

MEMORANDUM

TO: Joint Budget Committee

FROM: Eric Kurtz, JBC Staff (303)866-4952

SUBJECT: Health Care Policy and Financing - JBC staff comebacks

DATE: March 13, 2015

- Lifetime cap on home modifications** – No action is necessary, but new information may change the JBC's original decision. This item is to explain the expected effect of the JBC's decision to add \$350,000 General Fund to increase the lifetime cap on home modifications and the additional funding that would be required to reach a \$20,000 lifetime cap. In FY 2014-15 the JBC added money sufficient to move the cap from \$10,000 to \$12,500, pending approval by the Centers for Medicare and Medicaid Services (CMS). The analysis below of the effect of the JBC's increase for FY 2015-16 is based on a full fiscal year. However, it may be best to assume that an increase in the lifetime cap would not be implemented until January 2016. This is because increasing the lifetime cap requires CMS approval, and according to the Department an increase in the lifetime cap cannot be implemented retroactively. In this scenario, the FY 2015-16 cost of an increase in the lifetime cap to \$20,000 would be \$1.7 million, including \$837,350 General Fund, and there would be an annualization of a like amount in FY 2016-17.

	Home Modifications Lifetime Cap			Cap
	Total Funds	General Fund	Federal Funds	
FY 15-16 Projection for 883 utilizers	\$5,671,951	\$2,791,168	\$2,880,783	\$12,500
Increase approved by JBC	711,238	350,000	361,238	1,567
Additional funds needed to reach \$20,000 cap	<u>2,691,932</u>	<u>1,324,700</u>	<u>1,367,232</u>	<u>5,933</u>
Total increase to reach \$20,000 cap	3,403,170	1,674,700	1,728,470	7,500
Portion of total increase needed in FY 15-16	1,701,585	837,350	864,235	
Annualization in FY 16-17	1,701,585	837,350	864,235	

- Accounting for S.B. 14-151 (Nursing home modifications)** -- Staff recommends a supplemental add-on to the Long Bill to make a technical adjustment to the appropriations clause in S.B. 14-151 and a modification to the forecast adjustment approved by the JBC for Medical Services Premiums for FY 2014-15. The appropriations clause for S.B. 14-151 put \$160,000 cash funds from the Nursing Home Penalty Cash Fund in the Medical Services Premiums line item, but a previous bill, H.B. 09-1196, put money for the same purpose from the same fund source in the General Professional Services line item. To be consistent, staff recommends moving the money allocated in S.B. 14-151 from the Medical Services Premiums to General Professional Services line item. Once the money is moved, the base for Medical Services Premiums will be lower, and so the

incremental increase necessary to get to the FY 2014-15 forecast will be larger, by \$160,000 cash funds. The table below summarizes the recommended changes.

Accounting for S.B. 14-151	
	Nursing Home Penalty Cash Fund
<u>Appropriations clause for S.B. 14-151</u>	
General Professional Services	\$160,000
Medical Services Premiums	(\$160,000)
<u>FY 14-15 forecast adjustment</u>	
Medical Services Premiums	\$160,000
TOTAL	\$160,000

3. **Technical errors in numbers pages** -- To clarify the JBC's intent, staff recommends reapproving the JBC's action for three items where the narrative correctly described the JBC staff recommendation, but the incremental change reflected in the numbers pages was incorrect. All three items were budget amendments to annualize the JBC's supplemental decisions. In two cases the JBC staff input the staff recommendation in the wrong database field and in the third case the data was input correctly but the system did not calculate correctly.

Technical Errors in Numbers Pages			
	Recommendation	Increment Reflected in Numbers Pages	Difference
<u>BA8 Legacy systems</u>			
General Professional Services	<u>\$61,869</u>	<u>(\$201,262)</u>	<u>\$263,131</u>
General Fund	30,934	(100,632)	131,566
Federal Funds	30,935	(100,630)	131,565
<u>BA9 CLAG recommendations and HBCS rule review</u>			
General Professional Services	<u>\$345,675</u>	<u>\$588,713</u>	<u>(\$243,038)</u>
General Fund	135,338	256,857	(121,519)
IDD Services Cash Fund	37,500	37,500	0
Federal Funds	172,837	294,356	(121,519)
<u>BA7 MMIS Adjustments</u>			
Health Information Exchange	<u>\$2,400,000</u>	<u>\$1,900,000</u>	<u>\$500,000</u>
General Fund	1,000,000	500,000	500,000
Federal Funds	1,400,000	1,400,000	0
TOTAL Difference			<u>\$510,047</u>
General Fund			510,047
Federal Funds			10,046

4. **Leased space roll-forward authority** – Staff recommends adding a footnote to the FY 2014-15 appropriation allowing up to \$757,621 total funds from the Operating Expenses line item and up to \$44,696 total funds from the General Professional Services line item to roll-forward to FY 2015-16. The Department requested this roll-forward authority in the last sentence of the second-to-last paragraph of the Department's supplemental request and the JBC staff overlooked this part of the request. The roll forward authority is to account for uncertainty about when the build-out of the space and information technology resources respectively will be complete and the bills will actually be due.

5. **R6 Enrollment simplification (annualized income for adults)** – Staff recommends the addition of the following footnote:

N Department of Health Care Policy and Financing, Executive Director's Office, Information Technology Contracts and Projects, Colorado Benefits Management Systems, Operating and Contract Expenses – This appropriation assumes that the Department will make the necessary changes to the Colorado Benefits Management System to allow, beginning in FY 2016-17, the use of annualized income for adults in lieu of monthly income for purposes of determining Medicaid eligibility. Allowing the use of annualized income in FY 2016-17 is projected to effect 20,430 clients who would receive an average of 3.48 months more of Medicaid services in a year at a cost of \$12,281,696 total funds, including \$1,410,508 General Fund.

On a 4-2 vote the JBC approved the Department's request for the portion of R6 related to using annualized income for adults, but there are no costs in FY 2015-16, so without a footnote there is nothing for the General Assembly to vote on to approve this change in policy. Due to the time required to implement changes to CBMS to allow annualized income, the Department does not expect to spend any money until FY 2016-17. The JBC staff recommendation was not to implement this policy change, or if the policy change was implemented, to do it through a bill, since a footnote could be viewed as attempting to make substantive law through the Long Bill.