

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Conference Committee for S.B. 17-254 (Long Bill)
FROM Eric Kurtz, JBC Staff (303-866-4952)
DATE April 25, 2017
SUBJECT Medicaid funding for transportation services

If the Conference Committee for S.B. 17-254 (Long Bill) decides to retain an amendment providing additional funds for Medicaid transportation services, then the Conference Committee should clarify whether the intent is to increase provider rates for just transportation services financed through the Medical Services Premiums line item, or all Medicaid transportation services, including services financed through the Office of Community Living for people with intellectual and developmental disabilities.

BACKGROUND

Senate Amendment 14 (J.057) added a footnote to the Medical Services Premiums line item in the Department of Health Care Policy and Financing that estimated provider rate increases for Home- and Community-Based Services would not be implemented until October 1, 2017. These provider rates are part of a Medicaid waiver and amendments to waivers generally may not be retroactive, and so the rate increases cannot be paid for services provided prior to federal approval. As a result of the implementation delay, the footnote estimated a savings of \$2,494,924 General Fund. The footnote instructed the Department to apply the savings from the implementation delay to increase provider rates for Medicaid transportation services.

House Amendment 1 (J.074) retained the Senate Amendment, but reduced the projected savings from the delay in implementing provider rates to \$1,647,446 General Fund, based on a more recent and more accurate estimate.

JBC STAFF RECOMMENDATION

If the Conference Committee decides to provide the additional funding for transportation services, then the JBC staff would recommend clarifying that the increase is for all transportation services, including services financed through the Office of Community Living. The table below compares the House amendment with the JBC staff recommendation. The JBC staff assumes that the Conference Committee would not use the Senate version of the transportation services funding, because the Senate version was based on an outdated forecast of the savings from the delay in implementing provider rate increases for Home- and Community-Based Services.

The calculations for both House Amendment 1 and the JBC staff recommendation assume the rate increases for transportation services will be in lieu of, rather than in addition to, the common policy 1.4 percent across-the-board community provider rate increase.

HA 1 (J.074) vs JBC Staff Recommendation					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	% Increase
FY 17-18 Estimated Eligible Transportation Services ¹					
Medical Services Premiums	\$57,393,240	\$17,385,750	\$2,386,145	\$37,621,345	
Adult Comprehensive Services	7,932,988	3,966,494	0	3,966,494	
Adult Supportive Living Services	4,288,885	2,136,368	8,074	2,144,443	
Subtotal - Transportation Services	\$69,615,113	\$23,488,612	\$2,394,219	\$43,732,282	
House Amendment 1 (J.074)					
Medical Services Premiums	\$5,438,492	\$1,647,446	\$226,107	\$3,564,939	9.48%
Adult Comprehensive Services	0	0	0	0	
Adult Supportive Living Services	0	0	0	0	NA
Subtotal - House Amendment 1	\$5,438,492	\$1,647,446	\$226,107	\$3,564,939	NA
JBC Staff Recommendation					
Medical Services Premiums	\$4,025,451	\$1,219,403	\$167,360	\$2,638,688	7.01%
Adult Comprehensive Services	556,404	278,202	0	278,202	7.01%
Adult Supportive Living Services	300,814	149,841	566	150,407	7.01%
Subtotal - JBC Staff Recommendation	\$4,882,669	\$1,647,446	\$167,926	\$3,067,297	7.01%
Difference					
Medical Services Premiums	(\$1,413,041)	(\$428,043)	(\$58,747)	(\$926,251)	
Adult Comprehensive Services	556,404	278,202	0	278,202	
Adult Supportive Living Services	300,814	149,841	566	150,407	
Subtotal - Difference	(\$555,823)	\$0	(\$58,181)	(\$497,642)	
FY 18-19 Cost to Annualize and Continue the Rate Increase					
House Amendment 1 (J.074)	\$6,190,375	\$1,931,181	\$246,707	\$4,012,487	
JBC Staff Recommendation	5,855,559	2,065,366	183,448	3,606,745	
Difference	(\$334,816)	\$134,185	(\$63,259)	(\$405,742)	

¹ Assumes medical transportation effective 7/1/17 and nonmedical transportation 10/1/17.

Both the House and Senate versions of the amendment use one-time savings from a delay in the implementation of a provider rate increase to finance an ongoing obligation for a different provider rate increase. As a result, if the additional funding for transportation services is retained it will create a General Fund obligation in FY 2018-19. This might be a reason for the Conference Committee to reject the additional funding for transportation services. The JBC staff recommendation applies only if the Conference Committee decides to retain the additional funding for transportation services and is not relevant if the Conference Committee decides to reject the additional funding.

The House Amendment estimated the FY 2018-19 cost to continue and annualize the additional funding for transportation services would be \$1,931,181 General Fund. The estimated FY 2018-19 cost of the JBC staff recommendation is \$2,065,366. The difference is due to the different federal match rates for services through the Office of Community Living.