

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

| Schedule 13<br>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              |                                        |                                                |                                                       |                                  |
| Request Title:                                                    |        | Indigent Care Program Reductions        |                                  |                                            | Dept. Approval by:                             |                                    |                                                   | John Bartholomew <i>JBS</i>              |                                        | Date:                                          |                                                       | February 15, 2011 <i>2/15/11</i> |
| Department:                                                       |        | Health Care Policy and Financing        |                                  |                                            | OSPb Approval:                                 |                                    |                                                   | <i>Carol W. Johnson</i>                  |                                        | Date:                                          |                                                       | <i>2/14/2011</i>                 |
| Priority Number:                                                  |        | BA-10                                   |                                  |                                            |                                                |                                    |                                                   |                                          |                                        |                                                |                                                       |                                  |
|                                                                   | Fund   | 1<br>Prior-Year<br>Actual<br>FY 2009-10 | 2<br>Appropriation<br>FY 2010-11 | 3<br>Supplemental<br>Request<br>FY 2010-11 | 4<br>Total<br>Revised<br>Request<br>FY 2010-11 | 5<br>Base<br>Request<br>FY 2011-12 | 6<br>Decision/<br>Base<br>Reduction<br>FY 2011-12 | 7<br>November 1<br>Request<br>FY 2011-12 | 8<br>Budget<br>Amendment<br>FY 2011-12 | 9<br>Total<br>Revised<br>Request<br>FY 2011-12 | 10<br>Change<br>from Base<br>(Column 5)<br>FY 2012-13 |                                  |
| Total of All Line Items                                           | Total  | 2 892 731.730                           | 3 121.680 121                    | 0                                          | 3 121.680 121                                  | 3 117.096.477                      | 0                                                 | 3 117 096.477                            | (875.474)                              | 3 138 292.750                                  | (875.474)                                             |                                  |
|                                                                   | FTE    | 0 0                                     | 0 0                              | 0 0                                        | 0 0                                            | 0 0                                | 0 0                                               | 0 0                                      | (0 2)                                  | 311 4                                          | (0 2)                                                 |                                  |
|                                                                   | GF     | 767 930 655                             | 705 545 550                      | 0                                          | 705 545 550                                    | 1 086 477 223                      | 0                                                 | 1 086 477 223                            | (5 875.474)                            | 1 086 351.703                                  | (975.474)                                             |                                  |
|                                                                   | GFE    | 104 310                                 | 161 444 485                      | 0                                          | 161 444 485                                    | 161 444.485                        | 0                                                 | 161 444 485                              | 0                                      | 161 444.485                                    | 0                                                     |                                  |
|                                                                   | CF     | 343 978 933                             | 339 940 220                      | 0                                          | 339 940 220                                    | 308 967 237                        | 0                                                 | 308 967 237                              | 5 000 000                              | 316 221 815                                    | 100 000                                               |                                  |
|                                                                   | CFE/RF | 4 262 945                               | 8 042 243                        | 0                                          | 8 042 243                                      | 3 756 401                          | 0                                                 | 3 756 401                                | 0                                      | 4 213 239                                      | 0                                                     |                                  |
|                                                                   | FF     | 1 776 454 887                           | 1 906 707 623                    | 0                                          | 1 906 707 623                                  | 1 556 451 131                      | 0                                                 | 1 556 451 131                            | 0                                      | 1 568 061 508                                  | 0                                                     |                                  |
| (1) Executive Director's Office:                                  | Total  | 20 499 157                              | 20 463 541                       | 0                                          | 20 463 541                                     | 22 071 747                         | 0                                                 | 22 071 747                               | (9 399)                                | 22 062 348                                     | (9 399)                                               |                                  |
| (A) General Administration,<br>Personal Services                  | FTE    | 275 4                                   | 294 8                            | 0 0                                        | 294 8                                          | 311 6                              | 0 0                                               | 311 6                                    | (0 2)                                  | 311 4                                          | (0 2)                                                 |                                  |
|                                                                   | GF     | 7 927 142                               | 7 614 607                        | 0                                          | 7 614 607                                      | 7 749 954                          | 0                                                 | 7 749 954                                | 0                                      | 7 749 954                                      | 0                                                     |                                  |
|                                                                   | GFE    | 0                                       | 0                                | 0                                          | 0                                              | 0                                  | 0                                                 | 0                                        | 0                                      | 0                                              | 0                                                     |                                  |
|                                                                   | CF     | 1 172 469                               | 1 652 353                        | 0                                          | 1 652 353                                      | 2 254 578                          | 0                                                 | 2 254 578                                | (9 399)                                | 2 245 179                                      | (9 399)                                               |                                  |
|                                                                   | CFE/RF | 1 187 672                               | 524 403                          | 0                                          | 524 403                                        | 456 838                            | 0                                                 | 456 838                                  | 0                                      | 456 838                                        | 0                                                     |                                  |
|                                                                   | FF     | 10 211 874                              | 10 672 178                       | 0                                          | 10 672 178                                     | 11 610 377                         | 0                                                 | 11 610 377                               | 0                                      | 11 610 377                                     | 0                                                     |                                  |
| (2) Medical Services<br>Premiums                                  | Total  | 2 877 822.564                           | 3 106 858 127                    | 0                                          | 3 106 858 127                                  | 3 101 279 542                      | 0                                                 | 3 101 279 542                            | 0                                      | 3 101 279 542                                  | 0                                                     |                                  |
|                                                                   | 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                            | (5 875.474)                            | 1 073 944 752                                  | (975.474)                                             |                                  |
|                                                                   | 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                              | 5 875 474                              | 313 621 277                                    | 975 474                                               |                                  |
|                                                                   | 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                            | 0                                      | 1 548 934 775                                  | 0                                                     |                                  |

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

| Schedule 13<br>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              |                                        |                                                |                                                       |
| Request Title:                                                                               |        | Indigent Care Program Reductions                                                                                          |                                  |                                            |                                                |                                    |                                                   |                                          |                                        |                                                |                                                       |
| Department:                                                                                  |        | Health Care Policy and Financing                                                                                          |                                  |                                            | Dept. Approval by: John Bartholomew            |                                    |                                                   | Date: February 15, 2011                  |                                        |                                                |                                                       |
| Priority Number:                                                                             |        | BA-10                                                                                                                     |                                  |                                            | OSPB Approval:                                 |                                    |                                                   | Date:                                    |                                        |                                                |                                                       |
|                                                                                              | Fund   | 1<br>Prior-Year<br>Actual<br>FY 2009-10                                                                                   | 2<br>Appropriation<br>FY 2010-11 | 3<br>Supplemental<br>Request<br>FY 2010-11 | 4<br>Total<br>Revised<br>Request<br>FY 2010-11 | 5<br>Base<br>Request<br>FY 2011-12 | 6<br>Decision/<br>Base<br>Reduction<br>FY 2011-12 | 7<br>November 1<br>Request<br>FY 2011-12 | 8<br>Budget<br>Amendment<br>FY 2011-12 | 9<br>Total<br>Revised<br>Request<br>FY 2011-12 | 10<br>Change<br>from Base<br>(Column 5)<br>FY 2012-13 |
| (4) Indigent Care Program:<br>Comprehensive Primary and<br>Preventive Care Grants<br>Program | Total  | 0                                                                                                                         | 0                                | 0                                          | 0                                              | 866,075                            | 0                                                 | 866,075                                  | (866,075)                              | 0                                              | (866,075)                                             |
|                                                                                              | FTE    | 00                                                                                                                        | 00                               | 00                                         | 00                                             | 00                                 | 00                                                | 00                                       | 00                                     | 00                                             | 00                                                    |
|                                                                                              | GF     | 0                                                                                                                         | 0                                | 0                                          | 0                                              | 0                                  | 0                                                 | 0                                        | 0                                      | 0                                              | 0                                                     |
|                                                                                              | GFE    | 0                                                                                                                         | 0                                | 0                                          | 0                                              | 0                                  | 0                                                 | 0                                        | 0                                      | 0                                              | 0                                                     |
|                                                                                              | CF     | 0                                                                                                                         | 0                                | 0                                          | 0                                              | 866,075                            | 0                                                 | 866,075                                  | (866,075)                              | 0                                              | (866,075)                                             |
|                                                                                              | CFE/RF | 0                                                                                                                         | 0                                | 0                                          | 0                                              | 0                                  | 0                                                 | 0                                        | 0                                      | 0                                              | 0                                                     |
|                                                                                              | FF     | 0                                                                                                                         | 0                                | 0                                          | 0                                              | 0                                  | 0                                                 | 0                                        | 0                                      | 0                                              | 0                                                     |
| Non-Line Item Request:                                                                       |        | None                                                                                                                      |                                  |                                            |                                                |                                    |                                                   |                                          |                                        |                                                |                                                       |
| Letternote Revised Text:                                                                     |        | None                                                                                                                      |                                  |                                            |                                                |                                    |                                                   |                                          |                                        |                                                |                                                       |
| Cash or Federal Fund Name and COFRS Fund Number:                                             |        | CF Pediatric Specialty Hospital Fund (18P), Supplemental Old Age Pension Health and Medical Care Fund (15K), FF Title XIX |                                  |                                            |                                                |                                    |                                                   |                                          |                                        |                                                |                                                       |
| Reappropriated Funds Source, by Department and Line Item Name:                               |        |                                                                                                                           |                                  |                                            |                                                |                                    |                                                   |                                          |                                        |                                                |                                                       |
| Approval by OIT?                                                                             |        | Yes: " "                                                                                                                  |                                  | No: " "                                    |                                                | N/A: " "                           |                                                   |                                          |                                        |                                                |                                                       |
| Schedule 13s from Affected Departments:                                                      |        | N/A                                                                                                                       |                                  |                                            |                                                |                                    |                                                   |                                          |                                        |                                                |                                                       |



# DEPARTMENT OF HEALTH CARE POLICY & FINANCING

*FY 2011-12 Budget Reduction Proposal  
January 25, 2011*

*Susan E. Birch  
Executive Director*

## *BA-10 Indigent Care Program Reductions*

### **Proposal:**

The Department requests a total reduction of \$875,474 and 0.2 FTE in FY 2011-12 and FY 2012-13 from two reductions to Indigent Care Programs. First, the Department proposes to suspend the Comprehensive Primary and Preventive Care Grants Program and the associated 0.2 FTE in FY 2011-12 and FY 2012-13, resulting in cash fund savings of \$875,474 which will be used as General Fund offset in Medical Services Premiums. Second, the Department proposes to use \$5,000,000 in FY 2011-12 and \$100,000 in FY 2012-13 from the Supplemental Old Age Pension Health and Medical Care Fund to offset General Fund expenditures in Medical Services Premiums.

### **Summary of Request:**

- The Comprehensive Primary and Preventive Care Grants Program increases access to primary care for low-income and uninsured individuals by making block grants to clinics that treat relatively high numbers of medically indigent patients. Grants can be used for capital construction and practitioner acquisition. This program is allocated 3% of the total Tier 1 Tobacco Master Settlement funding received by the State annually (up to \$5,000,000).
  - This grant has been suspended since FY 2009-10 through SB 09-210 and HB 10-1323. In its base budget, the Department requested the full reinstatement of the grant program and an appropriation of \$866,075 cash funds. The Department is proposing to suspend this grant program in FY 2011-12 and FY 2012-13.
  - In addition, the Department would eliminate the 0.2 FTE associated with the administration of the Comprehensive Primary and Preventive Care Grants Program. The Department assumes that it can utilize this reduction as a General Fund offset to services in the Medical Services Premiums line item, as the funding is only administrative once appropriated to individual lines. By reducing the appropriations for administration of this program, the Department is making additional Cash Funds available. The savings associated with this 0.2 FTE are \$9,399 in FY 2011-12 and in FY 2012-13.
- The Services for Old Age Pension State Medical Program Clients line item, also known as the Old Age Pension Health and Medical Care Program, provides limited medical care for non-Medicaid eligible individuals receiving Old Age Pension grants. This program is 100% State-funded and is not an entitlement. Eligible recipients are over the age of sixty and ineligible for Medicaid. The Old Age Pension State Medical Program is funded through the \$10,000,000 Old Age Pension Health and Medical Care Fund established in Article XXIV of the constitution and the Supplemental Old Age Pension Health and Medical Care Fund established at 25.5-2-101, C.R.S. (2010). With the passage of HB 05-1262 in 2005, the General Assembly allocated 50% of the 3% allocation to the Supplemental Old Age Pension Health and Medical Care Fund. Effective July 1, 2009, this allocation was changed to \$2,850,000 pursuant to SB 08-131.

- As of April 15, 2009, the reimbursement rate is 65% of the Medicaid rate for the following expenditure categories: practitioner/physician services, outpatient claims, dental, medical supplies, home health care services, transportation, and independent laboratory claims. Reimbursement is 75% of the Medicaid rate for pharmacy claims.
- Between FY 2006-07 and FY 2009-10, caseload in this program decreased by 16% due to numerous policy changes. Currently the Department is projecting moderate caseload growth for the next three years.
- As a result of relatively low reimbursement and moderate caseload growth, the Department does not anticipate spending the full constitutional and statutory allocations to this program. The Department is requesting a reduction of \$5,000,000 in FY 2011-12 and \$100,000 in FY 2012-13 to the Supplemental Old Age Pension Health and Medical Care Fund. The Department would offset an equal amount of General Fund in the Medical Services Premiums line item.

**Assumptions and Tables to Show Calculations:**

| <b>Summary of FY 2011-12 Request</b>                                                       |                    |              |                      |                    |                      |
|--------------------------------------------------------------------------------------------|--------------------|--------------|----------------------|--------------------|----------------------|
|                                                                                            | <b>Total Funds</b> | <b>FTE</b>   | <b>General Fund</b>  | <b>Cash Funds</b>  | <b>Federal Funds</b> |
| <b>Total Request Amount</b>                                                                | <b>(\$875,474)</b> | <b>(0.2)</b> | <b>(\$5,875,474)</b> | <b>\$5,000,000</b> | <b>\$0</b>           |
| (1) Executive Director's Office;<br>(A) General Administration,<br>Personal Services       | (\$9,399)          | (0.2)        | \$0                  | (\$9,399)          | \$0                  |
| (2) Medical Services Premiums                                                              | \$0                | -            | (\$5,875,474)        | \$5,875,474        | \$0                  |
| (4) Indigent Care Program<br>Comprehensive Primary and<br>Preventative Care Grants Program | (\$866,075)        | -            | \$0                  | (\$866,075)        | \$0                  |

| <b>Summary of FY 2012-13 Request</b>                                                       |                    |              |                     |                   |                      |
|--------------------------------------------------------------------------------------------|--------------------|--------------|---------------------|-------------------|----------------------|
|                                                                                            | <b>Total Funds</b> | <b>FTE</b>   | <b>General Fund</b> | <b>Cash Funds</b> | <b>Federal Funds</b> |
| <b>Total Request Amount</b>                                                                | <b>(\$875,474)</b> | <b>(0.2)</b> | <b>(\$975,474)</b>  | <b>\$100,000</b>  | <b>\$0</b>           |
| (1) Executive Director's Office;<br>(A) General Administration,<br>Personal Services       | (\$9,399)          | (0.2)        | \$0                 | (\$9,399)         | \$0                  |
| (2) Medical Services Premiums                                                              | \$0                | -            | (\$975,474)         | \$975,474         | \$0                  |
| (4) Indigent Care Program<br>Comprehensive Primary and<br>Preventative Care Grants Program | (\$866,075)        | -            | \$0                 | (\$866,075)       | \$0                  |

**Current Statutory Authority or Needed Statutory Change:**

Primary and Preventive Care Grants Program - In order for the state to repurpose the funds transferred to the Comprehensive Primary and Preventive Care Grants Program in FY 2011-12 and FY 2012-13, the statutorily-required appropriation to the program from the Tobacco Master Settlement Cash Fund found at 24-75-1104.5 (1) (b), C.R.S. would need to be amended.