

STATE OF COLORADO FY 2011-12 BUDGET REQUEST CYCLE: DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

Schedule 13 Change Request for FY 2011-12 Budget Request Cycle												
Decision Item FY 2011-12		Base Reduction Item FY 2011-12			Supplemental FY 2010-11			Budget Amendment FY 2011-12 <input checked="" type="checkbox"/>				
<b>Request Title:</b>		Retraction of 0.75% Pharmacy Rate Reduction					<b>Dept. Approval by:</b>		John Bartholomew <i>JB</i>		<b>Date:</b> June 27, 2011 <i>7/7/11</i>	
<b>Department:</b>		Health Care Policy and Financing					<b>OSPB Approval:</b>				<b>Date:</b>	
<b>Priority Number:</b>		Emergency Supplemental										
	Fund	1	2	3	4	5	6	7	8	9	10	
		Prior-Year Actual FY 2009-10	Appropriation FY 2010-11	Supplemental Request FY 2010-11	Total Revised Request FY 2010-11	Base Request FY 2011-12	Decision/ Base Reduction FY 2011-12	November 1 Request FY 2011-12	Budget Amendment FY 2011-12	Total Revised Request FY 2011-12	Change from Base (Column 5) FY 2012-13	
<b>Total of All Line Items</b>		<b>Total</b> 2,877,822,564	3,106,858,127	0	3,106,858,127	3,101,279,542	0	3,101,279,542	1,250,589	3,102,530,131	1,550,910	
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	GF	762,936,068	700,606,422	0	700,606,422	1,079,820,226	0	1,079,820,226	544,874	1,080,365,100	675,722	
	GFE	0	161,444,485	0	161,444,485	161,444,485	0	161,444,485	0	161,444,485	0	
	CF	343,695,933	339,633,220	0	339,633,220	307,745,803	0	307,745,803	73,704	307,819,507	91,404	
	CFE/RF	3,917,255	7,595,243	0	7,595,243	3,334,253	0	3,334,253	0	3,334,253	0	
	FF	1,767,273,308	1,897,578,757	0	1,897,578,757	1,548,934,775	0	1,548,934,775	632,011	1,549,566,786	783,784	
<b>(2) Medical Services Premiums</b>		<b>Total</b> 2,877,822,564	3,106,858,127	0	3,106,858,127	3,101,279,542	0	3,101,279,542	1,250,589	3,102,530,131	1,550,910	
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	GF	762,936,068	700,606,422	0	700,606,422	1,079,820,226	0	1,079,820,226	544,874	1,080,365,100	675,722	
	GFE	0	161,444,485	0	161,444,485	161,444,485	0	161,444,485	0	161,444,485	0	
	CF	343,695,933	339,633,220	0	339,633,220	307,745,803	0	307,745,803	73,704	307,819,507	91,404	
	CFE/RF	3,917,255	7,595,243	0	7,595,243	3,334,253	0	3,334,253	0	3,334,253	0	
	FF	1,767,273,308	1,897,578,757	0	1,897,578,757	1,548,934,775	0	1,548,934,775	632,011	1,549,566,786	783,784	
<b>Non-Line Item Request:</b>		None.										
<b>Letternote Revised Text:</b>		<sup>b</sup> Of this amount, <del>\$354,568,482</del> <del>\$354,642,186</del> shall be from the Hospital Provider Fee Cash Fund created in Section 25.5-4-402.3 (4) C.R.S., ...										
<b>Cash or Federal Fund Name and COFRS Fund Number:</b>		Hospital Provider Fee 24A										
<b>Reappropriated Funds Source, by Department and Line Item Name:</b>		None										
<b>Approval by OIT?</b>		Yes: <input type="checkbox"/> No: <input type="checkbox"/> N/A: <input checked="" type="checkbox"/>										
<b>Schedule 13s from Affected Departments:</b>		None.										



# DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

*FY 2011-12 Budget Proposal  
June 27, 2011*

**Susan Birch**  
Executive Director

## *Reversal of FY 2011-12 Pharmacy Rate Reduction*

**Proposal:** The Department requests an increase to the Medical Services Premiums appropriation in the amount of \$1,250,589 total funds, \$544,874 General Fund in FY 2011-12 and \$1,550,910 total funds, \$675,722 General Fund in FY 2012-13. This funding is necessary to backfill the 0.75% reduction to pharmacy reimbursement approved in March 2011 Figure Setting and incorporated into the Department's FY 2011-12 appropriation via SB 11-209.

As part of the budget balancing package submitted by the Department for FY 2011-12, FY 2011-12 BA-9: "Medicaid Budget Balancing Reductions" included a 0.50% rate reduction to pharmacy reimbursement. Additionally, the Department proposed an expansion of the State Maximum Allowable Cost (SMAC) drug list. Both actions were accepted by the Joint Budget Committee and the Joint Budget Committee voted to further increase the level of the rate cut proposed by the Department to 0.75%.

On June 20, 2011, the Joint Budget Committee (JBC) sent a letter to the Department requesting that the Department retract implementation of the 0.75% rate reduction to pharmaceuticals. The JBC has indicated that it now believes that implementation of both the rate reduction and the expansion of the State Maximum Allowable Cost (SMAC) drug list would restrict access of pharmaceuticals to Medicaid clients.

Consistent with the Joint Budget Committee's request, the Department is not implementing the 0.75% rate reduction to pharmacies. As a result, the Department's FY 2011-12 appropriation will be underfunded by the amount of the rate reduction. To backfill the reduction, the Department requests an increase in funding of \$1,250,589 in FY 2011-12 and \$1,550,910 in FY 2012-13. Fund splits are shown below.

<b>Summary of Request FY 2011-12</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Federal Funds</b>
Total Request	\$1,250,589	\$544,874	\$73,704	\$632,011
(2) Medical Services Premiums	\$1,250,589	\$544,874	\$73,704	\$632,011

<b>Summary of Request FY 2012-13</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Federal Funds</b>
Total Request	\$1,550,910	\$675,722	\$91,404	\$783,784
(2) Medical Services Premiums	\$1,550,910	\$675,722	\$91,404	\$783,784