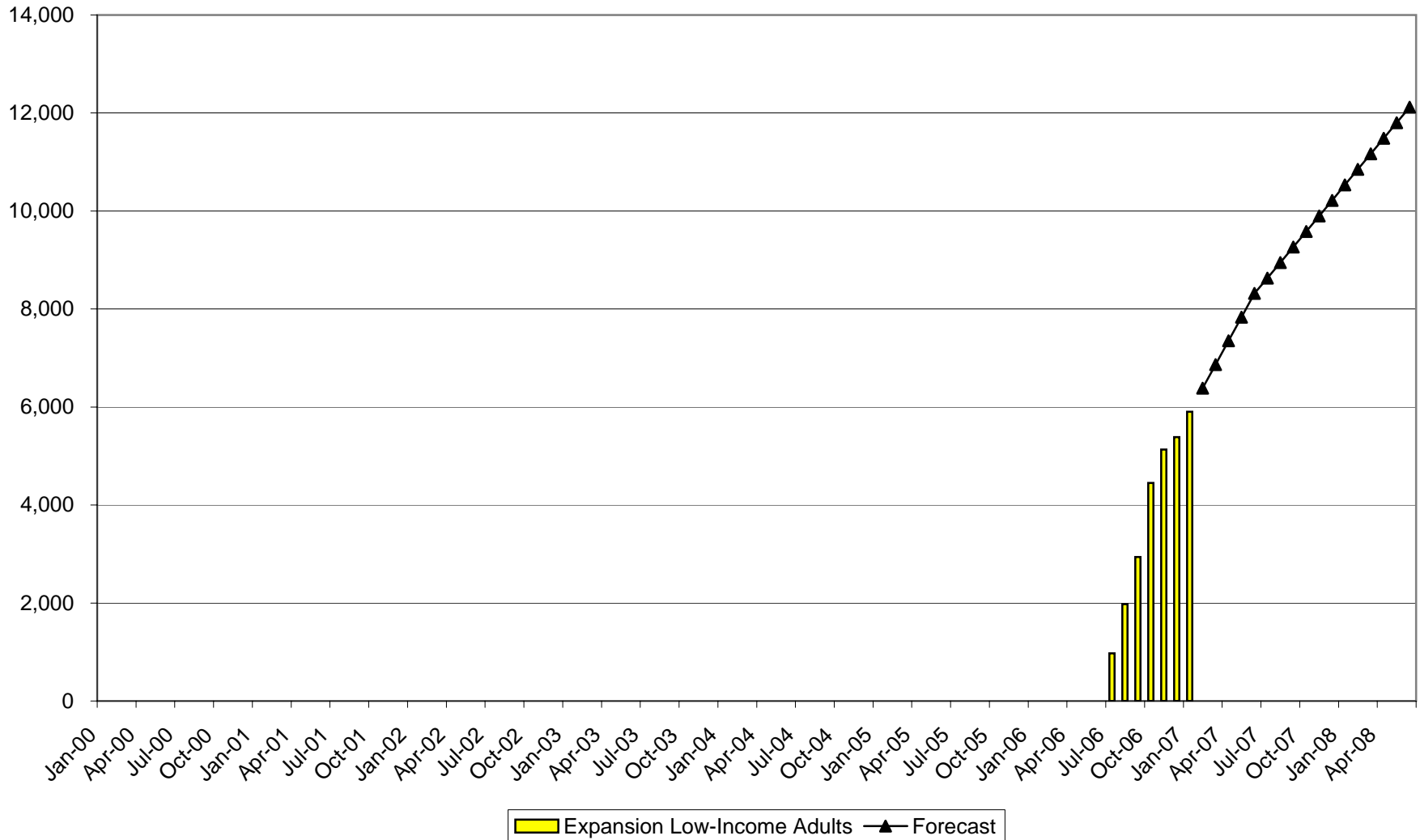
SSI Disabled JBC Staff Forecast



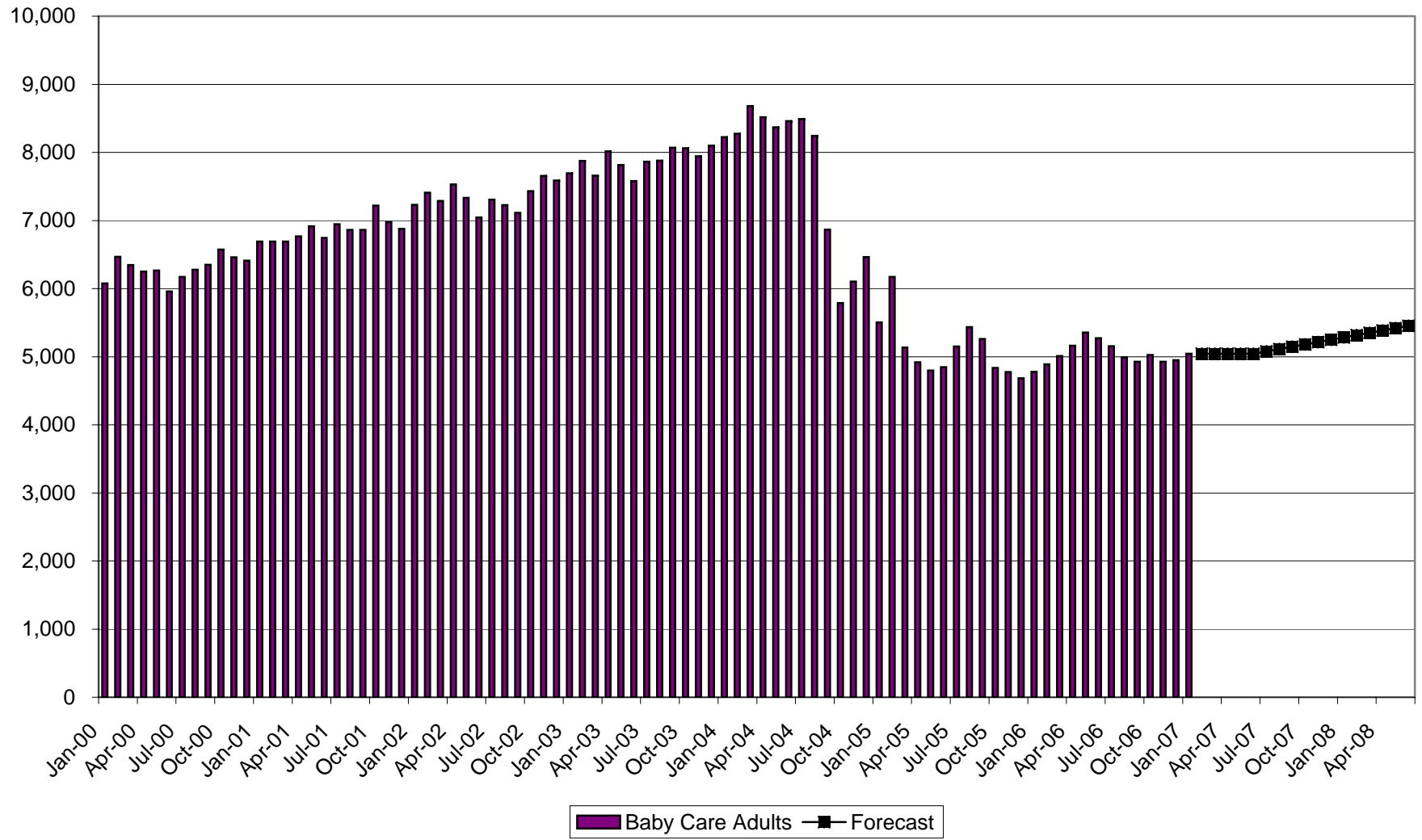
Low Income Adults JBC Staff Forecast



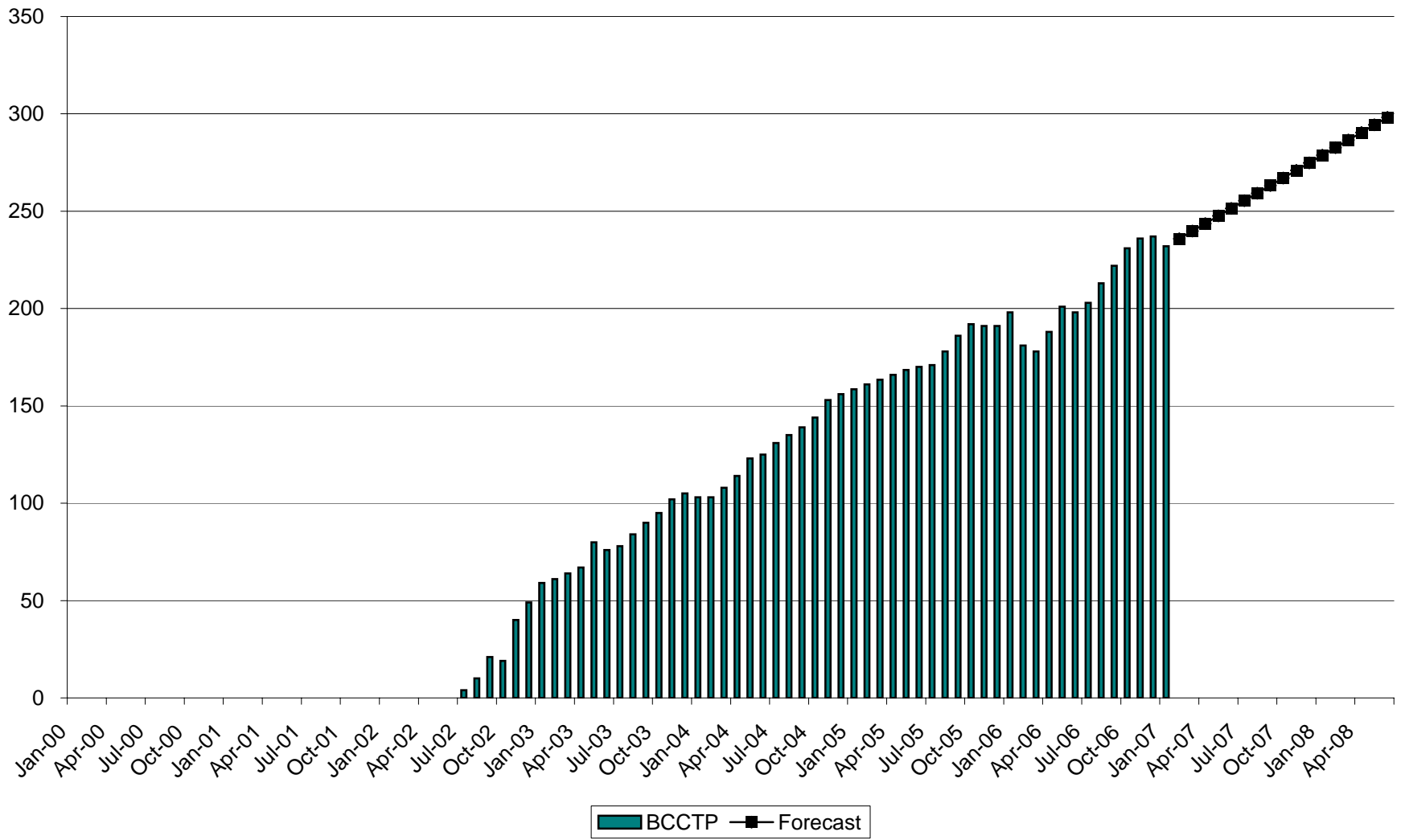
Expansion Low Income Adults JBC Staff Forecast



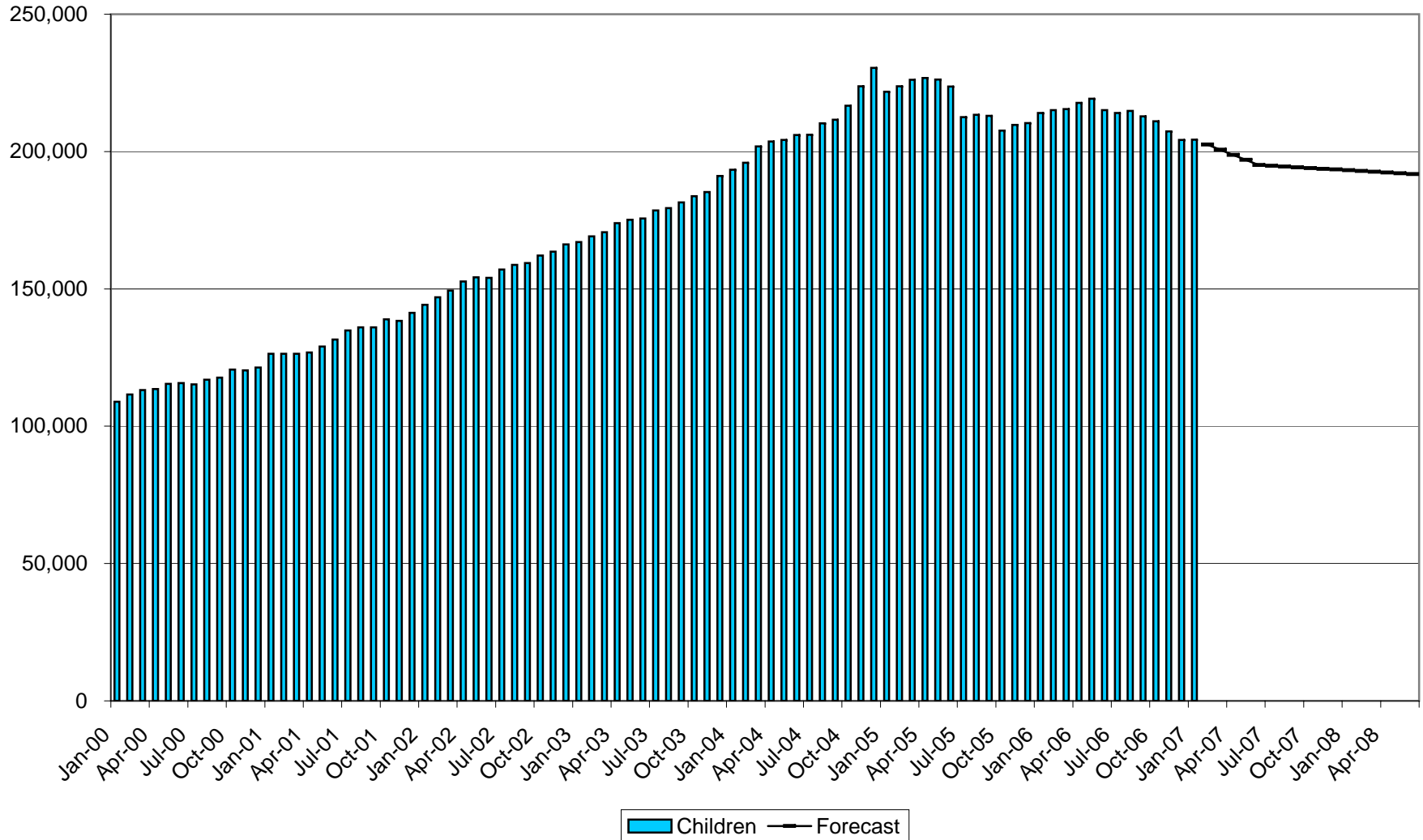
Baby Care Adults JBC Staff Forecast



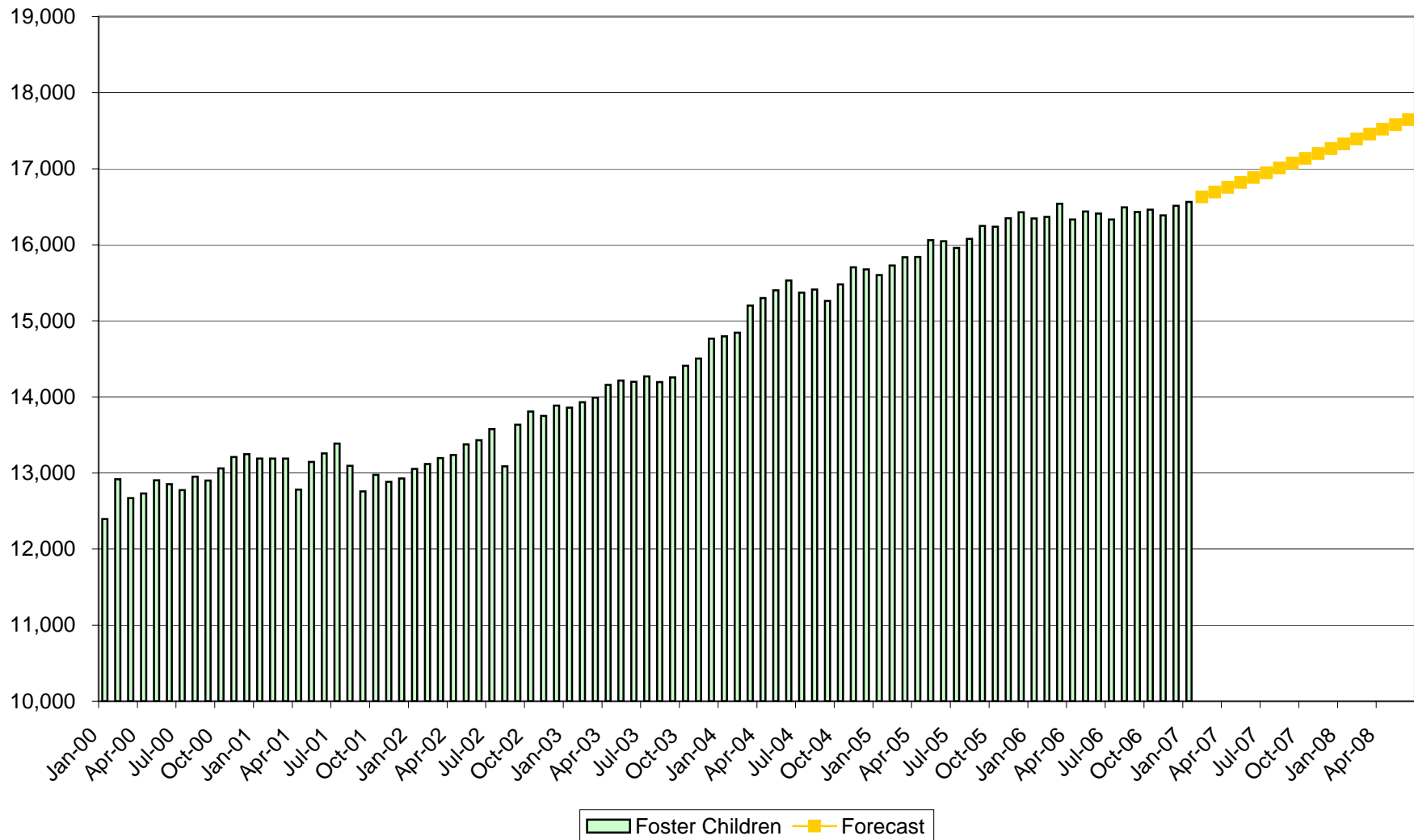
Breast and Cervical Cancer Clients JBC Staff Forecast



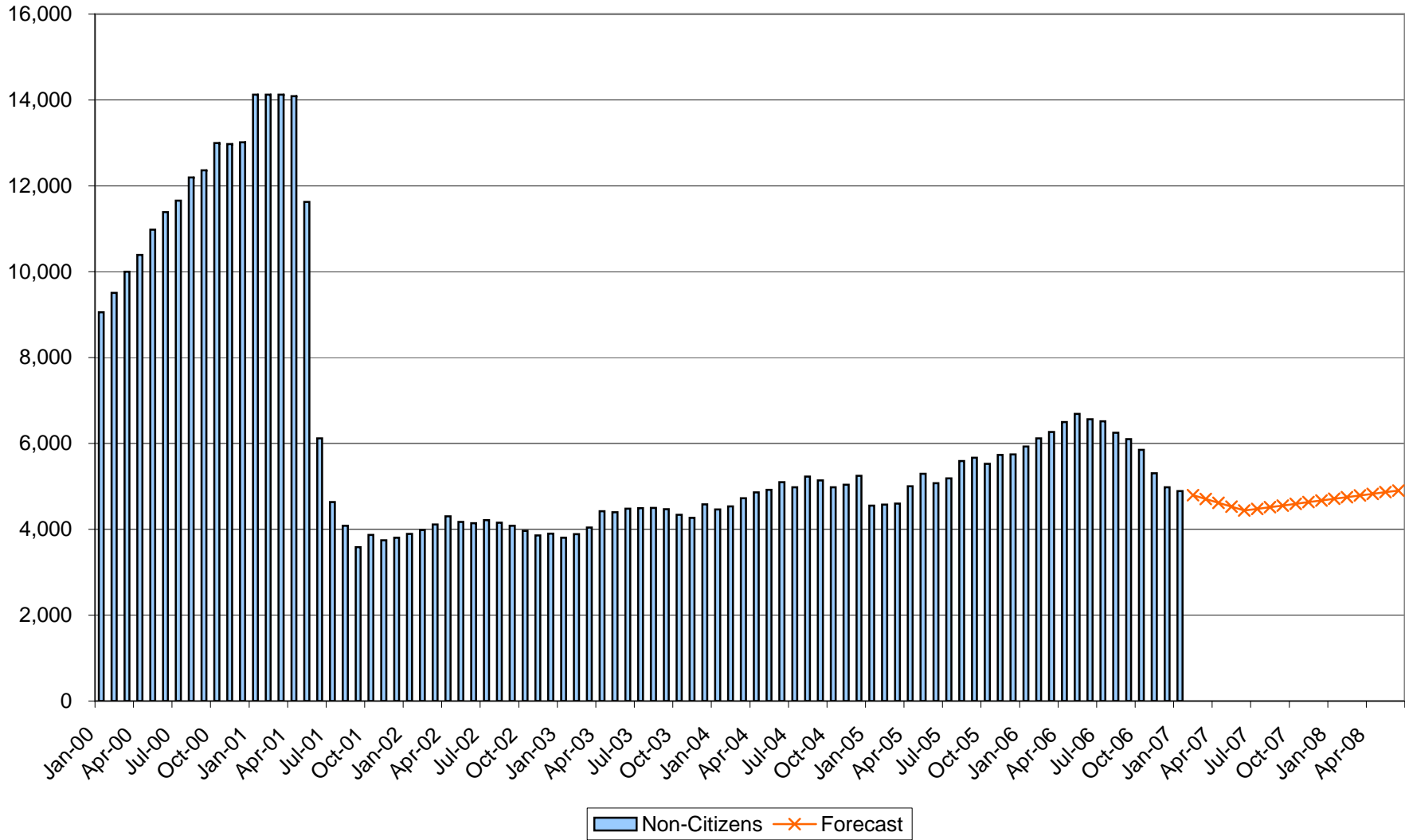
Children JBC Staff Population



Foster Children JBC Staff Forecast



Non-Citizens JBC Staff Forecast



JBC Staff Figure Setting Document

	SSI 65 >	SSI 60 to 64	QMB SLIMB	SSI Disabled	Adults	Pregnant Adults	BC Cancer Adults	Expansion Adults	Children	Foster Children	Noncitizens	TOTAL MEDICAID
FY 2005-06 Appropriation -- 2005 Session & 2006 Session												
Caseload Forecast Appropriations												
05-209 Traditional Medicaid Forecast	34,496	5,827	11,355	47,973	58,108	7,840	219	0	235,985	16,211	5,621	423,635
05-209 Expansion Medicaid Forecast	812	116	0	700	676	260	0	0	856	92	0	3,512
05-1262 Expansion Medicaid Forecast	0	0	0	527	3,440	0	91	0	15,135	0	0	19,193
TOTAL APPROPRIATED CASELOAD 2005 Session	35,308	5,943	11,355	49,200	62,224	8,100	310	0	251,976	16,303	5,621	446,340
H.B. 06-1385 Supplemental												
Change to Traditional Medicaid Forecast	1,261	164	(185)	(1,189)	(739)	(3,188)	(85)	0	(23,991)	60	172	(27,720)
Change to Expansion Medicaid Forecast	0	0	0	(302)	(3,440)	0	(33)	0	(15,135)	0	0	(18,910)
FINAL FY 2005-06 Forecast	36,569	6,107	11,170	47,709	58,045	4,912	192	0	212,850	16,363	5,793	399,710
Actual FY 2006-07 Caseload	36,219	6,048	11,012	47,565	57,754	5,050	188	0	213,600	16,311	5,959	399,706
Difference	350	59	158	144	291	(138)	4	0	(750)	52	(166)	4
% Error	0	0	0	0	0	(0)	0	0	(0)	0	(0)	0
Appropriation by Bill Source												
05-209 -- Long Bill	690,401,916	80,636,775	12,252,382	578,880,086	231,676,837	63,759,071	4,892,827	0	320,051,275	51,562,140	62,570,082	2,096,683,391
05-209 Clawback Payment (not spread)	0	0	0	0	0	0	0	0	0	0	0	30,984,982
05-1066 -- Obesity	18,419	3,100	5,923	25,390	30,665	4,225	114	0	123,549	8,505	2,932	222,822
05-1131 -- Redisperse prescription drugs	(219,268)	(37,391)	(187)	(342,619)	(54,237)	(5,849)	0	0	(34,820)	(39,597)	(2)	(733,970)
05-1243 -- Consumer Directed Care	0	0	0	(1,004,415)	0	0	0	0	0	0	0	(1,004,415)
05-1262 Disease Management	325,788	54,836	104,773	449,107	542,401	74,739	2,021	0	2,185,339	150,428	51,865	3,941,297
05-1262 Breast and Cervical Cancer	0	0	0	0	0	0	2,587,905	0	0	0	0	2,587,905
05-1262 Expansion Medicaid (w/o legal immigrants)	0	0	0	11,599,362	13,528,178	0	0	0	20,411,818	0	0	45,539,358
06-1217 Supplemental	(3,040,802)	(474,614)	(218)	(3,757,728)	(1,494,078)	(685,964)	0	0	(2,209,954)	(467,470)	(129,290)	(43,245,100)
06-1369 Supplemental	2,881,053	316,340	732	2,299,320	185,851	52,730	0	0	259,191	153,931	90,852	6,240,000
06-1385 Supplemental	(8,333,442)	7,511,575	1,686,492	(22,542,315)	(41,200,780)	(26,519,977)	(4,121,575)	0	(38,494,115)	880,194	(10,435,769)	(141,569,712)
TOTAL FY 2005-06 APPROPRIATION	682,033,664	88,010,621	14,049,897	565,606,188	203,214,837	36,678,975	3,361,292	0	302,292,283	52,248,131	52,150,670	1,999,646,558
FINAL APPROPRIATION BY SERVICE AREA AND BOTTOM OF THE LINE FINANCING												
ACUTE CARE SERVICES ESTIMATE	139,514,998	48,294,714	2,011,497	402,964,781	198,555,946	35,990,875	3,360,000	0	296,245,988	47,490,838	51,996,757	1,226,426,394
COMMUNITY BASED SERVICES	88,113,326	11,724,098	15,533	68,083,435	134,612	78	0	0	500,776	4,206,086	0	172,777,944
LONG TERM SERVICES	435,972,242	26,493,472	12,020,964	86,254,762	108,742	15,733	0	0	74,947	12,564	9,750	560,963,176
SERVICE MANAGEMENT	15,640,730	1,062,501	1,701	4,852,488	237,751	42,368	1,292	0	635,400	109,365	25,435	22,609,031
Subtotal for Services w/o Bottom of Line Financing	679,241,296	87,574,785	14,049,695	562,155,466	199,037,051	36,049,054	3,361,292	0	297,457,111	51,818,853	52,031,942	1,982,776,545
ICMR FEE	0	0	0	76,512	0	0	0	0	0	0	0	76,512
UPPER PAYMENT LIMIT -- FINAL	2,792,368	435,838	201	3,374,210	2,715,151	629,921	0	0	3,372,538	429,278	118,727	13,868,232
DENVER HEALTH OUTSTATIONING	0	0	0	0	1,462,635	0	0	0	1,462,634	0	0	2,925,269
FINAL APPROPRIATION BY SERVICE AREA & BLF	682,033,664	88,010,623	14,049,896	565,606,188	203,214,837	36,678,975	3,361,292	0	302,292,283	52,248,131	52,150,669	1,999,646,558
ACTUAL FY 2005-06 EXPENDITURES BY SERVICE AREA												
ACUTE CARE SERVICES ESTIMATE	119,353,131	45,562,871	2,068,100	395,096,174	194,256,325	39,291,425	6,809,762	0	304,607,787	44,535,020	55,307,090	1,206,887,685
COMMUNITY BASED SERVICES	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
LONG TERM SERVICES	444,232,144	27,813,673	11,243,514	86,190,316	150,982	13,231	0	0	64,840	10,566	8,200	569,727,466
SERVICE MANAGEMENT	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
Subtotal for Services	672,928,682	86,484,528	13,363,360	555,793,418	195,227,241	39,395,763	6,810,399	0	308,195,420	48,881,975	55,315,290	1,982,396,076
Percent Difference from Forecast	-0.93%	-1.24%	-4.89%	-1.13%	-1.91%	9.28%	102.61%	0.00%	3.61%	-5.67%	6.31%	-0.02%
ICMR Fee	0	0	0	0	0	0	0	0	0	0	0	0
UPPER PAYMENT LIMIT	2,792,368	435,838	201	3,374,210	2,715,151	629,921	0	0	3,372,538	429,278	118,727	13,868,232
DENVER HEALTH OUTSTATIONING (?)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENDITURES (Service Area & BLF)	675,721,050	86,920,366	13,363,561	559,167,628	197,942,392	40,025,684	6,810,399	0	311,567,958	49,311,253	55,434,017	1,996,264,308
Difference from Appropriation	(6,312,614)	(1,090,257)	(686,335)	(6,438,560)	(5,272,445)	3,346,709	3,449,107	0	9,275,675	(2,936,878)	3,283,348	(3,382,250)
% Difference	-0.93%	-1.24%	-4.88%	-1.14%	-2.59%	9.12%	102.61%	0.00%	3.07%	-5.62%	6.30%	-0.17%

JBC Staff Figure Setting Document

	SSI 65 >	SSI 60 to 64	QMB SLIMB	SSI Disabled	Adults	Pregnant Adults	BC Cancer Adults	Expansion Adults	Children	Foster Children	Noncitizens	TOTAL MEDICAID
FY 2006-07 Appropriation -- 2006 Session												
Caseload -- H.B. 06-1385	37,036	6,241	12,570	48,447	63,127	4,890	223	4,850	228,438	17,091	6,309	429,222
Traditional Medicaid Caseload (can be funded with GF)	36,224	6,125	12,570	47,095	59,336	4,630	156	0	214,603	16,999	6,309	404,047
Expansion Medicaid Caseload (can be funded with Tobacco Tax)	812	116	0	1,352	3,791	260	67	4,850	13,835	92	0	25,175
TOTAL CASELOAD	37,036	6,241	12,570	48,447	63,127	4,890	223	4,850	228,438	17,091	6,309	429,222
Current FY 2006-07 Appropriation for Medical Service Premiums												
H.B. 06-1385	700,845,105	82,946,201	11,967,854	564,954,836	236,477,609	37,951,534	5,108,636	12,150,781	336,448,671	57,883,838	61,853,657	2,108,588,722
S.B. 06-131	1,928,835	117,808	1,659	328,149	(55)	0	0	0	9	0	0	2,376,406
S.B. 06-165	109,450	14,066	2,174	90,398	31,753	6,408	1,108	0	50,127	7,951	8,997	322,431
TOTAL	702,883,390	83,078,076	11,971,686	565,373,383	236,509,307	37,957,942	5,109,744	12,150,781	336,498,808	57,891,789	61,862,654	2,111,287,559
Current FY 2006-07 App. By Service Area												
Acute Care Services	116,260,144	45,631,526	2,238,434	383,135,626	232,786,878	37,490,526	5,082,754	12,150,781	330,581,592	52,263,237	61,430,934	1,279,052,431
Community Care Services	105,534,774	11,288,836	(117)	76,161,639	171,487	2,338	0	0	839,013	5,017,505	0	199,015,475
Long Term Care Services & Insurance	459,151,893	24,253,541	9,648,745	95,298,094	182,406	16,147	0	0	76,927	12,894	10,006	588,650,654
Administrative Services	17,374,192	1,338,462	8,045	6,948,270	898,750	175,188	9,532	0	1,778,290	275,088	152,494	28,958,311
SUBTOTAL SERVICE COSTS	698,321,003	82,512,366	11,895,106	561,543,629	234,039,521	37,684,199	5,092,286	12,150,781	333,275,823	57,568,724	61,593,434	2,095,676,871
Bottom of the Line Financing	4,562,387	565,710	76,580	3,829,754	2,469,786	273,743	17,458	0	3,222,985	323,065	269,220	15,610,688
TOTAL BY SERVICE AREA	702,883,390	83,078,076	11,971,686	565,373,383	236,509,307	37,957,942	5,109,744	12,150,781	336,498,808	57,891,789	61,862,654	2,111,287,559
Average Per Capita -- Services Only	\$18,855.20	\$13,221.02	\$946.31	\$11,590.89	\$3,707.44	\$7,706.58	\$22,835.36	\$2,505.32	\$1,458.93	\$3,368.36	\$9,762.79	\$4,882.50
Average Per Capita -- Total Appropriation	\$18,978.38	\$13,311.66	\$952.40	\$11,669.94	\$3,746.56	\$7,762.36	\$22,913.65	\$2,505.32	\$1,473.04	\$3,387.27	\$9,805.46	\$4,918.87
Per Capita Costs by Service Area												
Acute Care	\$3,139.11	\$7,311.57	\$178.08	\$7,908.35	\$3,687.60	\$7,666.77	\$22,792.62	\$2,505.32	\$1,447.14	\$3,057.94	\$9,737.03	
Community Care	\$2,849.52	\$1,808.82	(\$0.01)	\$1,572.06	\$2.72	\$0.48	\$0.00	\$0.00	\$3.67	\$293.58	\$0.00	
Long Term Care and Insurance	\$12,397.45	\$3,886.16	\$767.60	\$1,967.06	\$2.89	\$3.30	\$0.00	\$0.00	\$0.34	\$0.75	\$1.59	
Administrative Services	\$469.12	\$214.46	\$0.64	\$143.42	\$14.24	\$35.83	\$42.74	\$0.00	\$7.78	\$16.10	\$24.17	

JBC Staff Figure Setting Document

	SSI 65 >	SSI 60 to 64	QMB SLIMB	SSI Disabled	Adults	Pregnant Adults	BC Cancer Adults	Expansion Adults	Children	Foster Children	Noncitizens	TOTAL MEDICAID
Department's FY 2006-07 Final Estimate (February)												
CASELOAD FORECAST												
Current Appropriated Caseload	37,036	6,241	12,570	48,447	63,127	4,890	223	4,850	228,438	17,091	6,309	429,222
Department FY 2006-07 Caseload Forecast -- February 2007	<u>36,154</u>	<u>6,120</u>	<u>12,810</u>	<u>48,516</u>	<u>51,684</u>	<u>4,949</u>	<u>243</u>	<u>5,540</u>	<u>205,804</u>	<u>16,508</u>	<u>5,406</u>	<u>393,734</u>
Difference	(882)	(121)	240	69	(11,443)	59	20	690	(22,634)	(583)	(903)	(35,488)
% Difference	-2.38%	-1.94%	1.91%	0.14%	-18.13%	1.21%	8.97%	0.00%	-9.91%	-3.41%	-14.31%	-8.27%
Department 11/1/06 Client Forecast	36,154	6,120	12,810	48,516	51,684	4,949	243	5,540	205,804	16,508	5,406	393,734
Increase/(Decrease) from FY 2006-07 current appropriation	(882)	(121)	240	69	(11,443)	59	20	690	(22,634)	(583)	(903)	(35,488)
Increase/(Decrease) from FY 2005-06 Actual	(65)	72	1,798	951	(6,070)	(101)	55	5,540	(7,796)	197	(553)	(5,972)
% difference from current appropriation	-2.38%	-1.94%	1.91%	0.14%	-18.13%	1.21%	8.97%	0.00%	-9.91%	-3.41%	-14.31%	-8.27%
% difference from FY 2005-06 Actual	-0.18%	1.19%	16.33%	2.00%	-10.51%	-2.00%	29.26%	n/a	-3.65%	1.21%	-9.28%	-1.49%
% of Total Caseload	9.18%	1.55%	3.25%	12.32%	13.13%	1.26%	0.06%	1.41%	52.27%	4.19%	1.37%	100.00%
Department's Current FY 2006-07 Service Cost Estimates												
ACUTE CARE SERVICES ESTIMATE	81,201,775	43,818,479	2,246,941	388,840,368	182,253,712	42,464,202	5,562,341	13,196,189	324,961,011	48,974,431	55,782,284	1,189,301,733
COMMUNITY BASED SERVICES	112,942,832	14,141,608	53,549	84,688,358	88,314	0	0	0	595,183	4,055,419	0	216,565,263
LONG TERM SERVICES	472,489,762	30,621,662	12,821,651	94,709,815	188,189	15,824	0	0	75,402	12,638	9,808	610,944,751
SERVICE MANAGEMENT	13,976,836	984,524	12,209	3,221,964	627,795	96,208	1,241	0	2,617,989	238,018	0	21,776,784
BOTTOM OF THE LINE FINANCING (not spread across aid categories)	0	0	0	0	0	0	0	0	0	0	0	13,932,258
TOTAL PREMIUM	680,611,205	89,566,273	15,134,350	571,460,505	183,158,010	42,576,234	5,563,582	13,196,189	328,249,585	53,280,506	55,792,092	2,052,520,789
Cost Per Client												
ACUTE CARE	\$2,246.00	\$7,159.88	\$175.41	\$8,014.68	\$3,526.31	\$8,580.36	\$22,890.29	\$2,381.98	\$1,578.98	\$2,966.71	\$10,318.59	\$3,020.57
COMMUNITY BASED SERVICES	\$3,123.94	\$2,310.72	\$4.18	\$1,745.58	\$1.71	\$0.00	\$0.00	\$0.00	\$2.89	\$245.66	\$0.00	\$550.03
LONG TERM SERVICES	\$13,068.81	\$5,003.54	\$1,000.91	\$1,952.14	\$3.64	\$3.20	\$0.00	\$0.00	\$0.37	\$0.77	\$1.81	\$1,551.67
SERVICE MANAGEMENT	\$386.59	\$160.87	\$0.95	\$66.41	\$12.15	\$19.44	\$5.11	\$0.00	\$12.72	\$14.42	\$0.00	\$55.31
Total Medical Services Cost-per-Client	\$18,825.34	\$14,635.01	\$1,181.45	\$11,778.81	\$3,543.80	\$8,603.00	\$22,895.40	\$2,381.98	\$1,594.96	\$3,227.56	\$10,320.40	\$5,177.58
Percent Change from Current App./Cost Per Client												
ACUTE CARE	-28.45%	-2.07%	-1.50%	1.34%	-4.37%	11.92%	0.43%	-4.92%	9.11%	-2.98%	5.97%	
COMMUNITY BASED SERVICES	9.63%	27.75%	-45010.89%	11.04%	-37.10%	-100.00%	n/a	n/a	-21.26%	-16.32%	n/a	
LONG TERM SERVICES	5.42%	28.75%	30.39%	-0.76%	26.01%	-3.17%	n/a	n/a	8.80%	1.48%	14.39%	
SERVICE MANAGEMENT	-17.59%	-24.99%	48.92%	-53.70%	-14.68%	-45.74%	-88.05%	n/a	63.41%	-10.42%	-100.00%	
Total Medical Service Request Change Over Current App.	(17,709,798)	7,053,907	3,239,244	9,916,876	(50,881,511)	4,892,035	471,296	1,045,408	(5,026,238)	(4,288,218)	(5,801,342)	(57,088,340)
Total Bottom Line Financing Request	0	0	0	0	0	0	0	0	0	0	0	(1,678,430)
Change	(17,709,798)	7,053,907	3,239,244	9,916,876	(50,881,511)	4,892,035	471,296	1,045,408	(5,026,238)	(4,288,218)	(5,801,342)	(58,766,770)
Cost Associated with New Caseload	(16,630,282)	(1,599,743)	227,114	799,771	(42,424,228)	454,676	456,707	1,728,668	(33,021,498)	(1,963,757)	(8,815,798)	(100,788,369)
Service Cost Increase	(1,105,851)	8,824,744	2,955,696	9,104,138	(10,329,752)	4,384,459	13,388	(598,161)	31,074,135	(2,406,552)	3,517,981	45,434,224
Compounding Effect	26,335	(171,093)	56,433	12,966	1,872,469	52,900	1,201	(85,099)	(3,078,875)	82,091	(503,525)	(1,734,195)
Total	(17,709,798)	7,053,907	3,239,244	9,916,876	(50,881,511)	4,892,035	471,296	1,045,408	(5,026,238)	(4,288,218)	(5,801,342)	(57,088,340)
Total Medical Service Request Change Over App. (check)	(17,709,798)	7,053,907	3,239,244	9,916,876	(50,881,511)	4,892,035	471,296	1,045,408	(5,026,238)	(4,288,218)	(5,801,342)	(57,088,340)

JBC Staff Figure Setting Document

	SSI 65 >	SSI 60 to 64	QMB SLIMB	SSI Disabled	Adults	Pregnant Adults	BC Cancer Adults	Expansion Adults	Children	Foster Children	Noncitizens	TOTAL MEDICAID
Staff's Final FY 2006-07 Estimate(March)												
<i>Current Appropriated Caseload</i>												
Caseload that can be funded with General Fund	36,224	6,125	12,570	47,095	59,336	4,630	156	0	214,603	16,999	6,309	404,047
Caseload that can be funded with Health Care Expansion Funds	<u>812</u>	<u>116</u>	<u>0</u>	<u>1,352</u>	<u>3,791</u>	<u>260</u>	<u>67</u>	<u>4,850</u>	<u>13,835</u>	<u>92</u>	<u>0</u>	<u>25,175</u>
Total Currently Appropriated Caseload FY 2006-07	37,036	6,241	12,570	48,447	63,127	4,890	223	4,850	228,438	17,091	6,309	429,222
<i>Staff Updated FY 2006-07 forecast (March 2007)</i>												
Caseload that can be funded with General Fund	35,406	5,952	12,706	47,264	48,324	4,758	163	0	191,848	16,488	5,248	368,157
Caseload that can be funded with Health Care Expansion Funds	<u>812</u>	<u>116</u>	<u>0</u>	<u>1,225</u>	<u>3,791</u>	<u>260</u>	<u>70</u>	<u>5,292</u>	<u>13,365</u>	<u>92</u>	<u>0</u>	<u>25,023</u>
Total Reforecasted Caseload FY 2006-07	36,218	6,068	12,706	48,489	52,115	5,018	233	5,292	205,213	16,580	5,248	393,180
Staff's Final Recommendation Compared to Department Final Request	64	(52)	(104)	(27)	431	69	(10)	(248)	(591)	72	(158)	(554)
Staff's Final Recommendation Difference from Original Appropriation												
Caseload that can be funded with General Fund	(818)	(173)	136	169	(11,012)	128	7	0	(22,755)	(511)	(1,061)	(35,890)
Caseload that can be funded with Health Care Expansion Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>(127)</u>	<u>0</u>	<u>0</u>	<u>3</u>	<u>442</u>	<u>(470)</u>	<u>0</u>	<u>0</u>	<u>(152)</u>
Total Difference from Original Forecast	(818)	(173)	136	42	(11,012)	128	10	442	(23,225)	(511)	(1,061)	(36,042)
% Different from FY 2005-06 Actual	0.00%	0.33%	15.38%	1.94%	-9.76%	-0.63%	23.94%	n/a	-3.93%	1.65%	-11.93%	-1.63%
% Different from FY 2006-07 Original Estimate	-2.21%	-2.77%	1.08%	0.09%	-17.44%	2.62%	4.48%	9.11%	-10.17%	-2.99%	-16.82%	-8.40%
% Different from FY 2006-07 Department Request	0.18%	-0.85%	-0.81%	-0.06%	0.83%	1.39%	-4.12%	-4.48%	-0.29%	0.44%	-2.92%	-0.14%
Staff's Current FY 2006-07 Service Cost Estimates												
ACUTE CARE SERVICES ESTIMATE	82,191,718	46,671,747	2,046,097	389,161,111	195,985,852	41,508,919	5,856,405	12,605,688	312,245,605	51,673,351	51,403,290	1,191,349,783
COMMUNITY BASED SERVICES	115,574,335	14,158,585	69,473	83,635,758	85,445	0	0	0	618,224	3,839,928	0	217,981,748
LONG TERM SERVICES & INSURANCE	475,679,299	30,126,171	13,265,868	95,866,901	189,651	18,172	0	0	86,573	14,513	11,264	615,258,412
SERVICE MANAGEMENT	15,543,162	1,738,696	13,039	4,514,106	1,025,474	212,798	9,031	0	3,604,096	396,805	0	27,057,207
BOTTOM OF THE LINE FINANCING (not spread across aid categories)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13,932,258</u>
TOTAL PREMIUM	688,988,514	92,695,199	15,394,477	573,177,876	197,286,422	41,739,889	5,865,436	12,605,688	316,554,498	55,924,597	51,414,554	2,065,579,408
Total With Bottom of the Line Financing Spread Across Aid Categories	693,717,849	93,303,011	15,488,395	577,083,986	198,658,477	42,016,762	5,913,299	12,605,688	318,720,492	56,268,139	51,803,309	2,065,579,408
Difference From Department's Original Request												
ACUTE CARE	989,943	2,853,268	(200,844)	320,743	13,732,140	(955,283)	294,064	(590,501)	(12,715,406)	2,698,920	(4,378,994)	2,048,050
COMMUNITY BASED SERVICES	2,631,503	16,977	15,924	(1,052,600)	(2,869)	0	0	0	23,041	(215,491)	0	1,416,485
LONG-TERM SERVICES & INSURANCE	3,189,537	(495,491)	444,217	1,157,086	1,462	2,348	0	0	11,171	1,875	1,456	4,313,661
SERVICE MANAGEMENT	1,566,326	754,172	830	1,292,142	397,679	116,590	7,790	0	986,107	158,787	0	5,280,423
BOTTOM OF THE LINE FINANCING (not spread across aid categories)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL PREMIUMS	8,377,309	3,128,926	260,127	1,717,371	14,128,412	(836,345)	301,854	(590,501)	(11,695,087)	2,644,091	(4,377,538)	13,058,619
% Difference from Department	1.23%	3.49%	1.72%	0.30%	7.71%	-1.96%	5.43%	-4.47%	-3.56%	4.96%	-7.85%	0.64%
Difference from Original Appropriation												
ACUTE CARE	(34,068,426)	1,040,221	(192,337)	6,025,485	(36,801,026)	4,018,393	773,651	454,907	(18,335,987)	(589,886)	(10,027,644)	(87,702,648)
COMMUNITY BASED SERVICES	10,039,561	2,869,749	69,590	7,474,119	(86,042)	(2,338)	0	0	(220,789)	(1,177,577)	0	18,966,273
LONG-TERM SERVICES & INSURANCE	16,527,406	5,872,630	3,617,123	568,807	7,245	2,025	0	0	9,646	1,619	1,258	26,607,758
SERVICE MANAGEMENT	(1,831,030)	400,234	4,994	(2,434,164)	126,724	37,610	(501)	0	1,825,806	121,717	(152,494)	(1,901,104)
BOTTOM LINE FINANCING (total only)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,678,430)</u>
TOTAL PREMIUMS	(9,332,489)	10,182,833	3,499,371	11,634,247	(36,753,099)	4,055,690	773,150	454,907	(16,721,325)	(1,644,127)	(10,178,880)	(45,708,151)
Staff's Cost-Per-Client Estimates												
ACUTE CARE	\$2,269.36	\$7,691.45	\$161.03	\$8,025.76	\$3,760.64	\$8,272.00	\$25,134.79	\$2,382.03	\$1,521.57	\$3,116.61	\$9,794.83	\$3,030.04
COMMUNITY BASED SERVICES	\$3,191.07	\$2,333.32	\$5.47	\$1,724.84	\$1.64	\$0.00	\$0.00	\$0.00	\$3.01	\$231.60	\$0.00	\$554.41
LONG-TERM SERVICES & INSURANCE	\$13,133.78	\$4,964.76	\$1,044.06	\$1,977.09	\$3.64	\$3.62	\$0.00	\$0.00	\$0.42	\$0.88	\$2.15	\$1,564.83
SERVICE MANAGEMENT	\$429.16	\$286.54	\$1.03	\$93.10	\$19.68	\$42.41	\$38.76	\$0.00	\$17.56	\$23.93	\$0.00	\$68.82
BOTTOM LINE FINANCING (total only)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>\$35.43</u>
TOTAL	\$19,023.37	\$15,276.07	\$1,211.59	\$11,820.78	\$3,785.60	\$8,318.03	\$25,173.55	\$2,382.03	\$1,542.57	\$3,373.02	\$9,796.98	\$5,253.52
Check	\$19,023.37	\$15,276.07	\$1,211.59	\$11,820.78	\$3,785.60	\$8,318.03	\$25,173.55	\$2,382.03	\$1,542.57	\$3,373.02	\$9,796.98	\$5,253.52
Cost associated with New Clients	(\$15,423,550)	(\$2,287,236)	\$128,698	\$486,817	(\$40,826,322)	\$986,417	\$228,354	\$1,107,350	(\$33,883,728)	(\$1,721,234)	(\$10,358,319)	(\$101,562,753)
Costs associated with Cost-Per-Client Impact	6,228,630	12,825,593	3,334,594	11,137,774	4,933,902	2,990,982	521,415	(597,949)	19,104,760	79,484	215,717	60,774,902
Compounding	<u>(137,569)</u>	<u>(355,524)</u>	<u>36,078</u>	<u>9,656</u>	<u>(860,680)</u>	<u>78,292</u>	<u>23,382</u>	<u>(54,493)</u>	<u>(1,942,357)</u>	<u>(2,376)</u>	<u>(36,278)</u>	<u>(3,241,870)</u>
TOTAL COSTS	(9,332,489)	\$10,182,833	\$3,499,371	\$11,634,247	(\$36,753,099)	\$4,055,690	\$773,150	\$454,907	(\$16,721,325)	(\$1,644,127)	(\$10,178,880)	(\$44,029,721)
Appropriation Change												
Current Long Bill (06-1385)	700,845,105	82,946,201	11,967,854	564,954,836	236,477,609	37,951,534	5,108,636	12,150,781	336,448,671	57,883,838	61,853,657	2,108,588,722
S.B. 06-131	1,928,835	117,808	1,659	328,149	(55)	0	0	0	9	0	0	2,376,406
S.B. 06-165	<u>109,450</u>	<u>14,066</u>	<u>2,174</u>	<u>90,398</u>	<u>31,753</u>	<u>6,408</u>	<u>1,108</u>	<u>0</u>	<u>50,127</u>	<u>7,951</u>	<u>8,997</u>	<u>322,431</u>
	702,883,390	83,078,076	11,971,686	565,373,383	236,509,307	37,957,942	5,109,744	12,150,781	336,498,808	57,891,789	61,862,654	2,111,287,559
Supplemental Need (with Bottom of the Line Financing Spread)	<u>(9,165,540)</u>	<u>\$10,224,935</u>	<u>\$3,516,708</u>	<u>\$11,710,603</u>	<u>(\$37,850,830)</u>	<u>\$4,058,820</u>	<u>\$803,556</u>	<u>\$454,907</u>	<u>(\$1,778,315)</u>	<u>(\$1,623,650)</u>	<u>(\$10,059,345)</u>	<u>(\$45,708,151)</u>
TOTAL WITH SUPPLEMENTAL	693,717,849	93,303,011	15,488,395	577,083,986	198,658,477	42,016,762	5,913,299	12,605,688	318,720,492	56,268,139	51,803,309	2,065,579,408
Change to H.B. 06-1385	691,679,565	93,171,136	15,484,562	576,665,439	198,626,779	42,010,354	5,912,192	12,605,688	318,670,356	56,260,188	51,794,312	2,062,880,571
New Caseload	36,218	6,068	12,706	48,489	52,115	5,018	233	5,292	205,213	16,580	5,248	393,180

JBC Staff Figure Setting Document

	SSI 65 >	SSI 60 to 64	QMB SLIMB	SSI Disabled	Adults	Pregnant Adults	BC Cancer Adults	Expansion Adults	Children	Foster Children	Noncitizens	TOTAL MEDICAID
Cost-Per-Client	\$19,097.67	\$15,354.51	\$1,218.68	\$11,892.71	\$3,811.32	\$8,371.93	\$25,374.21	\$2,382.03	\$1,552.88	\$3,393.26	\$9,869.34	

JBC Staff Figure Setting Document

	SSI 65 >	SSI 60 to 64	QMB SLIMB	SSI Disabled	Adults	Pregnant Adults	BC Cancer Adults	Expansion Adults	Children	Foster Children	Noncitizens	TOTAL MEDICAID
												2,065,579,408
Department's Final FY 2007-08 Request												
CASELOAD FORECAST												
Caseload Forecast	36,512	6,285	14,185	49,156	46,759	4,926	294	11,247	199,380	16,813	5,406	390,963
Department 11/1/06 Client Forecast	36,512	6,285	14,185	49,156	46,759	4,926	294	11,247	199,380	16,813	5,406	390,963
Increase/(Decrease) from FY 2006-07 appropriation	(524)	44	1,615	709	(16,368)	36	71	6,397	(29,058)	(278)	(903)	(38,259)
Increase/(Decrease) from FY 2006-07 Dept estimate	358	165	1,375	640	(4,925)	(23)	51	5,707	(6,424)	305	0	(2,771)
% difference from FY 2006-07 current appropriation	-1.41%	0.71%	12.85%	1.46%	-25.93%	0.74%	31.84%	131.90%	-12.72%	-1.63%	-14.31%	-8.91%
% difference from FY 2006-07 Dept Estimate	0.99%	2.70%	10.73%	1.32%	-9.53%	-0.46%	20.99%	103.01%	-3.12%	1.85%	0.00%	-0.70%
% of Total Caseload	9.34%	1.61%	3.63%	12.57%	11.96%	1.26%	0.08%	2.88%	51.00%	4.30%	1.38%	100.00%
Department's Final FY 2007-08 Service Cost Estimates												
ACUTE CARE SERVICES ESTIMATE	82,677,417	46,520,641	2,391,379	402,095,954	169,264,866	43,361,150	6,730,912	27,496,103	330,983,126	53,232,547	57,648,845	1,222,402,940
COMMUNITY BASED SERVICES	120,190,670	15,177,390	60,690	91,390,769	45,320	0	0	0	608,116	4,377,176	0	231,850,131
LONG TERM SERVICES & INSURANCE	503,154,065	34,174,396	14,883,212	100,225,872	178,873	16,256	0	0	75,764	13,282	10,109	652,731,829
SERVICE MANAGEMENT	14,982,162	1,074,138	14,161	3,521,562	644,913	104,085	1,994	0	2,555,888	273,020	0	23,171,923
1262 DISEASE MANAGEMENT	0	0	0	0	0	0	0	0	0	0	0	0
BOTTOM OF THE LINE FINANCING (Not Spread)	0	0	0	0	0	0	0	0	0	0	0	13,879,470
DENVER HEALTH OUTSTATIONING (Not Spread)	0	0	0	0	0	0	0	0	0	0	0	623,073
TOTAL PREMIUM (Services Only in Aid Categories -- BLI in Total)	721,004,314	96,946,565	17,349,442	597,234,157	170,133,972	43,481,491	6,732,906	27,496,103	334,222,894	57,896,025	57,658,954	2,144,659,366
TOTAL with BLI Spread Across Line Items	725,927,234	97,579,257	17,447,204	601,300,155	171,562,189	43,769,697	6,782,729	27,496,103	336,477,548	58,253,629	58,063,622	2,144,659,366
Cost Compared to Current FY 2006-07 Appropriation	22,683,311	14,434,199	5,454,336	35,690,528	(63,905,549)	5,797,292	1,640,620	15,345,322	947,071	327,301	(3,934,480)	33,371,807
% increase from Current FY 2006-07 Appropriation	3.25%	17.49%	45.85%	6.36%	-27.31%	15.38%	32.22%	126.29%	0.28%	0.57%	-6.39%	*include BLF 1.58%
Cost Compared to Dept. FY 2006-07 Estimate	40,393,109	7,380,292	2,215,092	25,773,652	(13,024,038)	905,257	1,169,324	14,299,914	5,973,309	4,615,519	1,866,862	92,138,577
% increase from New Department FY 2006-07 Estimate	5.93%	8.24%	14.64%	4.51%	-7.11%	2.13%	21.02%	108.36%	1.82%	8.66%	3.35%	4.49%
Department's Estimated Per-Capita's for Base W/O Bottom Line Financing	\$19,747.05	\$15,425.07	\$1,223.08	\$12,149.77	\$3,638.53	\$8,826.94	\$22,901.04	\$2,444.75	\$1,676.31	\$3,443.53	\$10,665.73	
Decision Items (Other Than Base Adjustments -- DI #1)												
DI #4	2,989	384	59	2,469	867	175	30	0	1,369	217	246	8,805
DI #6	4,652,100	597,886	92,384	3,842,318	1,349,648	272,351	47,082	0	2,130,621	337,932	382,406	13,704,727
DI #10	(7,707,290)	(990,538)	(153,055)	(6,365,699)	(2,236,007)	(451,214)	(78,002)	0	(3,529,871)	(559,863)	(633,546)	(22,705,084)
BRI #1	(168,758)	(21,689)	(3,351)	(139,382)	(48,959)	(9,880)	(1,708)	0	(77,290)	(12,259)	(13,872)	(497,147)
BA #4	57,507	46,063	26	372,226	117,319	3,520	0	0	159,551	2,256	0	758,467
TOTAL REQUEST (MATCHES Numbers Pages)	722,763,781	97,211,364	17,383,266	599,012,086	170,745,056	43,584,650	6,750,131	27,496,103	335,161,928	58,021,912	57,798,857	2,135,929,134
											check	2,135,929,134

JBC Staff Figure Setting Document

	SSI 65 >	SSI 60 to 64	QMB SLIMB	SSI Disabled	Adults	Pregnant Adults	BC Cancer Adults	Expansion Adults	Children	Foster Children	Noncitizens	TOTAL MEDICAID
Staff's FY 2007-08 Recommendation												
CASELOAD FORECAST												
Caseload Forecast	36,703	6,252	13,294	48,942	46,708	5,264	277	10,377	193,981	17,295	4,691	383,784
Caseload that can be funded with General Fund	35,891	6,136	13,294	47,507	41,086	5,004	194	0	175,277	17,203	4,691	346,283
Caseload that can be funded with Health Care Expansion Fund	<u>812</u>	<u>116</u>	<u>0</u>	<u>1,435</u>	<u>5,622</u>	<u>260</u>	<u>83</u>	<u>10,377</u>	<u>18,704</u>	<u>92</u>	<u>0</u>	<u>37,501</u>
	36,703	6,252	13,294	48,942	46,708	5,264	277	10,377	193,981	17,295	4,691	383,784
Difference from Department's Request	191	(33)	(891)	(214)	(51)	338	(17)	(870)	(5,399)	482	(715)	(7,179)
Difference from Staff's FY 2006-07 Recommendation	485	184	588	453	(5,407)	246	44	5,085	(11,232)	715	(557)	(9,396)
% Growth Rate from FY 2006-07 Recommendation	1.34%	3.03%	4.63%	0.93%	-10.38%	4.90%	18.88%	96.09%	-5.47%	4.31%	-10.61%	-2.39%
Service Cost Estimates												
ACUTE CARE SERVICES ESTIMATE	83,881,522	48,223,976	2,245,365	403,061,806	168,101,600	46,336,712	6,962,336	25,369,921	321,604,555	55,044,818	45,947,590	1,206,780,201
COMMUNITY BASED SERVICES	118,199,063	14,703,860	73,900	86,574,683	74,116	0	0	0	588,544	4,007,796	0	224,221,962
LONG TERM SERVICES & INSURANCE	503,677,995	34,182,690	14,390,365	100,206,612	171,772	16,256	0	0	75,764	13,282	10,109	652,744,845
SERVICE MANAGEMENT	15,130,710	1,059,530	148,819	3,458,061	579,973	109,171	1,994	0	2,489,371	279,661	0	23,257,290
BOTTOM OF THE LINE FINANCING (not spread across aid categories)	0	0	0	0	0	0	0	0	0	0	0	13,879,470
Denver Health Outstationing	0	0	0	0	0	0	0	0	0	0	0	623,073
TOTAL PREMIUM	720,889,290	98,170,056	16,858,449	593,301,162	168,927,461	46,462,139	6,964,330	25,369,921	324,758,234	59,345,557	45,957,699	2,121,506,841
Total With Bottom of the Line Financing Spread Across Aid Categories												
Difference From Department's Request												
ACUTE CARE	1,204,105	1,703,335	(146,014)	965,852	(1,163,266)	2,975,562	231,424	(2,126,182)	(9,378,571)	1,812,271	(11,701,255)	(15,622,739)
COMMUNITY BASED SERVICES	(1,991,607)	(473,530)	13,210	(4,816,086)	28,796	0	0	0	(19,572)	(369,380)	0	(7,628,169)
LONG-TERM SERVICES & INSURANCE	523,930	8,294	(492,847)	(19,260)	(7,101)	0	0	0	0	0	0	13,016
SERVICE MANAGEMENT	148,548	(14,608)	134,658	(63,501)	(64,940)	5,086	0	0	(66,517)	6,641	0	85,367
BOTTOM OF THE LINE FINANCING (not spread across aid categories)	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL PREMIUMS	(115,024)	1,223,491	(490,993)	(3,932,995)	(1,206,511)	2,980,648	231,424	(2,126,182)	(9,464,660)	1,449,532	(11,701,255)	(23,152,525)
% Difference from Department	-0.02%	1.26%	-2.83%	-0.66%	-0.71%	6.85%	3.44%	-7.73%	-2.83%	2.50%	-20.29%	-1.08%
TOTAL PREMIUMS with BLF Spread Across Aid Categories	725,812,210	98,802,748	16,956,211	597,367,160	170,355,678	46,750,345	7,014,153	25,369,921	327,012,888	59,703,161	46,362,367	2,121,506,841
Per Capitas before Change Requests	\$19,775.28	\$15,803.38	\$1,275.48	\$12,205.61	\$3,647.25	\$8,881.14	\$25,321.85	\$2,444.82	\$1,685.80	\$3,452.05	\$9,883.26	\$5,527.87
Analysis of Factors Driving the Base Request												
FY 2006-07 Final Caseload	36,218	6,068	12,706	48,489	52,115	5,018	233	5,292	205,213	16,580	5,248	393,180
FY 2006-07 Final Costs	693,717,849	93,303,011	15,488,395	577,083,986	198,658,477	42,016,762	5,913,299	12,605,688	318,720,492	56,268,139	51,803,309	2,065,579,408
FY 2006-07 Final Per Capita Costs (includes Bottom Line Financing)	\$19,153.95	\$15,376.24	\$1,218.98	\$11,901.34	\$3,811.93	\$8,373.21	\$25,378.97	\$2,382.03	\$1,553.12	\$3,393.74	\$9,871.06	\$5,253.52
FY 2007-08 Caseload	36,703	6,252	13,294	48,942	46,708	5,264	277	10,377	193,981	17,295	4,691	383,784
FY 2007-08 Costs (before change requests)	725,812,210	98,802,748	16,956,211	597,367,160	170,355,678	46,750,345	7,014,153	25,369,921	327,012,888	59,703,161	46,362,367	2,121,506,841
FY 2007-08 Final Per Capita Costs	\$19,775.28	\$15,803.38	\$1,275.48	\$12,205.61	\$3,647.25	\$8,881.14	\$25,321.85	\$2,444.82	\$1,685.80	\$3,452.05	\$9,883.26	\$5,527.87
Costs Associated with Caseload Change	9,289,667	2,829,228	716,762	5,391,306	(20,611,079)	2,059,809	1,116,675	12,112,608	(17,444,648)	2,426,521	(5,498,179)	(49,362,084)
Costs Associated with Per Capita Change	22,503,348	2,591,914	717,835	14,754,031	(8,582,127)	2,548,822	(13,308)	332,312	27,227,285	966,808	64,033	107,867,270
Compounding	<u>301,345</u>	<u>78,595</u>	<u>33,219</u>	<u>137,837</u>	<u>890,407</u>	<u>124,952</u>	<u>(2,513)</u>	<u>319,313</u>	<u>(1,490,241)</u>	<u>41,693</u>	<u>(6,796)</u>	<u>(2,577,253)</u>
	32,094,360	5,499,736	1,467,816	20,283,174	(28,302,799)	4,733,583	1,100,853	12,764,233	8,292,396	3,435,022	(5,440,942)	55,927,433
Adjustments to the Base												
DI #4 (Assumed to be in the base calculations)	0	0	0	0	0	0	0	0	0	0	0	0
DI #6 -- Rate Increase (non-common policy recommendation)	4,652,100	597,886	92,384	3,842,318	1,349,648	272,351	47,082	0	2,130,621	337,932	382,406	13,704,727
DI #10 (Staff Does Not Recommend this Request)	0	0	0	0	0	0	0	0	0	0	0	0
BRI #1	(168,758)	(21,689)	(3,351)	(139,382)	(48,959)	(9,880)	(1,708)	0	(77,290)	(12,259)	(13,872)	(497,147)
BA #4	57,507	46,063	26	372,226	117,319	3,520	0	0	159,551	2,256	0	758,467
Executive Order for Preferred Drug List (Acute Care)	(227,794)	(31,021)	(5,327)	(187,478)	(53,379)	(14,682)	(2,201)	(8,017)	(102,621)	(18,753)	(14,522)	(670,376)
HPV Vaccines for Children Under 20 (Acute Care)	0	0	0	0	0	0	0	0	1,010,084	0	0	1,010,084
Joint Budget Committee Common Policy and Provider Rates -- HCBS & HH	<u>3,517,392</u>	<u>447,737</u>	<u>1,521</u>	<u>2,631,792</u>	<u>5,557</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>19,533</u>	<u>152,117</u>	<u>0</u>	<u>6,775,648</u>
Total Decision Items	7,830,446	1,038,976	85,252	6,519,476	1,370,185	251,310	43,173	(8,017)	3,139,879	461,293	354,012	21,081,403
Total Premiums with Change Request / Recommendations	733,642,656	99,841,724	17,041,463	603,886,636	171,725,862	47,001,655	7,057,326	25,361,904	330,152,767	60,164,454	46,716,379	2,142,588,244
Cost Per Client	\$19,988.63	\$15,969.57	\$1,281.89	\$12,338.82	\$3,676.58	\$8,928.89	\$25,477.71	\$2,444.05	\$1,701.99	\$3,478.72	\$9,958.73	\$5,582.80

Fund Splits for FY 2006-07 Appropriation -- Department Request

	Cash Funds Exempt		Cash Funds Exempt					Federal Funds	TOTAL FUNDS
	General Fund & General Fund Exempt	Cash Funds	Certified Funds	Health Care Expansion Fund	Transfer from DPHE	Breast and Cervical Cancer Fund	Autism Fund		
ACUTE CARE									
Base Acute	575,721,308							575,721,307	1,151,442,615
Family Planning	850,830	0	0	0	0	0	0	7,657,470	8,508,300
Estimated Prenatal Costs	3,088,434	0	0	0	0	0	0	1,298,400	4,386,834
Health Care Expansion Fund Split Adjustment	0	0	0	9,261,623	0	0	0	9,261,621	18,523,244
Breast and Cervical Cancer Program	1,021,479	0	0	0	584,848	340,493	0	3,615,520	5,562,340
Indian Health Services	0	0	0	0	0	0	0	878,400	878,400
SUBTOTAL ACUTE	580,682,051	0	0	9,261,623	584,848	340,493	0	598,432,718	1,189,301,733
Base Community Care	108,125,944	0	0	0	0	0	0	108,125,944	216,251,888
Autism Waiver	0	0	0	0	0	0	156,688	156,687	313,375
SUBTOTAL COMMUNITY CARE	108,125,944	0	0	0	0	0	156,688	108,282,631	216,565,263
Base Long-Term Care & Insurance	264,549,046	0	0	0	0	0	0	264,549,045	529,098,091
SMIB	49,107,996	0	0	0	0	0	0	32,738,664	81,846,660
SUBTOTAL OTHER LTC & INSURANCE	313,657,042	0	0	0	0	0	0	297,287,709	610,944,751
Service Management									
Base Service Management	2,637,361	0	0	0	0	0	0	2,637,360	5,274,721
Single Entry Point	8,581,073	0	0	0	0	0	0	7,920,990	16,502,063
Disease Management	0	0	0	0	0	0	0	0	0
SUBTOTAL ADMINISTRATION SERVICES	11,218,434	0	0	0	0	0	0	10,558,350	21,776,784
TOTAL MEDICAL SERVICES	1,013,683,471	0	0	9,261,623	584,848	340,493	156,688	1,014,561,408	2,038,588,531
Department's Health Care Expansion Offset	(26,434,003)	0	0	26,434,003	0	0	0	0	0
	987,249,468	0	0	35,695,626	584,848	340,493	156,688	1,014,561,408	2,038,588,531
Bottom Line Financing									
ICFMR Fee	(38,256)	38,256	0	0	0	0	0	38,256	38,256
UPL Financing	(13,270,929)	0	13,270,929	0	0	0	0	13,270,929	13,270,929
Denver Health UPL Adjustments	0	0	311,537	0	0	0	0	311,536	623,073
TOTAL BOTTOM LINE FINANCING	(13,309,185)	38,256	13,582,466	0	0	0	0	13,620,721	13,932,258
TOTAL FY 2006-07 Dept. February Est.	973,940,283	38,256	13,582,466	35,695,626	584,848	340,493	156,688	1,028,182,129	2,052,520,789

Fund Splits for FY 2006-07 Appropriation -- Staff Recommendation

	General Fund & General Fund Exempt	Cash Funds	Cash Funds Exempt					Federal Funds	TOTAL FUNDS
			Certified Funds	Health Care Expansion Fund	Transfer from DPHE	Breast and Cervical Cancer Fund	Autism Fund		
Expansion Medicaid (H.B. 05-1262 Populations)									
Legal Immigrant Offset	0	0	0	6,216,752	0	0	0	5,379,765	11,596,517
Breast and Cervical Cancer Expansion	0	0	0	0	616,342	0	0	1,144,636	1,760,978
Asset Test Elimination	0	0	0	15,885,006	0	0	0	15,885,006	31,770,012
Up to 60 % FPL Adults	0	0	0	6,302,844	0	0	0	6,302,844	12,605,688
Waiver Expansion	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,714,279</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,714,279</u>	<u>11,428,558</u>
TOTAL	0	0	0	34,118,881	616,342	0	0	34,426,530	69,161,754
Traditional Medicaid									
Base Acute	586,737,842	0	0	0	0	0	0	586,737,842	1,173,475,684
Minus Breast and Cervical Cancer Expansion	(616,342)	0	0	0	0	0	0	(1,144,636)	(1,760,978)
Minus Legal Immigrant Acute	(4,987,699)	0	0	0	0	0	0	(4,150,712)	(9,138,411)
Minus Increased Children Waiver Expansion	(5,714,279)	0	0	0	0	0	0	(5,714,279)	(11,428,558)
Minus Asset Test Elimination	(15,885,006)	0	0	0	0	0	0	(15,885,006)	(31,770,012)
Minus 60% FPL	(6,302,844)	0	0	0	0	0	0	(6,302,844)	(12,605,688)
Family Planning	850,830	0	0	0	0	0	0	7,657,470	8,508,300
Estimated Prenatal Costs	3,088,434	0	0	0	0	0	0	1,298,400	4,386,834
Breast and Cervical Cancer Treatment Program	1,076,398	0	0	0	0	358,799	0	2,665,366	4,100,563
Indian Health Services	0	0	0	0	0	0	0	878,400	878,400
Presumptive Eligibility Fund Transfer	(2,663,538)	0	0	2,663,538	0	0	0	0	0
SUBTOTAL ACUTE	555,583,795	0	0	2,663,538	0	358,799	0	566,040,001	1,124,646,133
Base Community Care	108,834,186	0	0	0	0	0	156,688	108,990,874	217,981,748
Minus Legal Immigrants Estimate for CC	<u>(272,242)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(272,242)</u>	<u>(544,484)</u>
SUBTOTAL COMMUNITY CARE	108,561,944	0	0	0	0	0	156,688	108,718,632	217,437,264
Nursing Facility I	242,661,774	0	0	0	0	0	0	242,661,774	485,323,548
Minus Legal Immigrants Estimate for NF I	<u>(956,811)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(956,811)</u>	<u>(1,913,622)</u>
SUBTOTAL NURSING FACILITIES	241,704,963	0	0	0	0	0	0	241,704,963	483,409,926
Nursing Facility II	1,073,924	0	0	0	0	0	0	1,073,924	2,147,848
PACE	22,371,704	0	0	0	0	0	0	22,371,704	44,743,408
SMIB	49,394,165	0	0	0	0	0	0	32,929,444	82,323,609

Fund Splits for FY 2006-07 Appropriation -- Staff Recommendation

	General Fund & General Fund Exempt	Cash Funds	Cash Funds Exempt					Federal Funds	TOTAL FUNDS
			Certified Funds	Health Care Expansion Fund	Transfer from DPHE	Breast and Cervical Cancer Fund	Autism Fund		
HIBI	<u>360,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>360,000</u>	<u>720,000</u>
SUBTOTAL OTHER LTC & INSURANCE	73,199,794	0	0	0	0	0	0	56,735,072	129,934,865
Single Entry Point	8,920,855	0	0	0	0	0	0	8,920,855	17,841,710
ASO Service	2,323,472	0	0	0	0	0	0	2,323,472	4,646,943
Disease Management	<u>313,889</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,970,388</u>	<u>0</u>	<u>0</u>	<u>2,284,277</u>	<u>4,568,554</u>
SUBTOTAL ADMINISTRATION SERVICES	11,558,216	0	0	0	1,970,388	0	0	13,528,604	27,057,207
TOTAL MEDICAL SERVICES	990,608,711	0	0	36,782,419	2,586,730	358,799	156,688	1,021,153,801	2,051,647,149
Bottom Line Financing									
ICFMR Fee	(38,256)	38,256	0	0	0	0	0	38,256	38,256
UPL Financing	(13,270,929)	0	13,270,929	0	0	0	0	13,270,929	13,270,929
Denver Health UPL Adjustments	<u>0</u>	<u>0</u>	<u>311,537</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>311,537</u>	<u>623,074</u>
TOTAL BOTTOM LINE FINANCING	(13,309,185)	38,256	13,582,466	0	0	0	0	13,620,722	13,932,259
TOTAL FY 2006-07 Staff March Est.	977,299,526	38,256	13,582,466	36,782,419	2,586,730	358,799	156,688	1,034,774,523	2,065,579,408

Department's FY 2007-08 -- Department Request Fund Splits

	General Fund	General Fund Exempt	Cash Funds	Cash Funds Exempt					Federal Funds	TOTAL FUNDS
				Certified Funds	Health Care Expansion Fund	Transfer from DPHE	Breast & Cervical Cancer Fund	Autism Fund		
Acute Care Services										
Base Acute	\$584,431,215	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$584,431,215	\$1,168,862,430
Estimated Family Planning	\$876,364	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,887,279	\$8,763,643
Estimated Prenatal State-Only Program Costs	\$2,979,285	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,252,513	\$4,231,798
Health Care Expansion Fund Split Adjustment	\$0	\$0	\$0	\$0	\$16,467,879	\$0	\$0	\$0	\$16,467,878	\$32,935,757
Estimated Breast and Cervical Cancer Program (BCCP) [Change in funding via HB 04-1416 and HB 05-1262]	\$1,238,007	\$0	\$0	\$0	\$0	\$0	\$1,117,813	\$0	\$4,375,092	\$6,730,912
Estimated Indian Health Service (IHS) (Advisory Only)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$878,400	\$878,400
Acute Care Services Sub-Total	\$589,524,871	\$0	\$0	\$0	\$16,467,879	\$0	\$1,117,813	\$0	\$615,292,377	\$1,222,402,940
Community Based Long Term Care Services										\$0
Base Community Based Long Term Care	\$115,298,316	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$115,298,315	\$230,596,631
Children with Autism Waiver Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$626,750	\$626,750	\$1,253,500
Health Care Expansion Fund Split Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Community Based Long Term Care Sub-Total	\$115,298,316	\$0	\$0	\$0	\$0	\$0	\$0	\$626,750	\$115,925,065	\$231,850,131
Long Term Care and Insurance										\$0
Base Long Term Care	\$281,997,589	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$281,997,588	\$563,995,177
Specialized Medicare Insurance Beneficiaries (SMIB)	\$53,241,992	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$35,494,660	\$88,736,652
Health Care Expansion Fund Split Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long Term Care and Insurance Sub-total	\$335,239,581	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$317,492,248	\$652,731,829
Service Management										\$0
Base Service Management	\$2,737,454	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,737,453	\$5,474,907
Single Entry Point	\$9,202,449	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,494,567	\$17,697,016
Tobacco Tax Funded Disease Management Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Health Care Expansion Fund Split Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Service Management Sub-total	\$11,939,903	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,232,020	\$23,171,923
Health Care Expansion Fund Allocations Split Adjustment	(\$38,953,396)	\$0	\$0	\$0	\$38,953,396	\$0	\$0	\$0	\$0	\$0
FY 07-08 Estimate of Total Expenditures for Medical Services to Clients	\$1,013,049,275	\$0	\$0	\$0	\$55,421,275	\$0	\$1,117,813	\$626,750	\$1,059,941,710	\$2,130,156,823
HB 03-1292 ICFMR Fee(1)	(\$38,256)	\$0	\$38,256	\$0	\$0	\$0	\$0	\$0	\$38,256	\$38,256
Impact of Upper Payment Limit Financing (Estimated)	(\$13,841,214)	\$0	\$0	\$13,841,214	\$0	\$0	\$0	\$0	\$13,841,214	\$13,841,214
Denver Health Outstationing	\$0	\$0	\$0	\$311,537	\$0	\$0	\$0	\$0	\$311,536	\$623,073
Referendum C Funding	(\$256,100,000)	\$256,100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Projected FY 07-08 Expenditures	\$743,069,805	\$256,100,000	\$38,256	\$14,152,751	\$55,421,275	\$0	\$1,117,813	\$626,750	\$1,074,132,716	\$2,144,659,366
Decision Items (Other Than Base Adjustments -- DI #1)										
DI #4	1,349	0	0	0	0	0	0	0	7,456	\$8,805
DI #6	6,755,310	0	0	0	138,113	0	0	0	6,811,304	\$13,704,727
DI #10	(10,722,460)	0	0	0	(985,194)	0	0	0	(10,997,430)	(\$22,705,084)
BRI #1	(248,573)	0	0	0	0	0	0	0	(248,574)	(\$497,147)
BA #4	379,234	0	0	0	0	0	0	0	379,234	\$758,467
TOTAL REQUEST	739,234,665	256,100,000	38,256	14,152,751	54,574,194	0	1,117,813	626,750	1,070,084,706	\$2,135,929,134

Fund Splits for FY 2007-08 Appropriation -- Staff Recommendation Request

	General Fund & General Fund Exempt	Cash Funds	Cash Funds Exempt					Federal Funds	TOTAL FUNDS
			Certified Funds	Health Care Expansion Fund	Transfer from DPHE	Breast and Cervical Cancer Fund	Autism Fund		
Expansion Medicaid (H.B. 05-1262 Populations)									
Legal Immigrant Offset	0	0	0	6,216,752	0	0	0	5,379,765	11,596,517
Breast and Cervical Cancer Expansion	0	0	0	0	735,600	0	0	1,366,114	2,101,714
Asset Test Elimination	0	0	0	28,401,835	0	0	0	28,401,835	56,803,670
Up to 60 % FPL Adults	0	0	0	12,684,961	0	0	0	12,684,961	25,369,921
Waiver Expansion	0	0	0	<u>7,906,256</u>	0	0	0	<u>7,906,256</u>	<u>15,812,511</u>
TOTAL	0	0	0	55,209,803	735,600	0	0	55,738,930	111,684,333
Traditional Medicaid									
Base Acute	593,977,831	0	0	0	0	0	0	593,977,831	1,187,955,662
Minus Breast and Cervical Cancer Expansion	(735,600)	0	0	0	0	0	0	(1,366,114)	(2,101,714)
Minus Legal Immigrant Acute	(4,987,699)	0	0	0	0	0	0	(4,150,712)	(9,138,411)
Minus Increased Children Waiver Expansion	(7,906,256)	0	0	0	0	0	0	(7,906,256)	(15,812,511)
Minus Asset Test Elimination	(28,401,835)	0	0	0	0	0	0	(28,401,835)	(56,803,670)
Minus 60% FPL	(12,684,961)	0	0	0	0	0	0	(12,684,961)	(25,369,921)
Family Planning	876,364	0	0	0	0	0	0	7,887,279	8,763,643
Estimated Prenatal Costs	2,979,285	0	0	0	0	0	0	1,252,513	4,231,798
Breast and Cervical Cancer Treatment Program	1,289,515	0	0	0	0	429,838	0	3,193,085	4,912,439
Indian Health Services	0	0	0	0	0	0	0	878,400	878,400
Presumptive Eligibility Fund Transfer	(2,719,827)	0	0	2,719,827	0	0	0	0	0
SUBTOTAL ACUTE	541,686,818	0	0	2,719,827	0	429,838	0	552,679,231	1,097,515,715
Base Community Care	111,484,231	0	0	0	0	0	626,750	112,110,981	224,221,962
Minus Legal Immigrants Estimate for CC	<u>(272,242)</u>	0	0	0	0	0	0	<u>(272,242)</u>	<u>(544,484)</u>
SUBTOTAL COMMUNITY CARE	111,211,989	0	0	0	0	0	626,750	111,838,739	223,677,478
Nursing Facility I	252,161,698	0	0	0	0	0	0	252,161,698	504,323,396
Minus Legal Immigrants Estimate for NF I	<u>(956,811)</u>	0	0	0	0	0	0	<u>(956,811)</u>	<u>(1,913,622)</u>
SUBTOTAL NURSING FACILITIES	251,204,887	0	0	0	0	0	0	251,204,887	502,409,774
Nursing Facility II	1,103,234	0	0	0	0	0	0	1,103,234	2,206,467
PACE	28,525,101	0	0	0	0	0	0	28,525,101	57,050,201
SMIB	53,111,027	0	0	0	0	0	0	35,407,352	88,518,379
HIBI	<u>323,201</u>	0	0	0	0	0	0	<u>323,201</u>	<u>646,402</u>
SUBTOTAL OTHER LTC & INSURANCE	83,062,562	0	0	0	0	0	0	65,358,887	148,421,449
Single Entry Point	8,920,855	0	0	0	0	0	0	8,920,855	17,841,710
ASO Service	2,203,438	0	0	0	0	0	0	2,203,438	4,406,876
Disease Management	<u>504,353</u>	0	0	0	0	0	0	<u>504,353</u>	<u>1,008,706</u>
SUBTOTAL ADMINISTRATION SERVICES	11,628,646	0	0	0	0	0	0	11,628,646	23,257,292
TOTAL MEDICAL SERVICES	998,794,903	0	0	57,929,630	735,600	429,838	626,750	1,048,449,320	2,106,966,041

Fund Splits for FY 2007-08 Appropriation -- Staff Recommendation Request

	General Fund & General Fund Exempt	Cash Funds	Cash Funds Exempt					Federal Funds	TOTAL FUNDS
			Certified Funds	Health Care Expansion Fund	Transfer from DPHE	Breast and Cervical Cancer Fund	Autism Fund		
Bottom Line Financing									
ICFMR Fee	(38,256)	38,256	0	0	0	0	0	38,256	
UPL Financing	(13,879,470)	0	13,879,470	0	0	0	0	13,879,470	
Denver Health UPL Adjustments	0	0	311,537	0	0	0	0	311,537	
TOTAL BOTTOM LINE FINANCING	(13,917,726)	38,256	14,191,007	0	0	0	0	14,229,263	
TOTAL FY 2007-08 Staff March Recommendation	984,877,177	38,256	14,191,007	57,929,630	735,600	429,838	626,750	1,062,678,583	
Change Requests									
DI #4	0	0	0	0	0	0	0	0	
DI #6	6,755,310	0	0	138,113	0	0	0	6,811,304	
DI #10 -- Staff Doesn't Recommend	0	0	0	0	0	0	0	0	
BRI #1	(248,573)	0	0	0	0	0	0	(248,573)	
BA #4	379,234	0	0	0	0	0	0	379,234	
Executive Order Preferred Drug List	(335,188)	0	0	0	0	0	0	(335,188)	
HPV Vaccines For Children Under 20	505,042	0	0	0	0	0	0	505,042	
JBC 2.0 Provider Rate Increase for HCBS & HH	3,387,824	0	0	0	0	0	0	3,387,824	
Total Recommendation'	995,320,825	38,256	14,191,007	58,067,743	735,600	429,838	626,750	1,073,178,226	

Caseload and Cost Histry -- JBC Document

Total Caseload (Both Traditional and Expansion)

	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	31,321	4,261	3,937	44,736	36,690	7,223	0	0	113,439	8,376	4,100	254,083
FY 96-97	32,080	4,429	4,316	46,090	33,250	5,476	0	0	110,586	9,261	4,610	250,098
FY 97-98	32,664	4,496	4,560	46,003	27,179	4,295	0	0	103,912	10,453	5,032	238,594
FY 98-99	33,007	4,909	6,104	46,310	22,852	5,017	0	0	102,074	11,526	5,799	237,598
FY 99-00	33,135	5,092	7,597	46,386	23,515	6,174	0	0	109,816	12,474	9,065	253,254
FY 00-01	33,649	5,157	8,157	46,046	27,081	6,561	0	0	123,221	13,076	12,451	275,399
FY 01-02	33,916	5,184	8,428	46,349	33,347	7,131	0	0	143,909	13,121	4,028	295,413
FY 02-03	34,485	5,456	8,949	46,378	40,021	7,579	46	0	166,537	13,843	4,101	327,395
FY 03-04	34,149	5,528	9,787	46,565	46,754	8,203	103	0	192,048	14,790	4,604	362,531
FY 04-05	35,615	6,103	9,572	47,626	56,453	6,110	86	0	220,592	15,669	4,976	402,802
FY 05-06	36,219	6,048	11,012	47,565	57,754	6,050	188	0	213,600	16,311	5,959	399,705
FY 06-07	Staff Forecast	36,218	6,068	12,706	48,489	52,115	233	5,292	205,213	16,580	5,248	393,180
FY 07-08	Staff Forecast	36,703	6,252	13,294	48,942	46,433	277	10,377	193,675	17,295	4,691	383,203

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	109,773,578	36,614,227	1,899,206	316,945,087	80,784,239	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	2,668,858	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	38,545,344	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	395,096,174	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	Staff Forecast	82,191,718	46,671,747	2,046,097	389,161,111	195,985,852	41,508,919	5,856,405	12,605,688	312,245,605	51,673,351	51,403,290	1,191,349,783
FY 07-08	Staff Forecast	83,881,522	48,223,976	2,245,365	403,061,806	168,101,600	46,336,712	6,962,336	25,369,921	321,604,555	55,044,818	45,947,590	1,206,780,201

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	79,498	871,837	0	82,284,670
FY 99-00	59,932,681	5,511,069	115	29,301,508	29,479	0	0	0	21,258	1,723	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	85,928,541	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	1	61,272,991	167,620	0	0	0	213,385	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	Staff Forecast	115,574,335	14,158,585	69,473	83,635,758	85,445	0	0	618,224	3,839,928	0	217,981,748
FY 07-08	Staff Forecast	118,199,063	14,703,860	73,900	86,574,683	74,116	0	0	588,544	4,007,796	0	224,221,962

Long Term Care and Insurance

FY 95-96	265,378,874	10,954,225	4,496,634	48,395,635	895,294	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	12,824,839	5,523,571	61,708,777	102,744	7,417	0	0	41,469	41,752	5,514	\$411,592,832
FY 01-02	357,382,766	15,509,568	5,972,427	69,135,778	104,381	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	81,341,062	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	86,190,316	150,982	13,231	0	0	64,840	10,566	8,200	\$569,727,466
FY 06-07	Staff Forecast	475,679,299	30,126,171	13,265,868	95,866,901	189,651	18,172	0	86,573	14,513	11,269	\$615,258,412
FY 07-08	Staff Forecast	503,677,995	34,182,690	14,390,365	100,206,612	171,772	16,256	0	75,764	13,282	10,104	\$652,744,845

Caseload and Cost History -- JBC Document

Total Caseload (Both Traditional and Expansion)

	SSI 65	SSI 60-64	QMB/SLIMB	SSI Disabled	Low Income Adults	BC Adults	BCCTP	Exp. Adults	Eligible Children	Foster Care	Non-Citizens	Total
Service Management												
FY 04-05	15,149,728	1,042,839	788	4,685,739	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	15,543,162	1,738,696	13,039	4,514,106	1,025,474	212,798	9,031	0	3,604,096	396,805	0	\$27,057,207
FY 07-08	15,130,710	1,059,530	148,819	3,458,061	579,973	109,171	1,994	0	2,489,371	279,661	0	\$23,257,290
Total Expenditures (DOES NOT INCLUDE BOTTOM OF THE LINE FINANCING -- ONLY SERVICE COSTS)												
FY 95-96	354,783,750	34,189,430	6,023,872	279,166,429	96,633,680	43,101,523	0	0	143,255,513	20,184,077	13,897,203	991,235,477
FY 96-97	434,142,945	37,155,295	6,563,485	330,250,630	105,583,050	37,548,936	0	0	136,470,273	22,351,085	17,854,087	1,127,919,786
FY 97-98	429,851,620	38,104,745	6,170,877	332,375,992	83,271,580	29,232,847	0	0	144,252,538	22,980,749	18,730,045	1,104,970,993
FY 98-99	462,240,235	48,158,373	6,220,031	359,950,117	72,229,570	31,790,863	0	0	151,125,088	23,570,703	20,948,430	1,176,233,410
FY 99-00	502,522,526	54,402,918	6,968,885	403,315,757	80,904,602	33,530,725	0	0	169,616,544	27,482,221	29,675,923	1,308,420,101
FY 00-01	519,275,961	60,565,675	7,826,629	447,373,833	88,758,705	31,503,822	0	0	193,554,447	30,745,984	36,930,351	1,416,535,407
FY 01-02	575,146,977	60,765,272	8,117,508	461,465,449	104,228,166	33,946,827	0	0	220,556,926	33,204,801	39,372,763	1,536,804,689
FY 02-03	568,813,379	64,177,257	7,935,271	512,752,198	139,746,428	42,521,893	1,428,780	0	227,994,789	37,566,246	48,734,632	1,651,670,873
FY 03-04	619,075,248	75,252,194	9,468,607	556,351,771	183,274,268	63,274,843	2,668,858	0	232,192,746	45,040,271	55,140,115	1,841,738,921
FY 04-05	650,591,141	80,522,307	10,924,592	545,020,601	183,916,372	38,587,941	2,490,571	0	290,606,733	45,911,044	44,714,266	1,893,285,568
FY 05-06	672,928,682	86,484,528	13,363,360	555,793,418	195,227,241	39,395,763	6,810,399	0	308,195,420	48,881,975	55,315,290	1,982,396,076
FY 06-07	688,988,514	92,695,199	15,394,477	573,177,876	197,286,422	41,739,889	5,865,436	12,605,688	316,554,498	55,924,597	51,414,554	2,051,647,150
FY 07-08	720,889,290	98,170,056	16,858,449	593,301,162	168,927,461	46,462,139	6,964,330	25,369,921	324,758,234	59,345,557	45,957,699	2,107,004,298
Cost Per Client (without bottom line financing -- service costs only)												
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	\$6,806.25	\$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	\$7,772.62	\$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
FY 00-01	\$15,432.14	\$11,744.36	\$959.50	\$9,715.80	\$3,277.53	\$4,801.68	\$0.00	\$0.00	\$1,570.79	\$2,351.33	\$2,966.06	\$5,143.57
FY 01-02	\$16,957.98	\$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
FY 02-03	\$16,494.52	\$11,762.69	\$886.72	\$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
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
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
FY 05-06	\$18,579.44	\$14,299.69	\$1,213.53	\$11,684.92	\$3,380.32	\$7,801.14	\$36,225.53	\$0.00	\$1,442.86	\$2,996.87	\$9,282.65	\$4,959.65
FY 06-07	\$19,023.37	\$15,276.07	\$1,211.59	\$11,820.78	\$3,785.60	\$8,318.03	\$25,173.55	\$2,382.03	\$1,542.57	\$3,373.02	\$9,796.98	\$5,218.09
FY 07-08	\$19,641.15	\$15,702.18	\$1,268.12	\$12,122.54	\$3,638.09	\$8,826.39	\$25,141.99	\$2,444.82	\$1,676.82	\$3,431.37	\$9,796.99	\$5,498.40

**Table 1
FY 2006-07 CICP Provider Payments**

CICP Provider	High-Volume Payment	Low-Income Payment	Bad Debt Payment	Total Payment
Denver Health Medical Center	\$15,417,685	\$47,450,525	\$117,670	\$62,985,880
University Hospital	\$16,916,605	\$23,789,121	\$29,067	\$40,734,793
Arkansas Valley Regional Medical Center	\$181,945	\$863,475	\$3,449	\$1,048,869
Aspen Valley Hospital	\$137,310	\$263,711	\$0	\$401,021
Delta County Memorial Hospital	\$146,198	\$301,983	\$0	\$448,181
East Morgan County Hospital	\$13,883	\$82,793	\$0	\$96,676
Estes Park Medical Center	\$119,901	\$230,277	\$0	\$350,178
Gunnison Valley Hospital	\$5,624	\$10,801	\$0	\$16,425
Heart of the Rockies Regional Medical Center	\$72,619	\$139,469	\$0	\$212,088
Kremmling Memorial Hospital	\$14,017	\$26,921	\$0	\$40,938
Melissa Memorial Hospital	\$11,727	\$22,523	\$0	\$34,250
Memorial Hospital	\$3,609,757	\$6,932,744	\$0	\$10,542,501
Montrose Memorial Hospital	\$222,661	\$427,633	\$0	\$650,294
North Colorado Medical Center	\$1,525,972	\$2,930,715	\$0	\$4,456,687
Poudre Valley Hospital	\$1,160,346	\$2,228,509	\$0	\$3,388,855
Prowers Medical Center	\$127,990	\$369,252	\$0	\$497,242
Sedgwick County Memorial Hospital	\$8,716	\$16,740	\$0	\$25,456
Southeast Colorado Hospital and LTC	\$6,034	\$24,899	\$0	\$30,933
Southwest Memorial Hospital	\$57,993	\$111,380	\$0	\$169,373
Spanish Peaks Regional Health Center	\$123,475	\$280,232	\$1,975	\$405,682
St. Vincent General Hospital District	\$10,527	\$20,217	\$0	\$30,744
The Memorial Hospital	\$38,374	\$73,699	\$0	\$112,073
Wray Community District Hospital	\$9,374	\$18,004	\$0	\$27,378
Yuma District Hospital	\$35,105	\$84,013	\$0	\$119,118
Public Hospitals Total	\$39,973,838	\$86,699,636	\$152,161	\$126,825,635
Boulder Community Hospital	\$993,418	\$10,110	\$0	\$1,003,528
Colorado Plains Medical Center	\$175,936	\$1,790	\$0	\$177,726
Community Hospital	\$16,578	\$168	\$0	\$16,746
Conejos County Hospital	\$154,206	\$1,568	\$559	\$156,333
Longmont United Hospital	\$1,411,780	\$14,366	\$0	\$1,426,146
McKee Medical Center	\$1,431,906	\$14,570	\$0	\$1,446,476
Mercy Medical Center	\$768,634	\$7,822	\$0	\$776,456
Mount San Rafael Hospital	\$34,816	\$354	\$0	\$35,170
National Jewish Medical and Research Center	\$1,014,460	\$10,322	\$2,435	\$1,027,217
Parkview Medical Center	\$6,167,878	\$62,760	\$8,812	\$6,239,450
Penrose-St. Francis HealthCare Systems	\$1,911,344	\$19,448	\$0	\$1,930,792
Platte Valley Medical Center	\$1,671,776	\$17,010	\$5,116	\$1,693,902
Rio Grande Hospital	\$46,752	\$474	\$0	\$47,226
San Luis Valley Regional Medical Center	\$991,664	\$10,090	\$5,190	\$1,006,944
St. Mary-Corwin Hospital	\$3,349,506	\$34,082	\$0	\$3,383,588
St. Mary's Hospital and Medical Center	\$915,082	\$9,312	\$0	\$924,394
St. Thomas More Hospital	\$1,006,828	\$10,246	\$0	\$1,017,074
Sterling Regional Medical Center	\$360,250	\$3,666	\$0	\$363,916
The Children's Hospital	\$2,703,614	\$27,510	\$22,652	\$2,753,776
Valley View Hospital	\$488,042	\$4,966	\$5,343	\$498,351
Yampa Valley Medical Center	\$115,690	\$1,176	\$0	\$116,866
Private Hospitals Total	\$25,730,160	\$261,810	\$50,107	\$26,042,077
All CICP Providers	\$65,703,998	\$86,961,446	\$202,268	\$152,867,712

MEMORANDUM

TO: Joint Budget Committee

FROM: Melodie Beck, JBC Analyst

SUBJECT: Staff Comebacks --
Clarification of Hospital Rates
ICP Rate Increase
SEP Consumer Directed Care Issue

DATE: March 14, 2007

During the HCPF Figure Setting presentation on March 8, 2007, the Committee flagged two items on hospital reimbursement in order to receive additional information. Staff has drafted this memo to respond to the Committee's questions. Staff also seeks clarification from the Committee on what action they would dollar amount the JBC would have staff reflect in the initial Long Bill draft.

Hospital Rate Increase -- Medical Services Premiums Line Item

On March 8, 2007, the Committee approved staff's recommendation for the Department's request regarding inpatient hospital rates. The recommendation was to set a "floor" for Medicaid rates not to fall below 90 percent of Medicare rates. In order for the Medicaid rate not to fall below 90 percent of the Medicare rate for FY 2007-08, staff recommended a total increase of \$2,162,874 total funds be added to the budget (\$1,050,893 General Fund). On an estimated hospital base of \$296.4 million for FY 2007-08, this rate increase equals approximately 0.7 percent increase to hospital reimbursement for FY 2007-08.

Key Components for Setting the Rate

- 1) The above policy is based on not letting the rate fall below 90 percent of the Medicare rate. If the Committee adopts this methodology for setting hospital rates, nothing will stop the Committee from approving rates above the 90 percent floor (as is the case in FY 2006-07 where Medicaid rates are over 92 percent of the current Medicare rate). However, the Committee would be creating an expectation that funding would be provided to ensure that the Medicaid rates don't fall below 90 percent of the Medicare rate. However, because this would be JBC policy and not rule or statute, the JBC could control each budget year on whether or not the policy is followed or changed simply by providing less or more funding. Nevertheless, having an informal policy would allow staff and the Department to forecast and develop budgets with specific rate increases in mind.

MEMO

Page 2

March 15, 2007

- 2) The Medicare rate for the next year is set in October each year by CMS in rule (federal register). Therefore, the Medicare rates that staff is reference for FY 2007-08 Medicaid rates are based on the rates Medicare approved in October 2006. For 2007, the average Medicare rate was increased by 3.4 percent. The reason that the Medicaid rates are not increasing by 3.4 percent is because last year the Committee approved funding that allowed the FY 2006-07 rates to be higher than 90% floor. Therefore, in order to keep the FY 2007-08 rates at least 90 percent of Medicare rates required less funding for FY 2007-08. Please note if this approach to inpatient hospital rates is adopted, the Department estimates that at least \$11.6 million total funds will be needed in FY 2008-09.
- 3) The Medicare Modernization Act of 2003 requires that inpatient hospital rates are increased by a market basket inflation factor each year for hospital that participate in the CMS quality project. Again, this inflationary factor for 2007 was estimated at an increase of 3.4 percent. The President's budget does not impact the rate for 2007 (and therefore, our SFY 2007-08).
- 4) The President's budget recommends that inpatient hospital rates be reduced as follows for FFY 2008 and FFY 2009-2012: the increase in the market basket inflation factor minus - 0.65 percent. For example, if the market basket inflation factor was 3.5 percent, under the President's budget recommendation, the Medicare rate would only increase 2.85 percent the next year (3.5-0.65 percent). If the Medicaid rate was currently at 90 percent of Medicare, then the Medicaid rate would also increase by approximately 2.85 percent the next year. Right now, staff can not predict whether or not Congress will agree to the President's budget recommendation.
- 5) Again, if the Committee accepts the methodology of trying to set a floor for inpatient rates not to fall below 90 percent of Medicare, the discussion each year then becomes where our rates are in relation to that floor (whether it they be below or higher). This policy would give the JBC a bench mark in order to debate the amount funding to provide and would provide some direction to the Executive Branch and to JBC staff on how to calculate base increases to the Premiums budget.

Option for JBC

- 1) This year the increase to the hospital rate only equates to approximately a 0.7 percent increase. This is due because of the higher rate increases that the Committee approved in FY 2006-07 (i.e. the hospitals received a 4.35 percent rate increase last year). If the Committee wants to give the same provider rate increase of 2.0 percent, this would cost \$5,928,000 total funds (approximately \$2,965,000 General Fund). This is \$3,765,126 more than what the

MEMO

Page 3

March 15, 2007

Committee approved on March 8, 2007. This rate increase would also make the Medicaid rate higher than 90% of the Medicare rate for FY 2007-08. However, it could reduce the amount of funding that would be needed in FY 2008-09 to stay within 90 percent of the Medicare rate (i.e. it helps spread out the future cost of trying to stay at the 90 percent floor).

Staff's recommendation was to keep the Medicaid rates at 90 percent of the Medicare rates for FY 2007-08. The FY 2007-08 Medicaid rates will be based on the rates that Medicare adopted on October 1, 2006. The 2007 Medicare rates are a 3.4 percent increase on average over the Medicare rates for 2006. In order to make sure that Medicaid rates do not fall below 90 percent of the Medicare rates in FY 2007-08, staff recommended that a total increase of \$2,162,874. Of this amount, \$1,050,893 is from the General Fund. The estimated base cost for inpatient hospitals in FY 2007-08 is approximately \$24.7 million per month or a total of \$296.4 million. Therefore, the recommended rate increase of \$2.1 million is an increase of 0.7 percent.

CICP Increase

During the figure setting presentation on March 8, 2007, the Committee asked staff to flag the indigent care line items for possible rate increases that were not presented in the staff recommendation. Specifically, the Committee made the following motions: (1) flag a 2.0 percent increase to the safety net provider line item; and (2) add a 6.0 percent increase to the Pediatric Speciality Hospital line item. Staff wanted to officially show the impact of these motions and asks for clarification if these items should be included staff's first draft of the Long Bill.

Safety Net Provider Line Item

Currently, for public hospitals, there is an estimated \$12.9 million total funds in Upper Payment Limit financing that is not being drawn down. However, there is no room under the public hospitals certification levels to draw down this \$12.9 million. Of this amount, the Department recommends first trying to draw down the federal match for the Colorado Health Care Services Fund (S.B. 06-044). Therefore, the amount that is assumed available under the safety net provider payment line item is \$7.52 million (\$12.9 million - \$5.38 million for S.B. 06-044 if the state plan is approved). Of this \$7.52 million, \$3.76 would be state match and \$3.76 million would be federal funds. However, because there is no room available under the public certification levels, any state match for the public hospitals would have to come from the General Fund. An increase of \$3.76 million in General Fund represents a 2.7 percent increase to the public hospital distribution. A 2.0 percent increase would equal \$2.7 million General Fund.

MEMO

Page 4

March 15, 2007

For the private hospitals, there is plenty of room under the UPL. However, private hospitals receive all of their state match from the General Fund. A 2.0 percent increase for the private hospitals would equal an increase of \$261,800 General Fund.

The table below shows staff's calculations for a 2.0 percent increase to the Safety Net Provider line item.

Table 1			
	Current Staff Recommendation	JBC 2.0 Percent Increase Flag	Difference
Private Hospitals			
General Fund	\$13,090,782	\$13,352,598	\$261,816
Federal Funds	<u>\$13,090,782</u>	<u>\$13,352,598</u>	\$261,816
Total Funds	\$26,181,564	\$26,705,195	\$523,631
Public Hospitals			
General Fund	\$0	\$2,700,071	\$2,700,071
Cash Funds Exempt	\$135,003,533	\$135,003,533	\$0
Federal Funds	<u>\$135,003,533</u>	<u>\$137,703,604</u>	<u>\$2,700,071</u>
Total Funds	\$270,007,066	\$275,407,207	\$5,400,141

Staff seeks clarification from the Committee on whether the Committee wants to add the General Fund increases for both the public hospitals and private hospitals, only the private hospitals, or none.

The Children's Hospital, Clinic Based Indigent Care

Staff also believes that JBC included the children's hospital, clinic based indigent care program in their "flag" motion. This line item provides funding to the community clinic through an arrangement with Children's Hospital to use their UPL. Children's Hospital needs to agree with any increase of their UPL funding to go to the clinics. However, there is current funding room available under their UPL to fund this JBC recommendation. The table on the next page shows staff's calculations for a 2.0 percent increase to the Children's Hospital, Clinic Based Indigent Care line item.

Table 2			
	Current Staff Recommendation	JBC 2.0 Percent Increase Flag	Difference
The Children's Hospital, Clinic Based Indigent Care Line Item			
General Fund	\$3,059,880	\$3,121,078	\$61,198
Cash Fund Exempt*	\$10,086,000	\$10,086,000	\$0
<u>Federal Funds</u>	<u>\$3,059,880</u>	<u>\$3,121,078</u>	<u>\$61,198</u>
Total Funds	\$16,205,760	\$16,328,155	\$122,395

*From S.B 06-044-- can not increase without statutory change.

Staff seeks clarification from the Committee on whether the Committee wants to add the General Fund increases for both the community clinics indigent care program into the original staff draft of the Long Bill in order to calculate where the JBC is on the General Fund balance.

Pediatric Speciality Hospital

The Joint Budget Committee's motion included a 6.0 percent increase to the General Fund (and corresponding federal match) for the Pediatric Speciality Hospital line item. Staff's understanding was that this funding was suppose to be added (not flagged as a possible addition). The table below shows the impact of the Committee's motion.

Table 3			
	Current Staff Recommendation	JBC 2.0 Percent Increase Flag	Difference
The Children's Hospital, Clinic Based Indigent Care Line Item			
General Fund	\$3,350,000	\$3,551,000	\$201,000
Cash Fund Exempt*	\$513,000	\$513,000	\$0
<u>Federal Funds</u>	<u>\$3,863,000</u>	<u>\$4,064,000</u>	<u>\$201,000</u>
Total Funds	\$7,726,000	\$8,128,000	\$402,000

*From Tobacco Taxes -- can not be changed without a statutory change

MEMO

Page 6

March 15, 2007

Staff Comeback on Medical Services Premiums Calculation

Staff recommends an increase of \$1,008,392 to her calculations for the Medical Services Premiums line item that were presented on March 8, 2007. Of this amount, \$504,196 is General Fund and \$504,187 is federal funds. The increase relates to including the increase in administrative costs for the single entry point agencies due to the passage of H.B. 05-1243 (consumer directed care). Staff recommendation on March 8, 2007 included savings of \$6.4 million to the community based long-term care services but neglected to offset these savings with the increased costs for the single entry points. Adding these costs is consistent with the original fiscal note analysis in H.B. 05-1243. Attached is a replacement Table 6 (page 38c of the HCPF figure setting packet) and a replacement fund split analysis table to reflect these changes (page Appendix B -11 & 12).