

CHAPTER 320

APPROPRIATIONS

HOUSE BILL 98-1342

BY REPRESENTATIVES Grampas, Owen, and Romero;
also SENATORS Lacy, Blickensderfer, and Rizzuto.

AN ACT

**CONCERNING A SUPPLEMENTAL APPROPRIATION TO THE DEPARTMENT OF HEALTH CARE POLICY
AND FINANCING.**

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Part V of section 2 of chapter 310, Session Laws of Colorado 1997,
is amended to read:

Section 2. **Appropriation.**

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

APPROPRIATION FROM

ITEM & SUBTOTAL	TOTAL	APPROPRIATION FROM				
		GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS
\$	\$	\$	\$	\$	\$	\$

PART V

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

(1) EXECUTIVE DIRECTOR'S OFFICE

Personal Services (20.1 FTE)	1,232,123	487,376(M)		15,000 ^a		729,747
Health, Life, and Dental	258,637	127,848(M)				130,789
Short-term Disability	11,752	5,186(M)				6,566
Salary Survey and Anniversary Increases	96,795	47,910(M)				48,885
Operating Expenses	148,824	104,409(M)				44,415
Legal Services for 3,980 5,264 hours	191,035 252,667	95,518(M) 126,334(M)				95,517 126,333
Third Party Recovery/ Legal Services for 1,852 2,201 hours	88,894 105,646			88,894 105,646 ^b		

Administrative Law Judge Services for 4,993 2,317 hours	169,166 196,640	84,583(M) 98,320(M)		84,583 98,320
Computer Systems Costs	316,441 339,085	125,750(M) 137,072(M)	32,471 ^c	158,220 169,542
Payment to Risk Management and Property Funds	27,456	13,728(M)		13,728
Capitol Complex Leased Space	208,172	104,086(M)		104,086
Transfer to the Department of Human Services for Related Administration	275,901	137,951(M)		137,950
TOBACCO LITIGATION DISCOVERY COSTS	<u>600,000</u>		600,000 ^d	
		3,025,196		
		3,753,698		

^a This amount shall be from the Cooperative Health Care Agreements Fund.

^b This amount shall be from third party recoveries.

^c This amount shall be from the Old Age Pension Fund.

^d THIS AMOUNT SHALL BE FROM LITIGANTS IN STATE OF COLORADO EX REL. NORTON V. R.J. REYNOLDS TOBACCO COMPANY ET AL., CASE No. 97 CV3432 (DENVER DISTRICT COURT).

(2) MEDICAL PROGRAMS

(A) Administration^{36, 37, 38, 39}

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			GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS
	\$	\$	\$	\$	\$	\$	\$
Personal Services	6,061,313		2,842,301(M)				3,219,012
	(111.9 FTE)						
Operating Expenses	574,664		277,609(M)				297,055
	626,664		303,609(M)				323,055
Medicaid Management Information System Contract	11,018,631		2,884,712(M)		146,867 ^a		7,987,052
Medicaid Management Information System Transition, Phase II ⁴⁰	10,910,782		1,723,800(M)				9,186,982
Department of Public Health and Environment Facility Survey and Certification	3,269,314		908,485(M)				2,360,829
Contractual Utilization Review	3,748,435		937,109(M)				2,811,326
Early and Periodic Screening, Diagnosis, and Treatment Program	2,718,021		1,359,011(M)				1,359,010
Nursing Home Audits	818,834		409,417(M)				409,417
Hospital Audits	117,978		58,989(M)				58,989

Nursing Home Preadmission and Resident Assessments	1,368,583	342,146(M)		1,026,437
	1,139,744	284,936(M)		854,808
Nurse Aide Certification	267,964	121,138(M)	12,844(T) ^b	133,982
Nursing Home Quality Assessments	28,873	7,218(M)		21,655
Estate Recovery	500,000	250,000(M)		250,000
Nursing Facility Appraisals	227,182	113,591(M)		113,591
Single Entry Point Administration	60,000	30,000(M)		30,000
Single Entry Point Audits	65,218	32,609(M)		32,609
Phone Triage/Advice	315,000	78,750(M)		236,250
Single Entry Point Deinstitutionalization Pilot	70,000	34,411(M)		35,589
MEDICAID AUTHORIZATION CARDS FOR NON-MEDICAID ONLY CLIENTS	369,898	184,949(M)		184,949
	<u>42,140,792</u>			
	42,333,851			

^a This amount shall be from the Old Age Pension Health and Medical Care Fund pursuant to Section 26-2-117, C.R.S.

^b This amount shall be from the Department of Regulatory Agencies.

(B)Medical Services^{7, 8, 41, 42, 43, 44, 45, 46, 47, 48}

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ITEM & SUBTOTAL	TOTAL	APPROPRIATION FROM					
		GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS	
\$	\$	\$	\$	\$	\$	\$	
Services for 34,036 33,950 Old Age Pensioners (OAP-A) at an average cost of \$13,560.42 \$13,329.50			461,542,383				
	452,654,931						
Services for 4,805 4,767 Old Age Pensioners (OAP-B) at an average cost of \$8,631.24 \$8,387.42			41,473,100				
	40,018,251						
Old Age Pension State Medical Program for 3,140 3,251 clients at an average cost of \$3,081.79 \$3,030.80			9,676,826				
	9,853,133						

Services for ~~54,874~~ 51,412
 Recipients of Aid to the
 Needy Disabled -
 Supplemental Security
 Income at an average cost of
~~\$5,944.09~~ \$6,091.72 ~~326,176,063~~
 313,293,183

Services for ~~158~~ 148
 Recipients of Aid to the
 Blind at an average cost of
~~\$3,403.26~~ \$3,352.13 ~~537,716~~
 496,477

Services for ~~35,792~~ 31,378
 Adult Clients Eligible Under
 the 7/16/96 Aid to Families
 with Dependent Children
 Program at an average cost
 of ~~\$2,622.63~~ \$2,698.92 ~~93,869,165~~
 84,832,835

Services for ~~116,030~~
 107,333 Child Clients
 Eligible Under the 7/16/96
 Aid to Families with
 Dependent Children
 Program at an average cost
 of ~~\$1,175.18~~ \$1,224.08 ~~136,356,535~~
 131,533,032

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		GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS
\$	\$	\$	\$	\$	\$	\$
Services for 10,025 10,480 Foster Children at an average cost of \$3,201.27 \$3,229.05						
Services for 6,279 5,058 Baby Care Program Adults at an average cost of \$5,599.56 \$5,824.16						
Services for 10,255 6,228 Baby Care Program Children at an average cost of \$1,327.03 \$1,395.72						
Services for 4,706 4,613 Qualified Medicare Beneficiaries (QMBs) at an average cost of \$1,433.66 \$1,413.47						

	6,520,429			
Services for 5,579 5,549				
Undocumented Aliens				
NON-CITIZENS at an Average				
Cost of \$2,540.87				
\$2,606.05	14,175,531			
	14,573,807			
H.B. 95-1081 Payments to				
the Department of				
Corrections	29,432			
Enhanced Prenatal Care				
Services	1,350,000			
	<u>1,172,794,630</u>	559,529,060(M)	9,853,133 ^a	603,412,437
	1,125,842,307	537,307,436(M)		578,681,738

^a This amount shall be from the Old Age Pension Health and Medical Care Fund pursuant to Section 26-2-117, C.R.S.

(C) Indigent Care Program

Program Administration	262,116	262,116 (3.0 FTE)		
Denver Indigent Care	9,682,775	4,650,637(M)		5,032,138
Specialty and Outstate Programs ⁴⁹	19,649,662	11,803,980(M)		7,845,682
University Hospital	10,727,750	5,152,538(M)		5,575,212
Disproportionate Share Payments to Providers				
PROVIDERS ^{49a}	110,886,355	54,335,892(M)		56,550,463
	<u>148,648,938</u>		19,986,672 ^a	74,326,374

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		GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS
\$	\$	\$	\$	\$	\$	\$
151,208,658						
188,971,241						

^a THIS AMOUNT REPRESENTS PUBLIC FUNDS CERTIFIED AS REPRESENTING EXPENDITURES INCURRED BY DENVER HEALTH AND THE UNIVERSITY HOSPITAL AS ELIGIBLE FOR FEDERAL FINANCIAL PARTICIPATION UNDER MEDICAID DISPROPORTIONATE SHARE PAYMENTS TO PROVIDERS.

(D) Other Medical Services

Home Care Allowance for
6,216 5,780 Recipients at an
average monthly cost of
\$228.64 ^{7,8}

17,054,590		16,326,985		727,605(L)	
15,858,346		15,334,072		524,274(L)	

Adult Foster Care for ~~359~~
263 Recipients at an average
monthly cost of ~~\$198.25^{7,8}~~
\$205.97 ^{7,8}

854,063		808,432		45,631(L)	
650,010		617,510		32,500(L)	

Physician Incentive Pool

4,431,236		2,128,323(M)			2,302,913
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High Risk Pregnant Women Program	213,208	102,276(M)	110,932
H.B. 92-1208 Immunizations	20,211 91,175	9,695(M) 43,736(M)	10,516 47,439
Poison Control ⁵⁰	1,148,034	1,148,034	
University of Colorado Family Medicine Residency Training Programs	1,989,749	954,483(M)	1,035,266
Enhanced Prenatal Care Training and Technical Assistance	61,500	15,375(M)	46,125
	<u>25,772,591</u>		
	24,443,258		

(E) Department of Human Services

Transfer to the Department of Human Services	304,032,830 303,933,274	145,326,233(M) 144,977,549(M)	158,706,597 158,955,725
	1,695,949,501 1,685,523,931		

**TOTALS PART V
(HEALTH CARE
POLICY AND
FINANCING)^{2, 3, 4}**

\$1,698,974,697	\$816,299,700	\$10,136,365 *	\$786,080 *	\$871,752,552
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		GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS
\$	\$	\$	\$	\$	\$	\$
	<u>\$1,689,277,629</u>	<u>\$792,789,212</u>		<u>\$10,753,117^a</u>	<u>\$20,556,290^b</u>	<u>\$865,179,010</u>

^a Of this amount, \$10,000,000 is included as information for purposes of complying with the limitation on state fiscal year spending imposed by Article X, Section 20 of the State Constitution. As this amount is continuously appropriated by a constitutional provision, it is not subject to the limitation of General Fund appropriations as set forth in Section 24-75-201.1, C.R.S.

^b Of this amount, ~~\$773,236~~ \$556,774 contains an (L) notation, and \$12,844 contains a (T) notation.

FOOTNOTES -- The following statements are referenced to the numbered footnotes throughout section 2.

- 2 (Governor lined through this provision. See L. 97, p. 2057.)
- 3 All Departments, Totals -- The General Assembly requests that copies of all reports requested in other footnotes contained in this act be delivered to the Joint Budget Committee and the majority and minority leadership in each house of the General Assembly.
- 4 (Governor lined through this provision. See L. 97, p. 2058.)
- 7 (Governor lined through this provision. See L. 97, p. 2058.)

- 8 (Governor lined through this provision. See L. 97, p. 2058.)
- 36 (Governor lined through this provision. See L. 97, p. 2059.)
- 37 Department of Health Care Policy and Financing, Medical Programs, Administration -- The Department is requested to report to the Joint on the effectiveness of the primary care rate indexing initiative begun by the Department in FY 1994-95. The report is requested to include the change in the reimbursement for physicians, dentists, and emergency and county transportation for FY 1993-94 through FY 1997-98; the change in the number of Medicaid participating providers for the same time period relative to the need of the Medicaid eligible population; and recommendations for reimbursement methodologies in FY 1998-99. The Joint Budget Committee requests that this information be provided by no later than October 15, 1997.
- 38 (Governor lined through this provision. See L. 97, p. 2059.)
- 39 Department of Health Care Policy and Financing, Medical Programs, Administration; and Department of Law, Special Purpose, Medicaid Fraud Grant -- It is the intent of the General Assembly that all efforts be made to reduce the amount of fraudulent activity occurring within the state Medicaid program. To this end, the General Assembly requests that the departments cooperate to produce a report on Medicaid fraud, including: (1) estimates on the total amount of fraudulent activity; (2) information on which areas within Medicaid are particularly vulnerable to fraud, both fiscal and programmatic; (3) what new and existing efforts are being made by each department to remedy the problem of Medicaid fraud; and (4) recommendations on ways to prevent and catch fraudulent Medicaid claims, such as data systems or investigatory tools. The departments are requested to submit the report to the Joint Budget Committee by November 1, 1997.
- 40 Department of Health Care Policy and Financing, Medical Programs, Administration, Medicaid Management Information System Transition, Phase II -- It is the intent of the General Assembly that the General Fund appropriation for the Medicaid Management Information System Transition, Phase II will be restricted by the State Controller until the Information Management Commission has certified, by letter, that the Department of Health Care Policy and Financing is "Year 2000" compatible, or, that this project specifically addresses a "Year 2000" need.
- 41 Department of Health Care Policy and Financing, Medical Programs, Medical Services -- It is the intent of the General

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Assembly that expenditures for these services shall be recorded only against the Long Bill group total for Medical Services.

- 42 Department of Health Care Policy and Financing, Medical Programs, Medical Services; Department of Human Services, Health and Rehabilitation Services, Office of Health and Rehabilitation, Mental Health Community Programs -- It is the intent of the General Assembly that the Department of Human Services and the Department of Health Care Policy and Financing cooperate to coordinate efforts to budget and forecast the Medicaid capitated payments for FY 1997-98 and FY 1998-99. The departments are requested to: (1) report on these coordination efforts; (2) provide recommendations for improving the link between the Medicaid Medical Services budget forecast, including caseload, case-mix, utilization, and anticipated cost increases, and the mental health system contracts; and (3) provide, by department, estimated savings and costs avoided for FY 1996-97, and estimated savings and cost avoidance for FY 1997-98 and FY 1998-99 attributable to the capitated mental health system. The departments are requested to report this information in their FY 1998-99 November 1 budget submission. The Department of Health Care Policy and Financing is requested to keep the Joint Budget Committee informed of any changes in its February, 1997 budgetary assumptions for mental health capitated payments transferred from the Medical Services Programs for FY 1997-98.
- 43 Department of Health Care Policy and Financing, Medical Programs, Medical Services -- The General Assembly has determined that the average appropriated rates provide sufficient funds to pay reasonable and adequate compensation to efficient and economical providers. The Department should take actions to ensure that the average appropriated rates are not exceeded.
- 44 Department of Health Care Policy and Financing, Medical Programs, Medical Services; and Department of Public Health

and Environment, Family and Community Health Services Division, Family Planning, Purchase of Services -- The departments are requested to provide a report to the Joint Budget Committee by November 1, 1997, outlining the progress made in reducing the rate of low birth-weight babies as a result of the enhanced prenatal program appropriation. The report shall provide information on the number of participants, reasons for participation levels, and recommendations for changing participation levels given current program criteria. The report shall also delineate, by fiscal year, the total, General Fund, and federal fund savings achieved as a result of the FY 1996-97 program appropriation and recommendations for further programmatic and funding changes based on the findings.

- 45 Department of Health Care Policy and Financing, Medical Programs, Medical Services -- The Department is requested to present a recommended methodology by which savings in Medicaid managed care, or in any other Medicaid initiative for which savings are estimated or anticipated, can be defined, tracked, and forecasted. This information is requested to be submitted to the Joint Budget Committee no later than November 1, 1997.
- 46 Department of Health Care Policy and Financing, Medical Programs, Medical Services -- The Department is requested to report on the growth in the home and community based services for the elderly, blind, and disabled and the home health program. The Department is requested to report on the specific reasons for the increase and to recommend program modifications, eligibility options and recommendations, and pricing adjustments. The Department is also requested to report on any changes in the programs which are occurring as a result of the actions taken by the federal government, particularly in the area of home health. This report is requested to be submitted to the Joint Budget Committee no later than October 15, 1997.
- 47 Department of Health Care Policy and Financing, Medical Programs, Medical Services -- The Department is requested to provide information on the caseload reduction in Medical Services attributable to state and federal welfare reform legislation, including, but not limited to supplemental security income children and legal immigrants no longer eligible for Medicaid services. The Department is also requested to provide estimates of any additional impact to the Indigent Care program associated with these changes. The Department is requested to provide this information in their FY 1998-99 budget submission.
- 48 Department of Health Care Policy and Financing, Medical Programs, Medical Services -- The Department is requested to report on the total amount of primary care physician incentive payments contained within the FY 1997-98 payments

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		GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS
\$	\$	\$	\$	\$	\$	\$

made to health maintenance organizations by total expenditure, expenditure per health maintenance organization, and estimate the amount per physician. The Department is furthermore requested to report on the relative benefits provided to the state through this payment to health maintenance organizations.

49 Department of Health Care Policy and Financing, Medical Programs, Indigent Care Program, Specialty and Outstate Programs -- The Department is requested to report on the FY 1996-97 and estimated FY 1997-98 growth in the Indigent Care program, specifically the Specialty and Outstate Indigent Care program. The Department is requested to report on the specific reasons for the increase and to recommend program and, if appropriate, reimbursement, modifications in order to limit the future growth in the appropriation. The Department is furthermore requested to report on: (1) the overall cost benefit, if any, achieved by the increase in clinic providers participating in the program; and (2) the impact of increases in capitated managed care on the Indigent Care program. This report is requested to be submitted to the Joint Budget Committee no later than November 1, 1997.

49a DEPARTMENT OF HEALTH CARE POLICY AND FINANCING, MEDICAL PROGRAMS, INDIGENT CARE PROGRAM, DISPROPORTIONATE SHARE PAYMENTS TO PROVIDERS -- IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE FEDERAL FUNDS REFLECTED IN THIS APPROPRIATION REPRESENT 100 PERCENT OF THE FEDERAL FUNDS WHICH MAY BE DRAWN DOWN ON BEHALF OF THE MEDICAID DISPROPORTIONATE SHARE PAYMENTS TO HOSPITALS PROGRAM. ANY INCREASE IN THE AMOUNT OF FEDERAL FUNDS, MATCHED BY PUBLIC FUNDS CERTIFIED BY THE CONTRIBUTING ENTITY AS REPRESENTING EXPENDITURES ELIGIBLE FOR FEDERAL FINANCIAL PARTICIPATION UNDER MEDICAID, SHALL REQUIRE SPECIFIC LEGISLATIVE APPROVAL WITH AN ACCOMPANYING APPROPRIATION SHOWING THE MATCHING FUNDS.

50 Department of Health Care Policy and Financing, Medical Programs, Other Medical Services, Poison Control -- The Department is requested to report on the savings to the state as a result of the \$1,148,034 General Fund appropriation for poison control services in FY 1996-97. The report is requested to include a breakdown of the savings by private payers, insurance, and Medicaid. This report is requested to be submitted to the Joint Budget Committee no later than February 1, 1998.

SECTION 2. Section 10 (2)(a), and (2)(c) of chapter 235, Session Laws of Colorado 1997, are amended to read:

Section 10. **Appropriations in long bill to be adjusted.** (2) For the implementation of this act, appropriations made in the annual general appropriation act to the department of health care policy and financing for the fiscal year beginning July 1, 1997, shall be adjusted as follows:

(a) The appropriation to medical programs, medical services is decreased by three million ~~seventy-seven~~ ONE HUNDRED FORTY-ONE thousand ~~eight~~ NINE hundred ~~fifty-seven~~ TWENTY-EIGHT dollars (~~\$3,077,857~~) (\$3,141,928). Of said sum, one million three hundred ~~four~~ THIRTY-FIVE thousand ~~eight~~ FIVE hundred ~~sixty~~ NINETY-FIVE dollars (~~\$1,304,860~~) (\$1,335,595) shall be from the general fund, and one million ~~seven~~ EIGHT hundred ~~seventy-two~~ SIX thousand ~~nine~~ THREE hundred ~~ninety-seven~~ THIRTY-THREE dollars (~~\$1,772,997~~) (\$1,806,333) shall be from matching federal funds.

(c) ~~The general fund appropriation to medical programs, other medical services is increased by one hundred twenty-four thousand six hundred ninety-seven dollars (\$124,697).~~

SECTION 3. Section 10 (2) of chapter 241, Session Laws of Colorado 1997, is amended to read:

Section 10. **Appropriations in long bill to be adjusted.** For the implementation of this act, appropriations made in the annual general appropriation act for the fiscal year beginning July 1, 1997, to the department of health care policy and financing, shall be adjusted as follows:

(2) The appropriation to medical programs, administration is increased by ~~one million eighteen~~ EIGHT HUNDRED EIGHTY-SIX thousand ~~one~~ TWO hundred ~~twenty-four~~ THIRTY-SIX dollars (~~\$1,018,124~~) (\$886,236), and 3.0 FTE. Of said sum, three hundred eighty-five thousand eight hundred sixty dollars (\$385,860) shall be from the general fund and subject to the "(M)" notation as defined

ITEM & SUBTOTAL	TOTAL	APPROPRIATION FROM				
		GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS
\$	\$	\$	\$	\$	\$	\$

in the general appropriation act and ~~six FIVE hundred thirty-two thousand two~~ THREE hundred ~~sixty-four~~ SEVENTY-SIX dollars (~~\$632,264~~) (\$500,376) shall be from matching federal funds. Said sum shall be for quality assurance and client grievance procedures pursuant to sections 26-4-115, 26-4-116 (1), 26-4-120 (3), and 26-4-117 (1) (b), Colorado Revised Statutes.

SECTION 4. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: March 12, 1998