

# JOINT BUDGET COMMITTEE



## STAFF BUDGET BALANCING FY 2020-21

## COMMUNITY PROVIDER RATES

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

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## SUMMARY OF STAFF BUDGET BALANCING RECOMMENDATIONS FOR LONG BILL

### → COMMUNITY PROVIDER RATES

*JBC ACTION AS OF 3/16/20:* The JBC approved approximately \$113.2 million total funds, including \$47.4 million General Fund, statewide for a 1.9 percent community provider rate common policy increase. This is an approximate amount calculated off the eligible base for a provider rate reduction. In some cases it may not match exactly what the JBC approved for a specific department to date. This might occur if certain provider rates were excluded from the common policy increase because they were receiving a targeted rate adjustment. This also might occur if the JBC staff discovered a technical error in the original calculation that did not correctly apply the common policy.

*RECOMMENDATION:* Staff recommends that the JBC undo the 1.9 percent community provider rate common policy. Each JBC staff was instructed to account for this recommended change to the common policy in their Staff Budget Balancing document. The table on the next page summarizes the approximate statewide budget impact.

*OPTION:* The JBC could consider decreasing community provider rates below FY 2019-20 levels. Each 1.0 percent decrease in community provider rates reduces expenditures by approximately \$59.6 million total funds, including \$24.9 million General Fund.

The table on the next page summarizes the impact by department. The amounts by department are shown in terms of total funds to show the impact on providers and the General Fund impact of the state budget is only shown for the statewide total.

Approximately 81.0 percent of the total funds impact and 71.3 percent of the General Fund impact is on providers for the Department of Health Care Policy and Financing. The estimated amounts for the Department of Health Care Policy and Financing may change in proportion to how the enrollment and utilization forecast for Medicaid changes.

Another important factor to consider is that before reducing a Medicaid provider rate federal regulation requires the Department to present the federal Centers for Medicare and Medicaid Services (CMS) with an analysis of the affect, if any, on client access to care. This creates a risk that the General Assembly might balance the budget counting on provider rate reductions in Medicaid that could be delayed in receiving federal approval, or even denied. The Department is well-positioned to provide this analysis to CMS quickly based on the work they have already completed through the annual analysis and review by the Medicaid Provider Rate Review Advisory Committee (MPRRAC) that is required by S.B. 15-228. The risk is likely to be in proportion to the size of the reduction with larger decreases at greater risk of being delayed or denied during federal approval.

Community Provider Rate Common Policy Scenarios				
Program	Estimated Base Eligible for Common Policy		JBC Action As of 3/16/2020 1.9%	Reduction Each -1.0%
	Total Funds	General Fund		
Health Care Policy and Financing				
Medical Service Premiums	\$4,046,802,549	\$1,415,316,658	\$76,889,248	(\$40,468,025)
Office of Community Living	657,400,526	336,037,842	12,490,610	(6,574,005)
County Administration	88,984,286	12,590,592	1,690,701	(889,843)
Behavioral Health	10,838,942	2,818,481	205,940	(108,389)
Human Services/Pub Health	<u>22,645,351</u>	<u>11,322,676</u>	<u>430,262</u>	<u>(226,454)</u>
Subtotal - HCPF	\$4,826,671,654	\$1,778,086,249	\$91,706,761	(\$48,266,716)
Human Services				
Child Welfare and Youth Corrections	508,956,872	318,018,970	9,670,181	(5,089,569)
Child Care	165,498,173	76,220,319	3,144,465	(1,654,982)
Behavioral Health	186,920,807	138,226,852	3,551,495	(1,869,208)
County Administration	76,649,899	25,515,408	1,456,348	(766,499)
Other	<u>21,100,402</u>	<u>12,663,878</u>	<u>400,908</u>	<u>(211,004)</u>
Subtotal - Human Services	\$959,126,153	\$570,645,427	\$18,223,397	(\$9,591,262)
Corrections				
In-state private prisons	64,373,751	61,973,751	1,223,101	(643,738)
Community Corrections Programs	40,012,841	37,770,566	760,244	(400,128)
Payments to local jails	13,334,520	13,334,520	253,356	(133,345)
Pre-release parole revocation facilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal - Corrections	\$117,721,112	\$113,078,837	\$2,236,701	(\$1,177,211)
Public Safety				
Community Corrections Programs	\$0	\$0	\$0	\$0
Judicial				
Probation and Related Services	\$36,999,166	\$16,601,046	\$702,984	(\$369,992)
Public Health and Environment				
Local Public Health Agencies	\$9,465,083	\$6,901,235	\$179,837	(\$94,651)
Labor and Employment				
Independent Living Services	\$6,800,847	\$6,800,847	\$129,216	(\$68,008)
Military and Veterans' Affairs				
County Veterans Services	\$1,257,263	\$1,257,263	\$23,888	(\$12,573)
<b>TOTAL Funds</b>	\$5,958,041,278	\$2,493,370,904	\$113,202,784	(\$59,580,413)
<b>General Fund</b>			<b>\$47,374,047</b>	<b>(\$24,933,709)</b>