



Legislative
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HB 20-1385

FINAL FISCAL NOTE

Drafting Number: LLS 20-1195
Prime Sponsors: Rep. Esgar; McCluskie
 Sen. Moreno; Zenzinger
Date: October 6, 2020
Bill Status: Signed into Law
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Bill Topic: USE OF INCREASED MEDICAID MATCH

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

Budget package bill. The bill allows the state to use a temporary increase in federal funds related to Medicaid from the Families First Coronavirus Response Act to reduce General Fund obligations rather than having the benefit accrue to cash funds.

Appropriation Summary: For FY 2019-20 and FY 2020-21, the bill increases and decreases appropriations in multiple state agencies. See the state appropriations section.

Fiscal Note Status: The fiscal note reflects the enacted bill.

**Table 1
State Fiscal Impacts Under HB 20-1385**

		FY 2019-20 (current year)	FY 2020-21	FY 2021-22
Revenue	General Fund	\$43,400	\$1,285,820	-
	Total	\$43,400	\$1,285,820	-
Expenditures*	General Fund	(\$24,733,945)	(\$26,775,711)	-
	Cash Funds	\$24,733,945	\$24,733,945	-
	Federal Funds	-	(\$2,289,036)	-
	Total	\$0	(\$4,330,802)	-
Transfers		-	-	-
TABOR Refund		-	-	-

* Table 1 excludes reappropriated funds to prevent double counting of funds.

Summary of Legislation

This bill establishes that for specified cash funds the temporary increase in the federal match rate (FMAP) from the Families First Coronavirus Response Act must be used to reduce General Fund obligations for the state's Medicaid program rather than accruing to the cash fund. It does not affect the amount paid to providers. Adjustments are in effect for FY 2019-20 and FY 2020-21, the assumed period of enhanced federal match under the act. The bill modifies FY 2019-20 and FY 2020-21 appropriations.

For the following medical service payment types, the amount of federal matching funds received in excess of 50.0 percent federal financial participation generated by increased reimbursements pursuant to the Families First Coronavirus Response Act are transferred to or otherwise accrue to the General Fund:

- provider fee on hospitals (Healthcare Affordability and Sustainability Fee Cash Fund);
- provider fee on nursing facilities (Medicaid Nursing Facility Cash Fund);
- University of Colorado Health Sciences Center; and
- expenditures reimbursed through certifications of public expenditures for services rendered to medically indigent individuals.

Background

On March 18, 2020, the Families First Coronavirus Response Act was signed into federal law. The act provides a temporary 6.2 percentage point increase to the FMAP for each state's Medicaid spending effective beginning January 1, 2020, and extending through the last day of the calendar quarter in which the public health emergency declared by the Secretary of Health and Human Services for COVID-19.

Assumptions

The duration of the declared public health emergency is unknown; the fiscal note is based on the Joint Budget Committee's decision to assume for budgeting purposes that the increased federal match will be in effect through December 31, 2020.

State Revenue

State General Fund revenue to the Department of Health Care Policy and Financing (HCPF) will increase by an expected \$43,400 in FY 2019-20 and \$1,285,820 in FY 2020-21. Revenue comes from excess federal matching funds for providers of services for medically indigent individuals.

State Expenditures

For the current FY 2019-20, the bill decreases General Fund expenditures by \$24.7 million in HCPF and increases cash fund expenditures by the same total, resulting in no net change in state expenditures. On net, for FY 2020-21, the bill decreases state spending in HCPF and the Department of Higher Education by about \$4.3 million, of which \$2.0 million is General Fund and

\$2.3 million are federal funds, as well as reducing associated reappropriation of funds. In FY 2020-21, the bill also shifts \$24.7 million in Medicaid spending from the General Fund to cash funds. These impacts are shown on Table 2 and described below.

**Table 2
 Expenditures Under HB 20-1385**

	FY 2019-20	FY 2020-21
HCPF - Provider Fees		
Healthcare Affordability and Sustainability Fee Cash Fund	\$21,132,815	\$21,132,815
Medicaid Nursing Facility Cash Fund	\$3,601,130	\$3,601,130
General Fund	(\$24,733,945)	(\$24,733,945)
Subtotal: provider fees	\$0	\$0
HCPF - University of Colorado		
CU Health Sciences Center (General Fund)	-	(\$2,021,766)
Subtotal: HCPF - University of Colorado	-	(\$2,021,766)
Total	\$0	(\$2,021,766)

The increased FMAP on hospital and nursing facility provider fee expenditures offsets cash fund expenditures in these areas; the bill shifts these savings to the General Fund, keeping cash fund spending at the level it would be in the absence of the increased federal match. Care provided by faculty members at the CU medical campus can be eligible for payment through Medicaid, which is reappropriated to the Department of Higher Education from HCPF. The increased FMAP for these expenditures reduces the General Fund obligation for these medical services.

Effective Date

The bill was signed into law by the Governor and took effect on June 29, 2020.

State Appropriations

For the current FY 2019-20, the bill includes the following changes to appropriations for HCPF:

- decreases General Fund appropriations for Medicaid by \$24,733,945;
- increases cash fund Medicaid appropriations by the same amount, of which \$21,132,815 is from the HAS Fee Cash Fund and \$3,601,130 is from the Medicaid Nursing Facility Cash Fund.

For FY 2020-21, the bill includes the following changes to appropriations for HCPF:

- decreases the General Fund appropriation for Medicaid by \$24,733,945;
- increases cash fund Medicaid appropriations by the same amount, of which \$21,132,815 is from the HAS Fee Cash Fund and \$3,601,130 is from the Medicaid Nursing Facility Cash Fund; and
- decreases federal funds anticipated for Medicaid by \$2,289,036.

Lastly, for FY 2020-21, the bill reduces General Fund appropriations to the Department of Higher Education by \$2,021,766, along with the corresponding reappropriation of funds to HCPF and the University of Colorado Board of Regents.

State and Local Government Contacts

Joint Budget Committee