

MEMORANDUM

TO: Joint Budget Committee Members

FROM: Carolyn Kampman, JBC Staff

SUBJECT: Staff Supplemental Comeback for Department of Human Services Concerning Mental Health Institute Revenue Adjustments

DATE: January 28, 2016

On January 20, 2016, the Committee approved a staff recommendation concerning the Department of Human Services' (DHS') supplemental request priority #7, "Mental Health Institute Revenue Adjustments". **Staff requests that the Committee reconsider its previous action on this request (S7), and instead approve the modified staff recommendation described below.** The modified recommendation corrects some technical errors concerning the allocation of different types of Medicaid revenues among line item appropriations.

Specifically, as detailed in the following table, staff now recommends making adjustments to two line items appropriations to the Department of Health Care Policy and Financing (HCPF), rather than one, to more accurately reflect the proposed allocation of Medicaid revenues within the DHS budget. [Staff's initial recommendation for fund source adjustments to line item appropriations to DHS do not require any revision.]

Department of Health Care Policy and Financing	Request	1/20 Recommendation	Revised Recommendation
(7) Department of Human Services Medicaid-funded Programs			
Total: (C) Office of Operations – Medicaid Funding	<u>\$0</u>	<u>\$0</u>	<u>\$506,020</u>
General Fund	0	0	249,012
Federal Funds	0	0	257,008
Total: (G) Behavioral Health Services – Medicaid Funding, Mental Health Institutes			
	<u>\$1,200,000</u>	<u>\$1,200,000</u>	<u>\$693,980</u>
General Fund	590,520	590,520	341,508
Federal Funds	609,480	609,480	352,472
Total: HCPF	<u>\$1,200,000</u>	<u>\$1,200,000</u>	<u>\$1,200,000</u>
General Fund	590,520	590,520	590,520
Federal Funds	609,480	609,480	609,480

In connection with the above revision, staff recommends the following modification to the Long Bill letter notation that corresponds to reappropriated funds appropriated to DHS for the Office of Operations:

February 1, 2016

^b Of this amount, it is estimated that ~~\$5,060,008~~ \$5,566,028 shall be from Medicaid funds transferred from the Department of Health Care Policy and Financing, ~~\$1,256,866~~ \$1,391,041 shall be transferred from the Department of Corrections, ~~\$824,476~~ \$318,456 shall be from patient ~~fees~~ CASH collected by the Mental Health Institutes that represent Medicaid revenue earned from the behavioral health organizations through ~~Mental BEHAVIORAL Health Community Capitation~~, CAPITATION PAYMENTS, \$800,000 shall be from the Central Fund for Veterans Community Living Centers, \$340,000 shall be from federal Medicaid indirect costs transferred from the Department of Health Care Policy and Financing, and \$955,857 shall be from various sources of reappropriated funds. OF THE AMOUNT OF MEDICAID FUNDS ESTIMATED TO BE TRANSFERRED FROM THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING, IT IS ESTIMATED THAT \$5,060,008 SHALL BE FROM REVENUES EARNED BY THE REGIONAL CENTERS AND \$506,020 SHALL BE FROM REVENUES EARNED BY THE MENTAL HEALTH INSTITUTES.

Staff also recommends the following modification to the Long Bill letter notation that corresponds to reappropriated funds appropriated to DHS for the Colorado Mental Health Institute at Pueblo (CMHIP):

^b Of this amount, ~~\$6,288,285~~ \$6,693,980 shall be from patient revenues, ~~\$2,399,115~~ \$2,264,940 shall be transferred from the Department of Corrections, and \$153,189 shall be transferred from the Department of Education. For informational purposes only, ~~of~~ the ENTIRE AMOUNT OF patient ~~revenues~~, ~~\$6,000,000~~ REVENUES is estimated to be from Medicaid funds transferred from the Department of Health Care Policy and ~~Financing~~ and ~~\$288,285 is estimated to be from Medicaid revenue earned from behavioral health organizations through Behavioral Health Capitation Payments.~~ FINANCING.

The above amendments more accurately describe the estimated sources of Medicaid revenue anticipated to be earned by the Mental Health Institutes and used to support CMHIP and the mental health institute-related services provided by the Office of Operations. Staff at DHS are aware of and support these changes.