

## **MEDICAID CASELOAD**

### **INTRODUCTION**

Biannually, the Department of Health Care Policy and Financing (“the Department”) submits its estimated funding need for the Medical Services Premiums line item. The first step in generating the November and February submissions is to project the Medicaid caseload. Medicaid caseload does not represent the number of uninsured individuals in Colorado, nor does it represent the number of Colorado residents living in poverty. Caseload figures only represent individuals that the Department expects will enroll in Medicaid because they meet specific eligibility requirements in one of three groups: 1) Families, Pregnant Women, and Children; 2) Aged and Disabled; or 3) Other.

Federal Medicaid statute defines over 50 groups of individuals that may qualify for Medicaid. Some groups are mandatory, while others are optional and each state decides which of the optional groups it will cover. From the inception of Medicaid in 1965 (Public Law 89-97) to the 1980s, the program was targeted at low-income families, the elderly, and the disabled. During the 1980s, Medicaid expanded to include pregnant women and children with greater income levels, as well as some optional elderly and disabled groups. In 2000, Medicaid coverage was extended to women with breast and cervical cancer. From the 1990s to the present, other Medicaid categories have been added through State-initiated waivers. All eligibility categories have specific income limits, and some have additional criteria such as age, resources or disability status. For budgetary purposes, the Department groups together clients with similar characteristics and costs. For example, clients grouped in the Eligible Children category have similar characteristics and costs but might have gained Medicaid eligibility through different criteria. Since each category of eligibility is affected by unique factors, the Department projects each category separately. Projecting an aggregate caseload would be easier but could be less precise.

Historic caseload data are used in conjunction with economic data to project caseload in each category. To make a projection, the Department uses several different statistical techniques (as described in the Methodology section below) and chooses the projection that best fits the data. After projections are chosen for each category, the Department presents its recommendations to the Office of State Planning and Budgeting (OSPB). The Department then meets with OSPB, and the two agencies agree on an Executive caseload proposal. It is important to note that the methodology the Department used to generate its projections is not wholly reflected by the Executive caseload proposal presented in this document, since those figures are often the result of compromises with OSPB.

In 2003, the process of projecting the Medicaid caseload was drastically affected by SB 03-196, which mandated that the Department transition from accrual to cash-based accounting. From that point forward, caseload numbers no longer incorporated retroactivity. Retroactivity caused historical adjustments to caseload to account for clients who were found to be eligible for Medicaid for past months, thus increasing the count of persons eligible for Medicaid. Since most clients are eligible back to the date of their application, retroactivity adjustments assured that all months were accounted for. However, this caused variability in the caseload reports, as monthly caseload was adjusted for months, even years, after the month had ended. It also required special manually run reports to make these adjustments. Under the cash accounting system, a monthly caseload report is created from the Medicaid Management Information System (MMIS) and that caseload is considered final.

If the Department had only applied the accounting conversion to the FY 2003-04 caseload projection, this would have produced an artificial drop in caseload relative to the prior year when retroactivity was still applicable. To control for this manufactured decrease in caseload, and to develop a more accurate portrayal of history, the Department recreated 10 years of Medicaid caseload history without retroactivity. By rebuilding the caseload without retroactivity, the Department was able to put the FY

2003-04 projection in perspective and test the historical data for accuracy. Medicaid eligibility, retroactive back to the date of application, is still in effect; however, it is no longer reported in caseload. For a complete explanation of how the historical data was rebuilt and tested, refer to the November 3, 2003 Budget Request, pages K-98 and K-99.

Through June 2008, the Department utilized the REX01/COLD (MARS) R-464600 report for caseload levels, which is a standard report from the MMIS. Eligibility information included in MMIS is fluid and is updated from the Colorado Benefits Management System on a daily basis. This report is run on the Friday before the last Tuesday of every month and does not incorporate eligibility changes that occurred between the run date and the last day of the given month. In addition, the report is a one-time snapshot and cannot be replicated in the future because of the dynamic nature of eligibility. The limitations of this report prevent the Department from analyzing caseload by characteristics other than eligibility types such as gender, county of residence, or age.

The Department has developed a new caseload report that it believes measures caseload more accurately: the REX01/COLD (MARS) R-474701. This report captures eligibility movements for the entire month in question and also stores the data table that underlies the report. As a result, the Department is able to analyze caseload by many other demographic and geographic characteristics while still balancing to the official Medicaid caseload. The Department began to use this new caseload report with the July 2008 caseload report to the Joint Budget Committee. Because of the differences between the methodologies used in the original and new caseload reports, the Department restated historical Medicaid caseload through FY 2002-03. All caseload history and forecasts included in the following narrative, as well as the Medical Services Premiums and Medicaid Mental Health projections, are the official restated caseload.

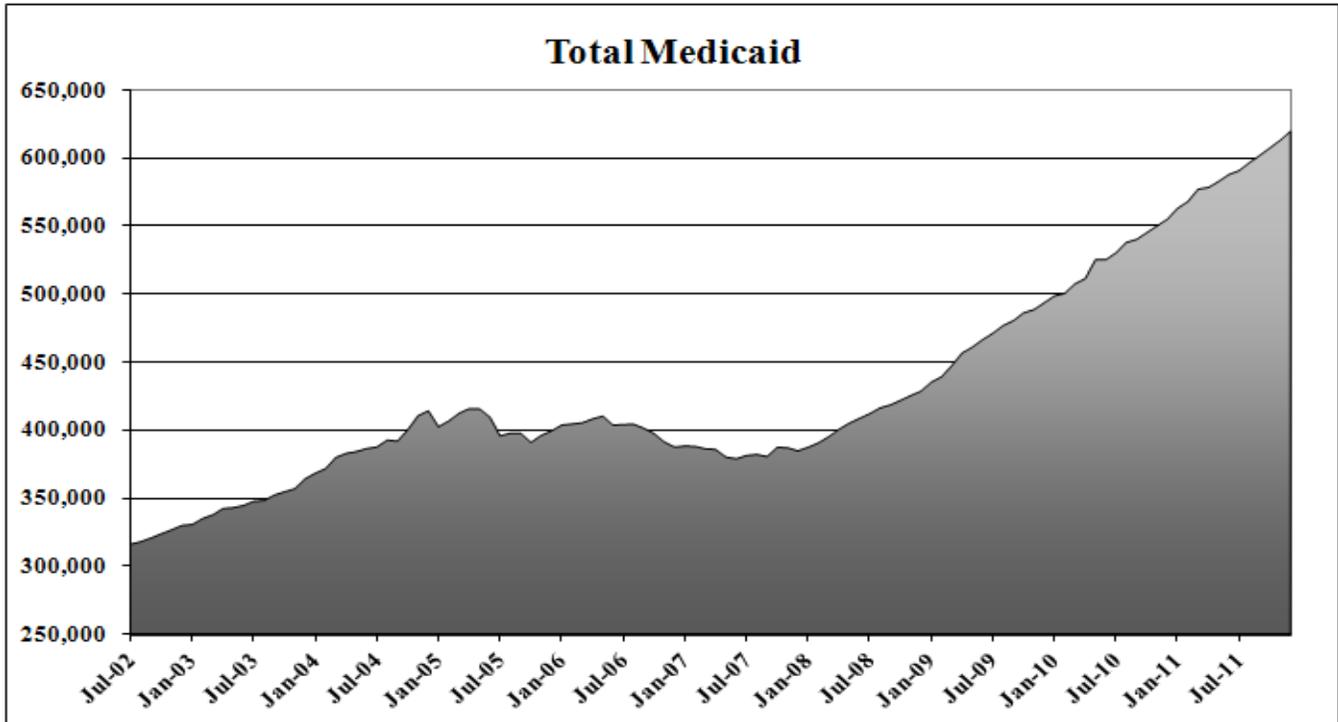
In addition to estimating the funding need for the Medical Services Premiums line item, Medicaid caseload is used to determine the funding need for the Medicaid Mental Health Community Programs. Comprehensive mental health services are available to eligible Medicaid clients. Thus, the Medicaid Mental Health caseload is the Medicaid caseload less Partial Dual Eligibles and Non-Citizens, which are not eligible for full Medicaid benefits. The following table displays a comparison of historical caseloads in Medicaid Medical Services Premiums and Mental Health.

<b>Fiscal Year</b>	<b>Medical Services Premiums Caseload</b>	<b>Less: Mental Health Ineligible Categories</b>	<b>Mental Health Caseload</b>
FY 2002-03	331,800	(13,072)	318,728
FY 2003-04	367,559	(14,635)	352,924
FY 2004-05	406,024	(14,755)	391,269
FY 2005-06	402,218	(17,304)	384,914
FY 2006-07	392,228	(18,109)	374,119
FY 2007-08	391,962	(18,405)	373,557
FY 2008-09	436,812	(19,062)	417,750
FY 2009-10	498,797	(19,612)	479,185
FY 2010-11	560,759	(20,303)	540,456

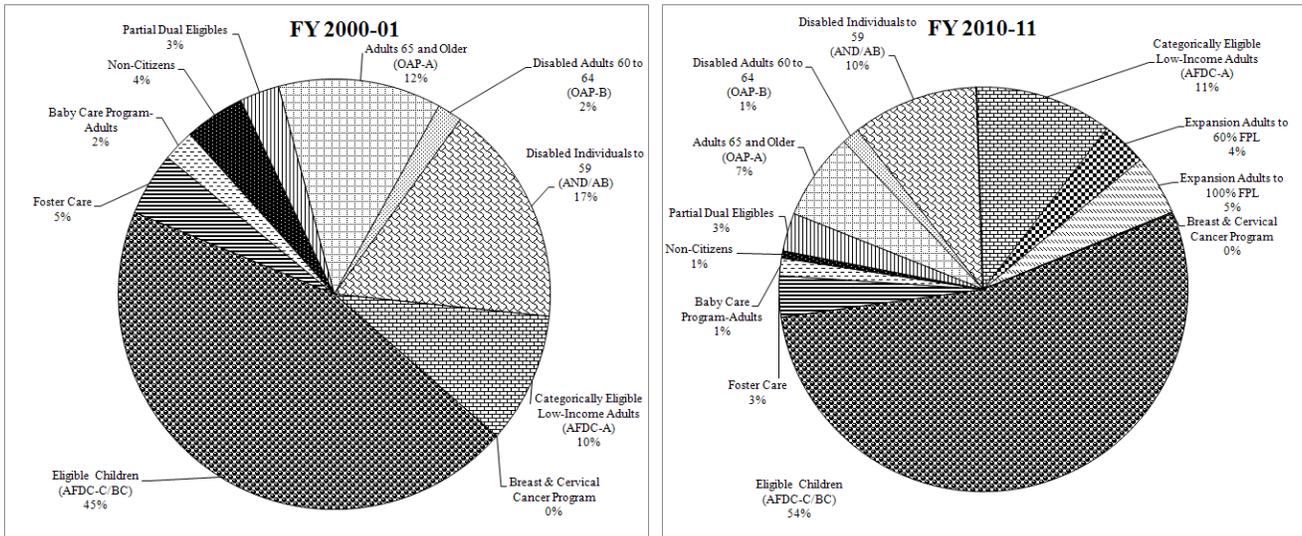
**Recent Caseload History**

Exhibit B tabulates actual caseload figures and growth rates by eligibility category from FY 1995-96 to FY 2010-11. Projections for FY 2011-12 to FY 2013-14 are also presented in the table and will be discussed in the Categorical Projections section of this document. A graphical representation of aggregate Medicaid caseload history from FY 2002-03 is shown below. Medicaid in Colorado had double-digit growth rates in FY 2003-04 and FY 2004-05 of 10.78% and 10.48%, respectively. These

high rates of growth ceased in FY 2005-06, and caseload declined by 0.95% in FY 2005-06 and by a further 2.48% in FY 2006-07. Monthly declines continued in the first half of FY 2007-08 but reversed in the second half, resulting in a nearly flat decline of 0.07% for the fiscal year. With the weak economy, caseload has continued to grow at double digit rates, with in annual growth of 11.44% in FY 2008-09, 14.19% in FY 2009-10, and 12.41% in FY 2010-11. Reasons for these recent growth rates will be discussed below.

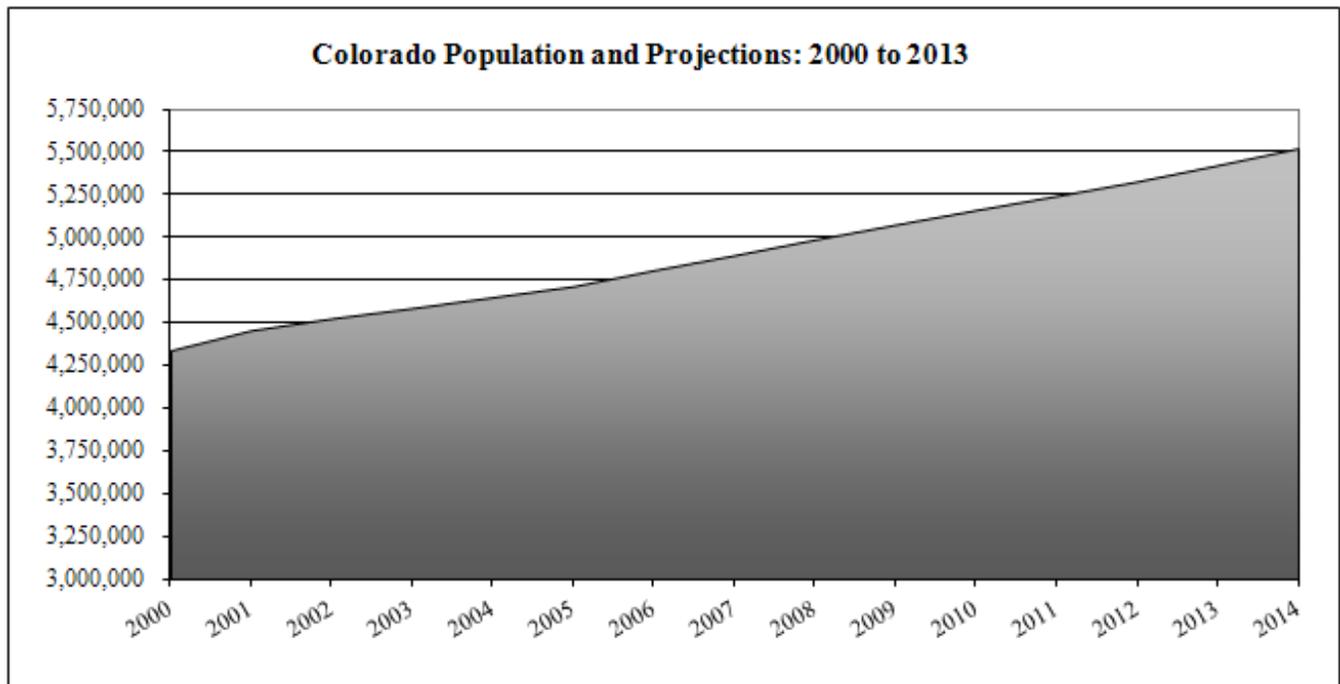


The charts below show a side-by-side comparison of the Medicaid caseload by category as a percentage of the overall caseload for FY 2000-01 and FY 2010-11. As a percentage of the entire Medicaid caseload, Eligible Children has increased by nine percentage points, the largest gain when compared with all other categories. Despite strong growth in recent years, the percentage of overall caseload in the Disabled Individuals to 59 (AND/AB) category has declined by approximately seven percentage points, and Adults 65 and Older (OAP-A) has decreased by five percentage points. This change in case mix implies that increases in a less expensive category (Eligible Children) has been coupled with decreases in more expensive categories (Disabled Individuals to 59 (AND/AB) Adults 65 and Older (OAP-A)) over the last 10 years.



Medicaid caseload trends are influenced by a number of factors including: population trends, in-State migration, age of the population, length of stay, economic conditions, and State and federal policy changes. Projecting annual caseload is complicated by the fact that each of these factors can contribute to categorical changes, some of which may be contradictory. For example, the State may enact legislation that removes clients from a Medicaid category who are aged 65 and older, while the population of adults aged 65 and older is increasing. Therefore, projections represent the *net effect* of what the Department expects will happen. Each factor and its expected impact on the Medicaid caseload are discussed below.

*Population* - Colorado's total population has increased by approximately 17.65% from July of 2001 to July of 2011, an annualized rate of 1.77% per year. The Department of Local Affairs forecasts that Colorado's population will increase a further 5.30% from July of 2011 to July of 2013, with annualized growth rates in line with historical trends. As the overall population has grown, so too has Medicaid caseload. This positive correlation implies that if population is projected to grow in the future, Medicaid caseload may also increase.



When using population data to project caseload, the Department marries population subgroups to their appropriate Medicaid category. For example, when projecting caseload for Eligible Children, the Department uses population statistics for Colorado residents aged 0 to 18. By using subgroups instead of total population figures, the Department is able to capture subgroup specific trends.

*In-State Migration* - Like population, in-State migration is positively correlated with Medicaid caseload. As more individuals move to Colorado from other states, Medicaid caseloads will increase. During economic downturns, people usually move from states with worse economic conditions to states with better conditions in search of jobs. Although Colorado experienced economic conditions in line with the overall conditions in the United States during the recent recession, net migration remained positive in 2010 at approximately 70,000<sup>1</sup>. An increase of 70,000 persons in a population of over 5.1 million may not be significant, but a positive migration rate means more people who could conceivably be eligible for Medicaid. According to 2010 estimates from the Census Bureau, Colorado experienced the sixth highest migration rate in the United States.<sup>2</sup> Conversely, as the economy recovers, in-state migration is expected to increase. Net migration grew to an estimated 52,346 in 2006, overtaking natural increase (births minus deaths) as the major component of population growth. Though in-state migration is projected decrease over the forecast period, the number of individuals moving into the state is expected to remain positive, buoyed by rates of unemployment and housing value deflation that are lower than the national average.

*Age* - The age of the population can provide some insight as to why Medicaid caseloads have been increasing. As the population ages, so too does the demand for medical care. Generally, as individuals age, their health becomes more fragile and the more likely they are to seek health care. From 2001 to 2011, Colorado's median age increased by 1.9 years, a 5.6% increase<sup>3</sup>. This may be the result of retirees moving to the State, increased longevity, or fewer births. Regardless of the reason, an aging population has a direct effect on the demand for medical services, though not necessarily Medicaid. According to data from the United States Census Bureau, Colorado had the 10<sup>th</sup> lowest median age in 2010 and the 4<sup>th</sup> lowest old-age dependency ratio in 2009 (defined as the population 65 and older as a percent of population 18 to 64) in the nation.<sup>4</sup> The population over 60 in Colorado is projected to increase by 45.3% between 2000 and 2010, which is expected to cause an increase in the State's median age. Additionally, Colorado's old-age dependency ratio is projected to increase from 15.6 in 2000 to 24.6 in 2020, a 57.2% increase.<sup>5</sup> This growth is significantly higher than the nation average, which is projected to increase by 34.8% over the same timeframe. This suggests that Colorado will be aging faster than the average state over the forecast period. Since 2009, Colorado has experienced increases in the eligibility categories that include older individuals, though the growth was not as high as population growth in the general population aged 60 and over. This may be the result of a healthier aging population and demographic factors, such as the elderly population working longer and some of the baby-boom generation not yet reaching retirement age.

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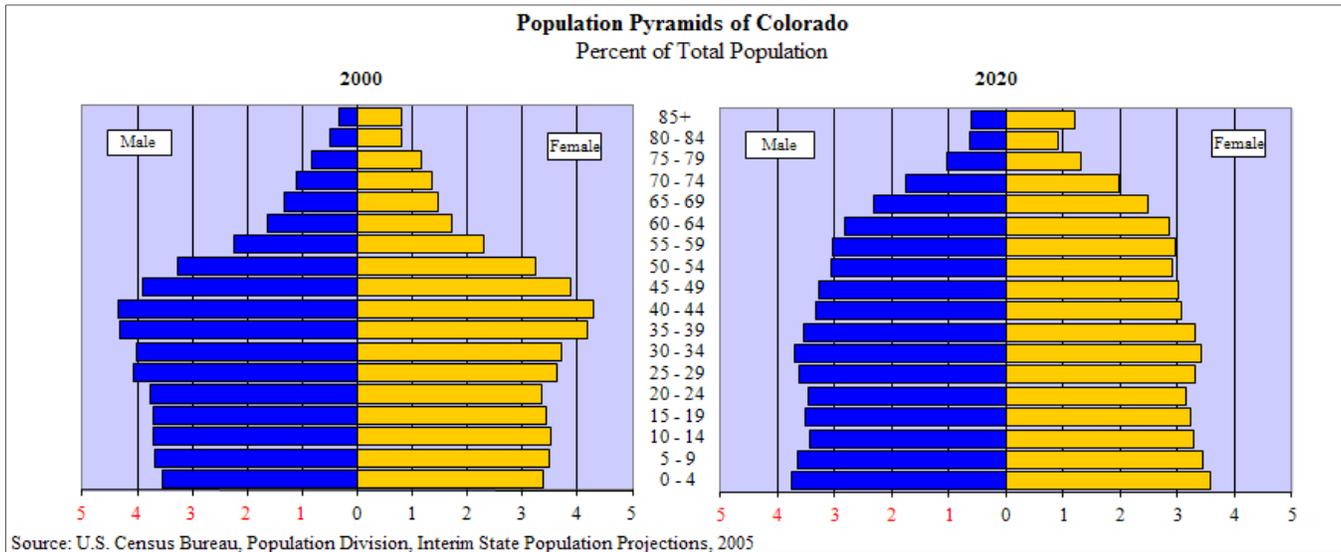
<sup>1</sup> Source: Department of Local Affairs, Demography Division

<sup>2</sup> Source: 2010 American Community Survey <http://www.census.gov/acs/www/>

<sup>3</sup> Source: Department of Local Affairs, Demography Division

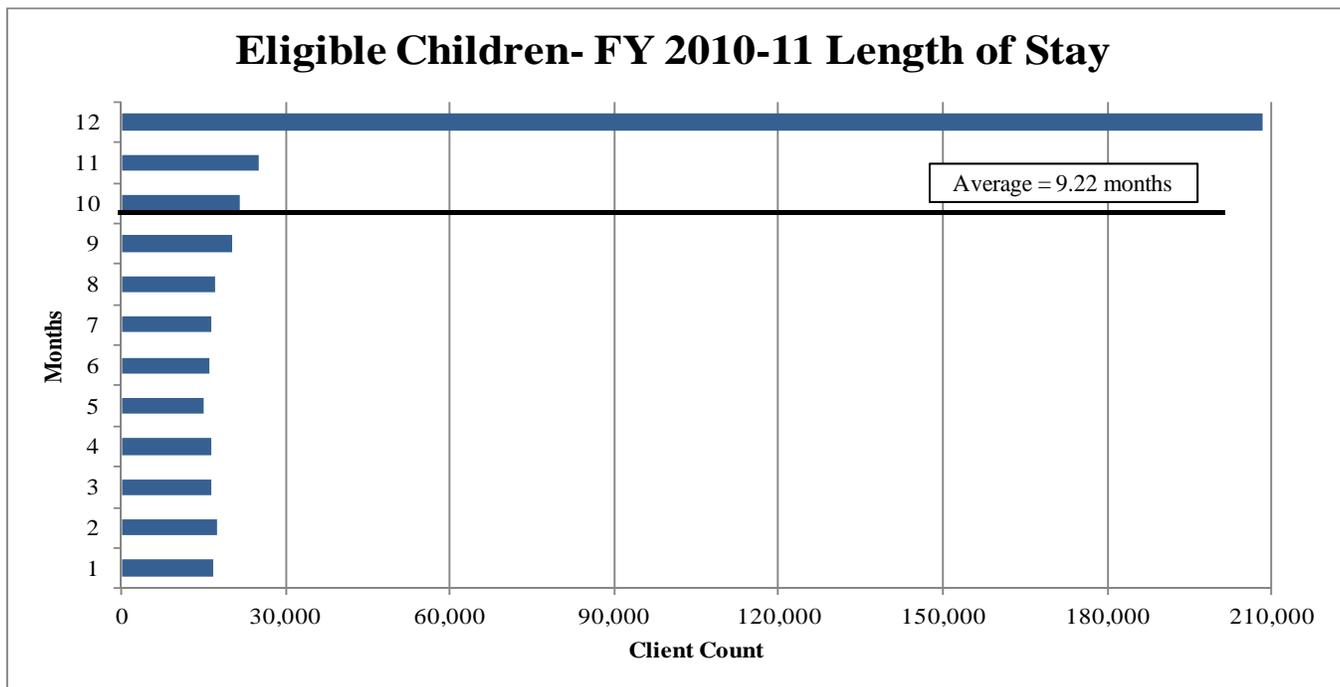
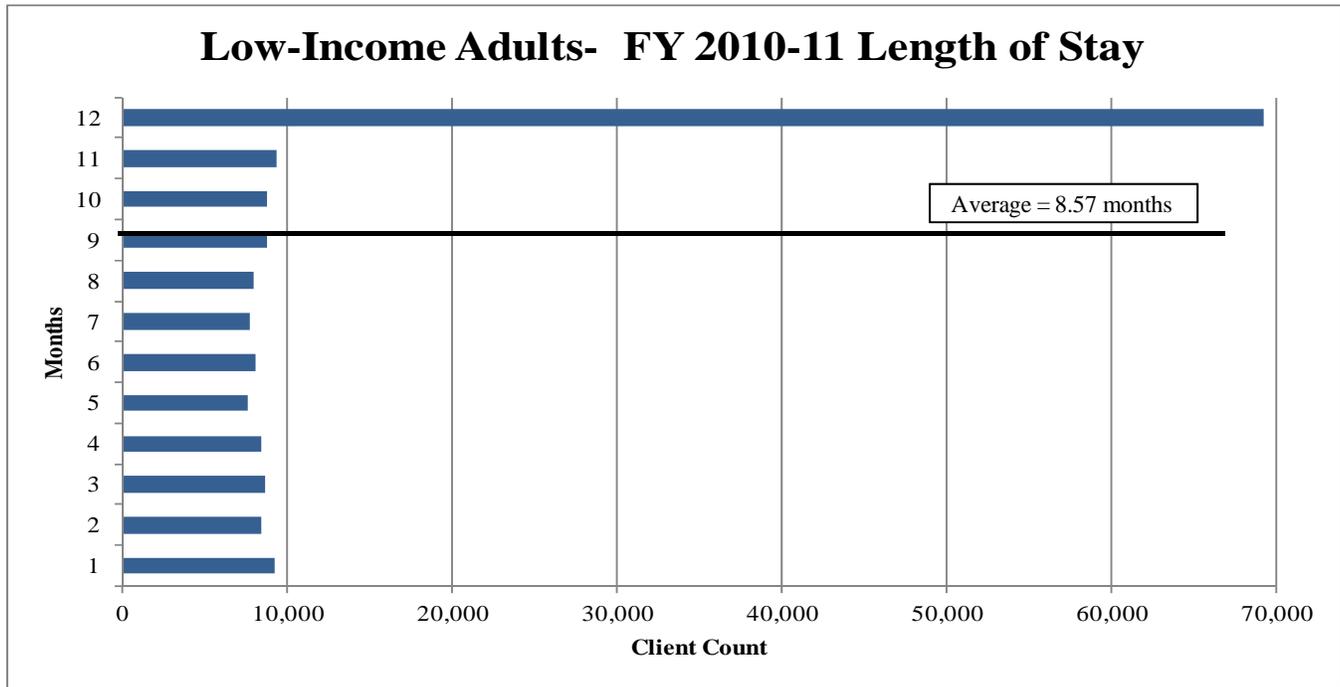
<sup>4</sup> Source: 2010 American Community Survey <http://www.census.gov/acs/www/>

<sup>5</sup> Source: U.S. Census Bureau, Population Division, Interim State Population Projections, 2005  
<http://www.census.gov/population/www/projections/index.html>



*Length of Stay*- Medicaid caseload is not only affected by the number of individuals served but also the length of time they remain in the program. The severity and length of the recent economic downturn has prolonged the average amount of time clients remain on the Medicaid caseload. The table below shows that the average number of months on Medicaid dropped by 10.6% for adults and 8.5% for children between FY 2003-04 FY 2004-05 and in FY 2005-06 increased to levels near those for FY 2003-04. As caseload declined in FY 2006-07 and FY 2007-08, the average length of stay also declined. While the average length of stay for low-income adults declined in FY 2009-10, this was solely due to the implementation of the expansion to 100% of the federal poverty level in May 2009, which artificially reduced the average number of months of enrollment as these clients were eligible for only two months. Excluding these clients, the Department estimates that the average length of stay for low-income adults was approximately 7.91 months. In FY 2010-11, the average length of stay increased for both low-income adults and children, which is expected during periods of economic weakness. As can be seen in the table and charts that follow, enrollment in Medicaid averaged 8.57 months for low-income adults and 9.22 months for Eligible Children in FY 2010-11. The distribution of length of enrollment, however, is heavily weighted toward enrollment for the full year. This calculation, however, only considers enrollment in a given year in isolation, and does not account for clients that have eligibility that overlaps multiple fiscal years due to the timing of their eligibility determination. The Department will continue to refine this analysis to account for these factors and to provide a more accurate picture of the amount of time that individuals are enrolled in Medicaid over multiple years rather than considering fiscal years in isolation and independently of each other.

<b>Average Number of Months on Medicaid</b>		
<b>Fiscal Year</b>	<b>Low-Income Adults</b>	<b>Eligible Children</b>
FY 1999-00	6.78	8.29
FY 2000-01	6.87	8.29
FY 2001-02	7.20	8.51
FY 2002-03	7.66	8.71
FY 2003-04	7.84	8.99
FY 2004-05	7.01	8.23
FY 2005-06	7.85	8.72
FY 2006-07	7.73	8.57
FY 2007-08	7.62	8.42
FY 2008-09	7.77	8.61
FY 2009-10	7.63	9.01
FY 2010-11	8.57	9.22



*Economic Conditions* - Economic indicators help partially explain why some Medicaid caseload trends occur. Since Medicaid is a needs-based program where clients must meet income limits, it follows that caseload for families and children should be countercyclical to economic conditions. For example, as the state experiences recessionary conditions, the Medicaid caseload will increase. After the recession that ended in the early 1990s, Colorado enjoyed almost ten years of economic expansion. The terror attacks on the United States in 2001 combined with the bursting of the stock market bubble in late 2000 brought that expansion to a halt. For the first time in more than a decade, Colorado experienced significant job losses coupled with falling wages. In mid-2003, the Colorado economy hit bottom after the decline that started in early 2001. Due to seasonal fluctuations and wide confidence intervals for over the month changes, employment data is best analyzed by comparing the same month for different years. The first post-recession over-the-year gain in non-agricultural employment occurred in March of

2004. The State officially entered an expansionary period in early 2006, as employment surpassed the late 2000 peak. The recovery period lasted 30 months, one of the longest on record. Employment began to soften in October 2008, when 4,600 jobs were shed over the year. The State experienced over-the-year job losses for two years and the annual contractions appear to have peaked in August 2009, when job losses numbered 130,800 (5.6%) over the year. The State has seen very moderate over-the-year employment increases as of October 2010. As of December 2011, the over-the-year jobs gain was estimated to be 23,600, or 1.06%. Current economic forecasts project very moderate increases in employment throughout the forecast period.

The table that follows shows historical and projected unemployment rates, non-agricultural employment, and job growth statistics.<sup>6</sup>

Year	Wage and Salary Income (billions)	Non-Agricultural Employment	Employment Growth	Unemployment Rate
2004	\$92.1	2,179,600	1.2%	5.6%
2005	\$98.9	2,226,000	2.1%	5.1%
2006	\$105.8	2,279,100	2.4%	4.4%
2007	\$113.0	2,331,300	2.3%	3.7%
2008	\$117.2	2,350,300	0.8%	4.8%
2009	\$112.8	2,245,600	-4.5%	8.3%
2010	\$114.3	2,220,100	-1.1%	8.9%
2011	\$118.8	2,248,700	1.3%	8.5%
2012	\$122.1	2,265,600	0.8%	8.6%
2013	\$126.7	2,288,800	1.0%	8.2%

The timing of an economic cycle is important in estimating the impact on the Medicaid caseload. As the economy recovers from a downturn, workers need to find jobs in order to withdraw from the Medicaid rolls. Jobs that primarily affect family and children Medicaid populations<sup>7</sup> are hourly and concentrated in the service industry. These employment types are often the last to benefit from improving economic conditions. Therefore, any economic impact on the Medicaid caseload will have a lagged effect. Second, as workers find jobs they do not instantaneously lose their Medicaid eligibility. Since 1990, states have been federally required to provide Transitional Medical Assistance (known as Transitional Medicaid) benefits for up to one year to families who lost eligibility because of increased income due to employment. This policy was directed at clients who potentially might turn down employment for fear of losing their Medicaid benefits. To be eligible for Transitional Medicaid, a client must have been eligible in at least three of the preceding six months, though states may elect to reduce this requirement to fewer than three months. Clients may receive Transitional Medicaid as long as their income is below 185% of the federal poverty level, provided that the proper income reporting requirements are followed. Another small group of clients are eligible for Transitional Medicaid services that would otherwise lose their Medicaid benefits due to child or spousal support payments. Families in this group receive a four-month extension. Although this program has been set to expire many times, it has been renewed regularly, most recently through February 29, 2012. For the purposes of projecting caseload, the Department assumed that the federal Transitional Medicaid program would continue throughout FY 2012-13. As illustrated in the following table, the average number of adults and children on Transitional Medicaid increased dramatically in FY 2004-05. The Department suspects that the high growth in FY 2004-05 and FY 2005-06 may be partially related to large monthly increases that occurred around the implementation of the Colorado Benefits Management System. Monthly caseload declined between December 2005 and June 2008, but caseload increased throughout FY 2008-09 and FY 2009-10.

<sup>6</sup> Source: Office of State Planning and Budgeting, September 2011 Revenue Forecast

<sup>7</sup> Projecting elderly and disabled client populations does not prioritize economic variables

The Department implemented two changes that affected Transitional Medicaid in FY 2009-10. First, section 5004 of the American Recovery and Reinvestment Act of 2009 (ARRA) included options for states to modify eligibility for Transitional Medicaid, including waiving the requirement that the family was eligible for Medicaid in at least three of the preceding six months and extending families' eligibility to 12 months, rather than six months followed by a second six-month period that is dependent upon reporting, income, and technical eligibility requirements. Colorado elected the option to provide 12 months of Transitional Medicaid coverage, which was effective October 1, 2010. Finding #58a of the State of Colorado Statewide Single Audit for the Fiscal Year ending June 30, 2009 stated that the Department should address an issue in the Colorado Benefits Management System that prevented the prompt termination of Transitional Medicaid benefits if the proper reporting, income, and technical eligibility requirements were not met. The Department's response indicated that it was researching whether it would be more efficient for both county eligibility staff and clients, as well as from a fiscal standpoint, to grant 12 months of Transitional Medicaid eligibility with no reporting requirements. The Department determined that this was indeed more efficient and decided in May 2010 to go forward with this option. Second, when the Department implemented the eligibility expansion for Medicaid Parents to 100% of the federal poverty level, the Department made modifications to the Colorado Benefits Management System to increase eligibility for all Family Medicaid clients to 100% of the federal poverty level. Previously, the Expansion Adults to 60% of the federal poverty level (FPL) group had its own eligibility requirements within Family Medicaid, which the Centers for Medicare and Medicaid Services indicated to the Department was incorrect. This change leads to income eligibility for Transitional Medicaid spanning 101% to 185% FPL, rather than the Aid to Families with Dependent Children (AFDC) level, which is currently approximately 24% FPL, through 185% FPL. This change will result in a lower Transitional Medicaid caseload beginning in May 2010.

<b>Fiscal Year</b>	<b>Average Number of Eligible Children on Transitional Medicaid</b>	<b>Average Number of Adults on Transitional Medicaid</b>
FY 2002-03	7,645	4,689
FY 2003-04	7,349	4,709
FY 2004-05	10,776	6,586
FY 2005-06	16,749	10,745
FY 2006-07	16,065	9,968
FY 2007-08	13,000	7,778
FY 2008-09	13,489	7,905
FY 2009-10	13,582	8,099
FY 2010-11	11,042	6,173

*Policy Changes* - State and federal policy decisions can alter the Medicaid caseload. The following list briefly describes major State and federal policy changes that have affected Medicaid eligibility and, therefore, caseload. This list is not meant to be comprehensive in nature but a summary of major changes affecting eligibility since 2000.

- Breast and Cervical Cancer Prevention and Treatment Act of 2000, Public Law 106-354: Established a new group of eligibility for women under 65 who have been screened under the Centers for Disease Control and Prevention Board and need treatment for either diagnosis. Colorado implemented this optional eligibility group in July 2002 pursuant to SB 01S2-012.
- Medicare Prescription Drug, Improvement, and Modernization Act of 2003: This act causes more potential beneficiaries to be screened for Medicaid when they apply for this Medicare benefit.
- Presumptive eligibility for Medicaid pregnant women was discontinued on September 1, 2004. It was re-established by HB 05-1262 on July 1, 2005.

- HB 05-1262, the Tobacco Tax bill: This bill provided funding for the removal of the Medicaid asset test, the expansion of the income guideline used to establish eligibility for parents of children eligible for either Medicaid or the Children's Basic Health Plan to 60% of the federal poverty level (known as Expansion Adults to 60% FPL), and to expand the number of children enrolled in the Home- and Community-Based Services and the Children's Extensive Support Waiver.
- Deficit Reduction Act of 2005: This Act contained provisions related to premiums and cost sharing, benefits, and asset transfers that will have implications for Medicaid beneficiaries. In addition, the Deficit Reduction Act contained a provision requiring States to obtain satisfactory documentary evidence of citizenship and identity for all Medicaid applicants who have declared that they are citizens or nationals of the United States, with exemptions for individuals that are eligible for Medicaid and entitled to or enrolled in Medicare and those eligible for Medicaid by virtue of receiving Supplemental Security Income benefits.
- SB 07-211: Established presumptive eligibility for Medicaid children.
- HB 09-1353: Expanded Medicaid eligibility to pregnant women who are legal permanent residents that have been in the country for less than 5 years.

Oftentimes, a forecast cannot instantaneously incorporate policy changes even with the use of dummy or indicator variables. When this occurs, adjustments are made to the forecast off-line. Off-line adjustments are made to account for the implementation of HB 09-1293, Colorado Health Care Affordability Act. This legislation establishes the Medicaid Buy-In Program for Working Adults with Disabilities and an Adults without Dependent Children (AwDC) program, which are scheduled to be implemented in March 2012 and May 2012, respectively. Under the current implementation plan, the AwDC program will be limited to 10% of the federal poverty level (FPL) with an enrollment cap of 10,000. In addition, the legislation establishes a Medicaid Disabled Buy-In Program for Children, which is scheduled to be implemented approximately four to six months after the Medicaid Buy-In Program for Working Adults with Disabilities and AwDC programs. Off-line adjustments are also made due to SB 11-008, which increases eligibility for children age 6 to 19 in Medicaid from 100% to 133% FPL, and SB 11-250, which increases eligibility for pregnant women in Medicaid from 133% to 185% FPL. The implementation date for both of these expansions is anticipated to be January 1, 2013. Detailed accountings of off-line adjustments are in Exhibit B, page EB-2.

The combination of the aforementioned factors led to significant growth in the Medicaid caseload between FY 2002-03 and FY 2004-05. During this time, Medicaid caseload increased by 74,224 clients, growth of 22.37%. Caseload decreased in the subsequent years, resulting in a decline of 14,062, or 3.46%, between FY 2004-05 and FY 2007-08. The Department believes that the improving economic conditions were the driving factor in this decrease, as consistent monthly declines occurred in Categorically Eligible Low-Income Adults and Eligible Children, which are expected to be most affected by the economy. This trend reversed as of the second half of FY 2007-08, when the Eligible Children caseload started to show significant monthly increases. Strong increases continued in Medicaid in FY 2008-09 and FY 2009-10, with average monthly growth increasing at an increasing rate throughout the year, resulting in annual growth of 11.44% and 14.19%, respectively. Strong monthly growth continued in FY 2010-11, with annual caseload increasing by 12.41% to a new historical high of 560,722. Given the recent trends and projected economic conditions, base caseload is anticipated to continue growing at a decreasing rate through the forecast period, but large caseload increases are anticipated due to expansions from the Colorado Health Care Affordability Act (HB 09-1293), SB 11-008, and SB 11-250. The Department is forecasting Medicaid caseload to increase by 11.21% in FY 2011-12 to 623,595. In FY 2012-13, the trend is projected to be 10.24%, and caseload is forecasted to reach 687,473. Expansions from HB 09-1293, SB 11-008, and SB 11-250 account for 14,510 of the projected 63,878 total Medicaid caseload increase in FY 2012-13. The following table shows actual and projected aggregate Medicaid caseload from FY 2003-04 through FY 2013-14.

Fiscal Year	Medicaid Caseload	Growth Rate	Level Growth
FY 2003-04	367,559	10.78%	35,759
FY 2004-05	406,024	10.46%	38,465
FY 2005-06	402,218	-0.94%	-3,806
FY 2006-07	392,228	-2.48%	-9,990
FY 2007-08	391,962	-0.07%	-266
FY 2008-09	436,812	11.44%	44,850
FY 2009-10	498,797	14.19%	61,985
FY 2010-11	560,759	11.21%	62,836
FY 2011-12 Projection	623,595	11.21%	62,836
FY 2012-13 Projection	687,473	10.24%	63,878
FY 2013-14 Projection	739,403	7.55%	51,929

## METHODOLOGY

The Department's caseload projections utilize statistical forecasting methodologies to predict Medicaid caseload by eligibility category. Historical monthly caseload data from July 1993 to December 2011 and historical and forecasted economic and demographic data that were revised in December 2011 are used. Two forecasting methodologies are used: trend and regression. The software used by the Department for developing trend and regression forecasts is *Forecast Pro XE*.

### Trend Models

Trend models have been very successful in forecasting select Medicaid caseloads. There are two types of trend models used to forecast caseload: Box Jenkins and Exponential Smoothing. Each model employs a different mathematical algorithm that uses only the trend history of the variable itself to predict future values. The choice of algorithm varies depending on the statistical properties of the time-series. For example, if a time-series exhibits seasonal patterns, the algorithm adjusts for those variations. *Forecast Pro XE* is programmed to recommend logarithmic and other exponential transformations to the data series when appropriate, and will recommend whether an Exponential Smoothing technique or the Box-Jenkins methodology is best for the particular series. Generally, both trend techniques are used to forecast caseload for each eligibility category. This allows for a greater choice of projections for the Department to consider.

#### *Exponential Smoothing*

For over 30 years, Exponential Smoothing models have been used to forecast data within a variety of applications. Considered simplistic, Exponential Smoothing models extract trend and seasonal patterns from a time-series to predict a future stream of values. One advantage of this model is that it produces robust results with limited data sets. This becomes invaluable for Medicaid eligibility categories that have not been in existence for very long, such as the Breast and Cervical Cancer Program category. There are two types of Exponential Smoothing models that address trend and seasonality in time-series data: Holt and Winters. The Holt Exponential Smoothing model adjusts for long-term linear trend in data, while the Winters Exponential Smoothing model adjusts for both trend and seasonal components of data. Both Holt and Winters use recursive equations to determine the estimated parameters of the model, giving more weight to recent observations and exponentially smaller weight to historically distant observations.

#### *Box Jenkins*

As compared to Exponential Smoothing models, Box-Jenkins models are more complex, but often produce results that are more accurate with a time-series that is longer and stable. Box-Jenkins models identify Autoregressive Integrated Moving Average processes that provide a good fit to a stationary

time-series. The optimal model can contain numerous autoregressive terms, moving average terms, or combinations thereof, causing the Box-Jenkins models to be much more complex than their Exponential Smoothing counterparts. A minimum of 50 observations is recommended to perform a Box-Jenkins forecast.

### **Regression Models**

Regression analysis, unlike trend analysis, incorporates independent variables when making projections. For example, a regression equation may include the unemployment rate if the forecaster expects that it has an effect on the caseload for Categorically Eligible Low-Income Adults. Statistically, the forecaster can test whether or not there is a relationship between independent variables and the caseload by constructing a correlation matrix. Variables that are highly correlated with the caseload are more likely to be predictive. Regression equations are useful in that they provide some insight into why the trend projection is increasing, decreasing, or static. Although regression equations help explain why trends occur, their value depends on the quality of the independent variables used. In order to project caseload, historical and forecasted values of the independent variables must be used. Therefore, the accuracy of the caseload forecast depends on the accuracy of the forecasted independent variables.

In December 2011, the Office of State Planning and Budgeting and the Colorado Department of Local Affairs' Demography Division supplied actual and forecasted values of the following independent variables, which were used in the regression models:

- Employment - level of employment, this variable is measured in thousands;
- Unemployment Rate - the number of unemployed divided by the number in the labor force, this variable is measured as a percent;
- Total Wages - level of total wages, this variable is measured in billions;
- Population by Age Group - level of population broken into specific age groupings;
- Births - number of births per thousand women; and,
- Migration - net increases or decreases in the State population adjusted for births and deaths.

The Department uses the December forecasts for variables because caseload estimates must be completed before January in order to calculate the February 15<sup>th</sup> request.

### **Trend vs. Regression Models**

After several different forecasts are produced, the Department normally chooses one for each category. In most eligibility categories, trend and regression projections are considered. In the case of the Expansion Adults categories, statistical models cannot be applied and the estimate is based on the growth experienced since the implementation of the populations.

To determine which model is the best, the Department evaluates each model's forecast on two criteria: goodness of fit and expected growth patterns. *Forecast Pro XE* performs several statistical tests that evaluate the goodness of fit. These tests include: serial correlation of first and multiple orders, heteroskedasticity, robustness of error terms, and collinearity. Each model is judged on its statistical soundness, and models that perform poorly are eliminated. Elimination is subjective and directly related to the model's statistical performance. Finally, the Department is left with a reduced menu of forecasts to consider. Historical patterns, along with economic and policy expectations are considered, and one model is chosen to be the best. In some cases, the forecasts that are produced by the models are adjusted upward or downward based on information that is not internal to the model.

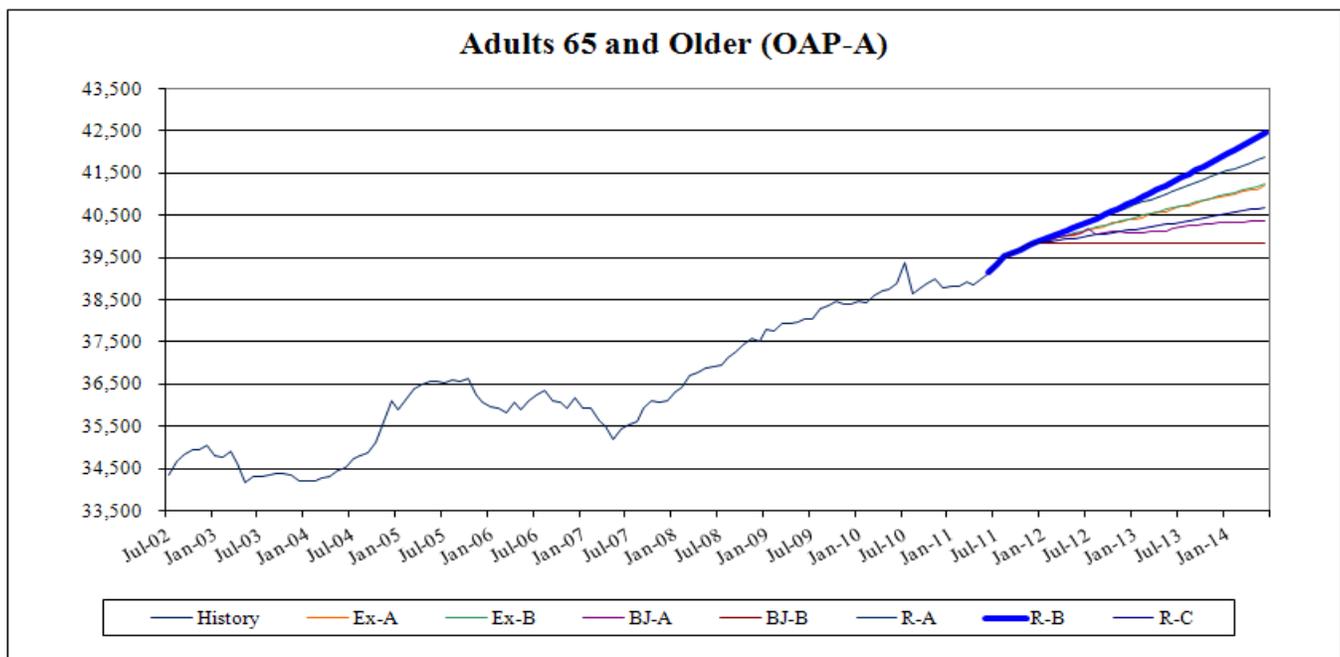
## CATEGORICAL PROJECTIONS

This section details the caseload projections by eligibility category. For each category, the following are presented: a discussion of the category, model results, rationale for the forecast, statutory authority, and historical caseload and forecasts. FY 2013-14 projections are included for informational purposes. Graphical representations of caseload history to FY 2002-03 are included in each categorical section.

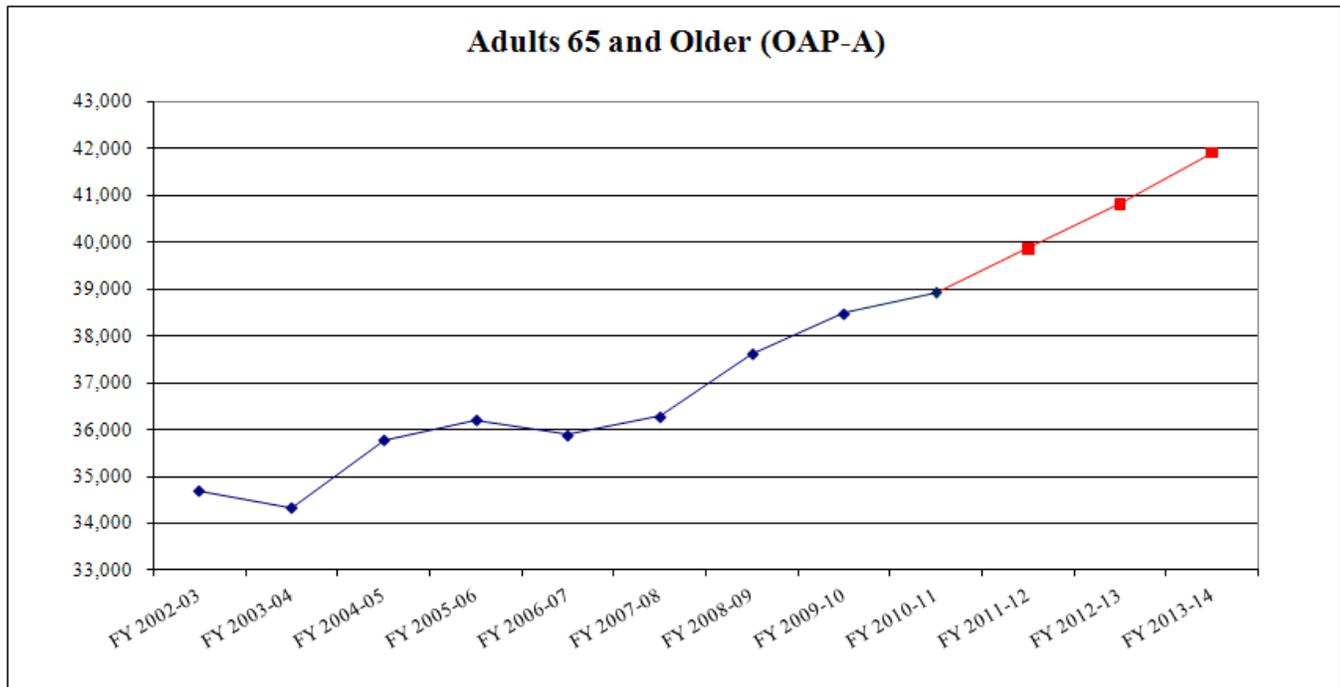
### Adults 65 and Older

Colorado automatically provides Medicaid coverage to individuals who receive Supplemental Security Income. Supplemental Security Income, authorized under Title XVI of the Social Security Act of 1965, is a federal cash assistance program for persons aged 65 and older, blind, or disabled. An individual must have income below the federal monthly maximum Supplemental Security Income limit and limited resources. The Supplemental Security Income adults aged 65 and older are included in this category. Also included are individuals aged 65 and older who meet the Medicaid resource and income requirements, but are not receiving Supplemental Security Income. In addition, states may extend coverage to individuals with incomes above the Supplemental Security Income limit and who meet the nursing home level of care. Referred to as Three-hundred Percenters, these clients have incomes no more than three times the Supplemental Security Income maximum limit, and they meet the level of care to be in a nursing home.

#### *Adults 65 and Older: Model Results*



<b>Adults 65 and Older: Model Statistics</b>	Adjusted R <sup>2</sup>	Notes
Exponential Smoothing A*	0.9970	
Exponential Smoothing B*	0.9900	
Box-Jenkins A	0.9972	
Box-Jenkins B	0.9895	
Regression A	0.9969	OAP-A [-1], OAP-A [-7], CBMS Dummy [-2], Systems Dummy
Regression B	0.9969	OAP-A [-1], Population 65+, CBMS Dummy, CBMS Dummy [-1], Auto [-9]
Regression C	0.9971	OAP-A [-1], Total Population, CBMS Dummy, Trend



#### Adults 65 and Older: Model Results

FY 2011-12	FY 2009-10	FY 2010-11	Projected Growth Rate	Projected FY 2011-12 Caseload	Level Change	Average Monthly Change <sup>1</sup>
Exponential Smoothing A*	38,487	38,921	2.27%	39,805	884	79
Exponential Smoothing B*	38,487	38,921	2.31%	39,820	899	81
Box Jenkins A	38,487	38,921	2.29%	39,812	891	78
Box Jenkins B	38,487	38,921	2.11%	39,742	821	58
Regression A	38,487	38,921	2.44%	39,871	950	94
<b>Regression B</b>	<b>38,487</b>	<b>38,921</b>	<b>2.43%</b>	<b>39,867</b>	<b>946</b>	<b>94</b>
Regression C	38,487	38,921	2.21%	39,781	860	69

\* Denotes Expert Selection, Bold denotes Trend Selection

FY 2012-13	Projected FY 2010-11 Caseload	Projected FY 2011-12 Caseload	Projected Growth Rate	Projected FY 2012-13 Caseload	Level Change	Average Monthly Change <sup>1</sup>
Exponential Smoothing A*	38,921	39,867	1.49%	40,461	594	46
Exponential Smoothing B*	38,921	39,867	1.52%	40,473	606	47
Box Jenkins A	38,921	39,867	0.77%	40,174	307	7
Box Jenkins B	38,921	39,867	0.27%	39,975	108	0
Regression A	38,921	39,867	2.11%	40,708	841	67
<b>Regression B</b>	<b>38,921</b>	<b>39,867</b>	<b>2.39%</b>	<b>40,820</b>	<b>953</b>	<b>85</b>
Regression C	38,921	39,867	0.95%	40,246	379	28

FY 2013-14	Projected FY 2011-12 Caseload	Projected FY 2012-13 Caseload	Projected Growth Rate	Projected FY 2013-14 Caseload	Level Change	Average Monthly Change <sup>1</sup>
Exponential Smoothing A*	39,867	40,820	1.37%	41,379	559	46
Exponential Smoothing B*	39,867	40,820	1.38%	41,383	563	47
Box Jenkins A	39,867	40,820	0.48%	41,016	196	16
Box Jenkins B	39,867	40,820	0.00%	40,820	0	0
Regression A	39,867	40,820	1.98%	41,628	808	68
<b>Regression B</b>	<b>39,867</b>	<b>40,820</b>	<b>2.68%</b>	<b>41,914</b>	<b>1,094</b>	<b>96</b>
Regression C	39,867	40,820	0.90%	41,187	367	32

<sup>1</sup> Average monthly change is calculated as that between June of the respective fiscal year and June of the prior fiscal year. This is not directly comparable to the annual level change, which is calculated as the difference between the annual average caseload.

**Adults 65 and Older: Trend Selections**

FY 2011-12: 2.43%

FY 2012-13: 2.39%

FY 2013-14: 2.68%

**Adults 65 and Older: Justifications**

- This population will be effected by the “baby boomers”, defined by the U.S. Census Bureau as the generation born between 1946 and 1964, beginning in approximately calendar year 2011.
- Regression analysis indicates that the caseload for this population is not significantly correlated with the size of the over-65 population or economic conditions. Data for FY 2010-11 indicate that approximately 31.9% of this eligibility type were automatically eligible for Medicaid due to their receipt of Supplemental Security Income (SSI). Additionally, 87.7% of this population were dual eligibles (Medicaid and Medicare) in FY 2010-11 and 31.9% were enrolled in Home- and Community-based Services waivers (HCBS). Enrollment in waivers has increased by an average of 5.1% per year for the last three years. (Source: MARS 474701 report)
- This population may be effected by provisions in the Deficit Reduction Act of 2005, notably sections 6011 (lengthening of look-back period), 6012 (treatment of annuities), 6014 (disqualification of individuals with substantial home equity), 6015 (reform of asset test rules). These provisions may decrease the long-term growth rates as fewer people may now be eligible due to these provisions.
- The graph above shows that historically, this population has had relatively flat growth, though monthly growth has been strong since FY 2007-08. Between FY 2002-03 and FY 2006-07, the caseload increased by an average of 19 clients per month, compared with 77 between FY 2007-08 and FY 2010-11. Historical growth rates are stable and tend to fluctuate between 1% and 2%. The Department suspects that the high growth rate in FY 2004-05 is due to the court order regarding the Colorado Benefits Management System. The Department speculates that the decline in FY 2006-07 may be indicative that the effects of the asset and annuities provisions in the Deficit Reduction Act may be stronger than expected. The Department has seen strong growth in the Home- and Community-Based Services for the Elderly, Blind, and Disabled waiver over the last three years. There has also been a large increase in the number of clients in this eligibility type who are not eligible for SSI or on a waiver. The Department believes this is related to caseload declines in the State-only Old Age Pension Health and Medical Care program, which were caused by the implementation of new requirements around Systematic Alien Verification for Entitlements (SAVE) to comply with HB 06S-1023 and Department regulations.
- Growth in the first half of FY 2011-12 was higher than the Department’s November 2011 forecast, in which the annual caseload was projected to be 39,579 and average monthly growth was projected to be 65. The selected trend for FY 2011-12 is higher than that from the Department’s November 2011 forecast, and would result in average growth of 72 per month for the remainder of FY 2011-12.
- Out-year trends are positive to reflect the aging population, but are slightly lowered to reflect the Deficit Reduction provisions, which may negatively affect caseload. Population growth in this age group is projected to overtake that of the 60-64 group in 2012 to become the fastest growing age group, with projected increases of an average of 5.8% per year over the forecast period.

25.5-5-101 (1), C.R.S.

(f) *Individuals receiving supplemental security income;*

(g) *Individuals receiving mandatory state supplement, including but not limited to individuals receiving old age pensions;*

(h) *Institutionalized individuals who were eligible for medical assistance in December 1973;*

(i) *Individuals who would be eligible except for the increase in old-age, survivors, and disability insurance under P.L. 92-336;*

(j) *Individuals who become ineligible for cash assistance as a result of old-age, survivors, and disability insurance cost-of-living increases after April 1977;*

25.5-5-201 (1), C.R.S.

(b) Individuals who would be eligible for cash assistance except for their institutionalized status;

(c) Individuals receiving home-and community-based services as specified in part 6 of this article;

(f) Individuals receiving only optional state supplement;

(g) Individuals in institutions who are eligible under a special income level. Colorado's program for citizens sixty-five years of age or older or physically disabled or blind, whose gross income does not exceed three hundred percent of the current federal supplemental security income benefit level, qualifies for federal funding under this provision;

(j) Individuals who are qualified aliens and were or would have been eligible for supplemental security income as a result of a disability but are not eligible for such supplemental security income as a result of the passage of the federal "Personal Responsibility and Work Opportunity Reconciliation Act of 1996", Public Law 104-193;

**Adults 65 and Older: Historical Caseload and Forecasts**

Adults 65 and Older: Historical Caseload and Projections							
	Actuals	Monthly Change	% Change		Caseload*	% Change	Level Change
Dec-09	38,410	-	-	FY 1995-96	31,321	-	-
Jan-10	38,452	42	0.11%	FY 1996-97	32,080	2.42%	759
Feb-10	38,432	(20)	-0.05%	FY 1997-98	32,664	1.82%	584
Mar-10	38,597	165	0.43%	FY 1998-99	33,007	1.05%	343
Apr-10	38,727	130	0.34%	FY 1999-00	33,135	0.39%	128
May-10	38,754	27	0.07%	FY 2000-01	33,649	1.55%	514
Jun-10	38,900	146	0.38%	FY 2001-02	33,916	0.79%	267
Jul-10	39,382	482	1.24%	FY 2002-03	34,704	2.32%	788
Aug-10	38,648	(734)	-1.86%	FY 2003-04	34,329	-1.08%	(375)
Sep-10	38,774	126	0.33%	FY 2004-05	35,780	4.23%	1,451
Oct-10	38,901	127	0.33%	FY 2005-06	36,207	1.19%	427
Nov-10	39,009	108	0.28%	FY 2006-07	35,888	-0.88%	(319)
Dec-10	38,769	(240)	-0.62%	FY 2007-08	36,284	1.10%	396
Jan-11	38,808	39	0.10%	FY 2008-09	37,619	3.68%	1,335
Feb-11	38,823	15	0.04%	FY 2009-10	38,487	2.31%	868
Mar-11	38,939	116	0.30%	FY 2010-11	38,921	1.13%	434
Apr-11	38,861	(78)	-0.20%	FY 2011-12	39,867	2.43%	946
May-11	38,981	120	0.31%	FY 2012-13	40,820	2.39%	953
Jun-11	39,154	173	0.44%	FY 2013-14	41,914	2.68%	1,094
Jul-11	39,341	187	0.48%				
Aug-11	39,537	196	0.50%				
Sep-11	39,600	63	0.16%				
Oct-11	39,697	97	0.24%				
Nov-11	39,789	92	0.23%				
Dec-11	39,843	54	0.14%				

\* Medicaid caseload was restated back to FY 2002-03 effective July 1, 2008. Caseload prior to FY 2002-03 has not been restated and is not directly comparable to the restated caseload.

November 2011 Forecast	
Forecasted December 2011 Level	39,553

November 2011 Trends			
FY 2011-12	39,579	1.69%	658
FY 2012-13	40,347	1.94%	768
FY 2013-14	41,118	1.91%	771

Actuals		
	Monthly Change	% Change
6-month average	115	0.29%
12-month average	90	0.23%
18-month average	52	0.13%
24-month average	60	0.15%
24-month average*	62	0.16%

\*Without outliers

Base trend from December 2011 level			
FY 2011-12	39,843	2.37%	922

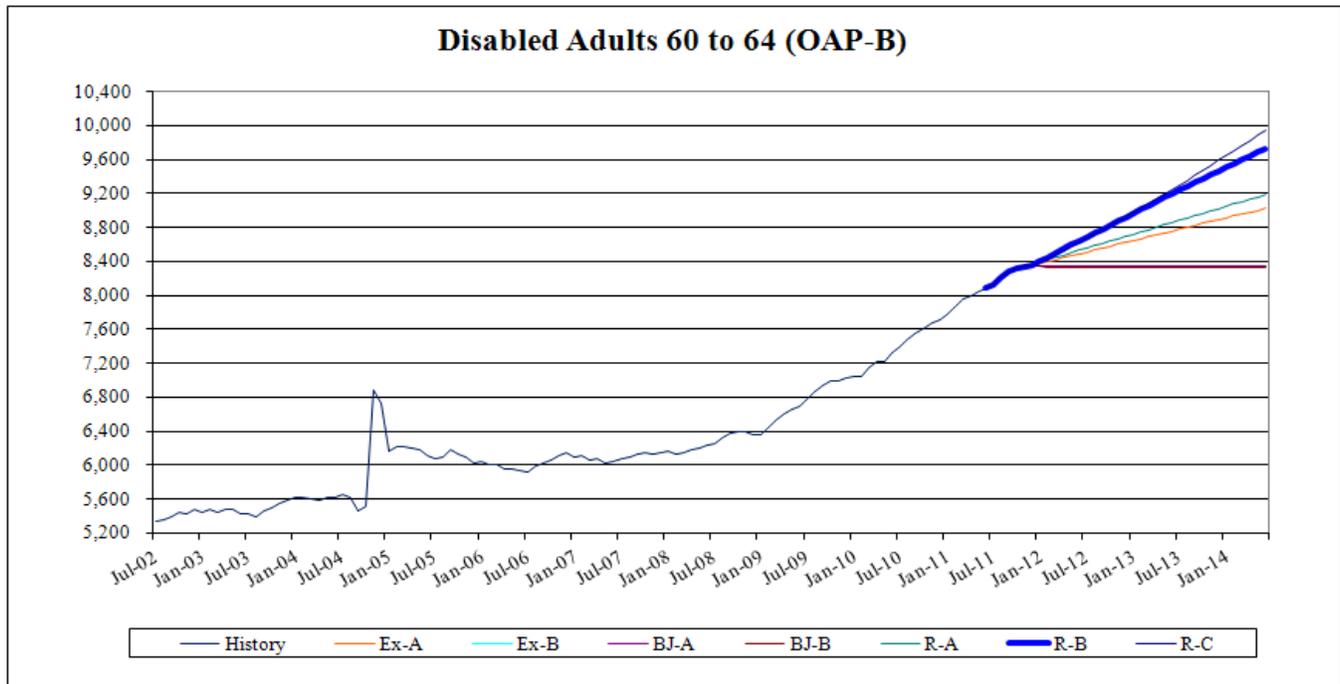
Monthly Average Growth Comparisons		
FY 2010-11 Actuals	21	0.06%
FY 2010-11 1st Half	(22)	-0.05%
FY 2010-11 2nd Half	64	0.17%
FY 2011-12 1st Half Actuals	115	0.29%
FY 2011-12 2nd Half Forecast	72	0.24%
FY 2011-12 Forecast	94	0.24%
November 2011 Forecast	65	0.17%
FY 2012-13 Forecast	85	0.21%
November 2011 Forecast	64	0.16%

**Disabled Adults 60 to 64**

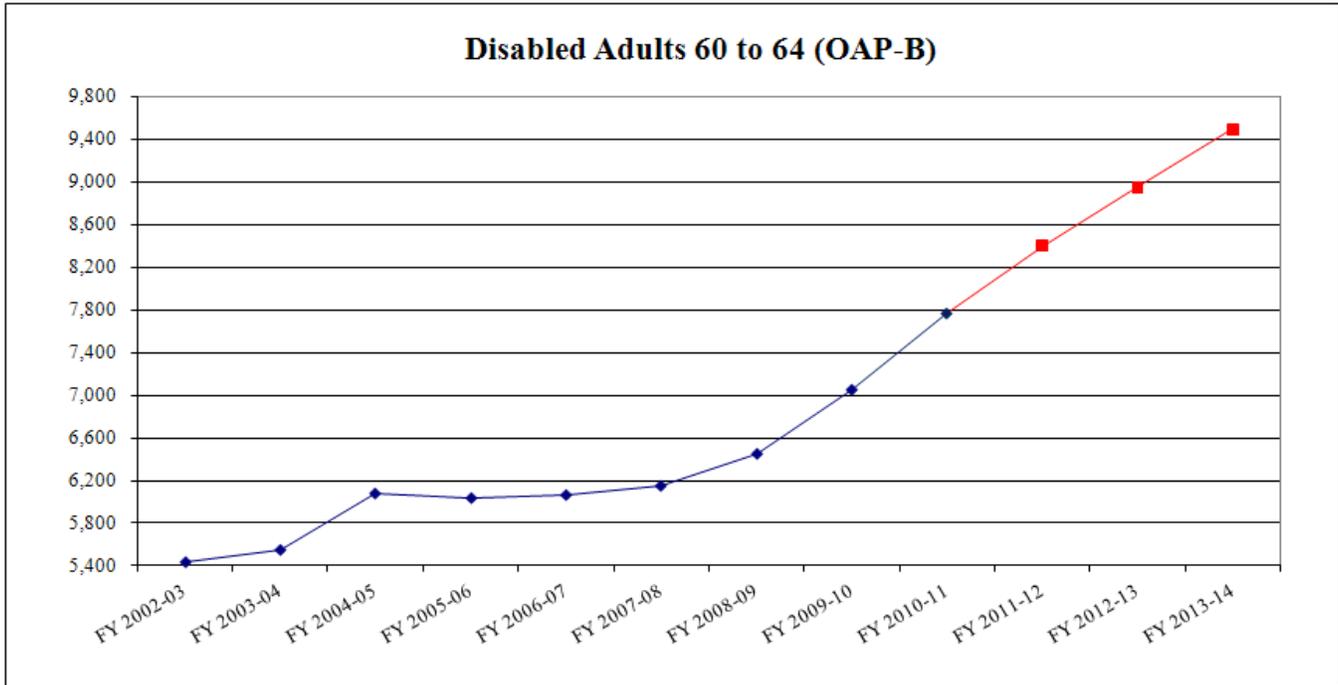
Colorado automatically provides Medicaid coverage to individuals who receive Supplemental Security Income. Supplemental Security Income, authorized under Title XVI of the Social Security Act of 1965, is a federal cash assistance program for persons aged 65 and older, blind, or disabled. An individual must have income below the federal monthly maximum Supplemental Security Income limit and limited resources. Disabled adults aged 60 to 64 who are eligible for Supplemental Security Income are included in this category. In addition, states may extend coverage to individuals with incomes above the Supplemental Security Income limit, and who meet the nursing home level of care. Referred to as Three-hundred Percenters, these clients have incomes no more than three times the Supplemental Security Income maximum limit, and they meet the level of care to be in a nursing home.

Quality control checks are completed from time to time to look for eligibility coding errors that commonly result in clients being misclassified between this Medicaid category and the State-only Old Age Pension Health and Medical Care program (non-Medicaid). Historical miscoding can make it difficult to forecast this Medicaid category as groups of individuals identified through this process may be abruptly moved in and out of this category.

***Disabled Adults 60 to 64: Model Results***



<b>Disabled Adults 60 to 64: Model Statistics</b>	Adjusted R <sup>2</sup>	Notes
Exponential Smoothing A*	0.9905	
Exponential Smoothing B*	0.9724	
Box-Jenkins A	0.9919	
Box-Jenkins B	0.9733	
Regression A	0.9979	OAP-B [-1], OAP-B [-3], CBMS Dummy, Auto [-4]
Regression B	0.9989	OAP-B [-1], OAP-B [-2], Population 60-64, CBMS Dummy, CBMS Dummy [-2], Trend, Constant, Auto [-1]
Regression C	0.9988	OAP-B [-1], OAP-B [-2], Total Population, CBMS Dummy, CBMS Dummy [-2], Auto [-1]



Disabled Adults 60 to 64: Model Results						
FY 2011-12	FY 2009-10	FY 2010-11	Projected Growth Rate	Projected FY 2011-12 Caseload	Level Change	Average Monthly Change <sup>1</sup>
Exponential Smoothing A*	7,049	7,767	7.57%	8,355	588	33
Exponential Smoothing B*	7,049	7,767	7.07%	8,316	549	22
Box Jenkins A	7,049	7,767	7.02%	8,312	545	21
Box Jenkins B	7,049	7,767	6.93%	8,305	538	20
Regression A	7,049	7,767	7.80%	8,373	606	38
<b>Regression B</b>	<b>7,049</b>	<b>7,767</b>	<b>8.14%</b>	<b>8,399</b>	<b>632</b>	<b>46</b>
Regression C	7,049	7,767	8.05%	8,392	625	45

\* Denotes Expert Selection, Bold denotes Trend Selection

FY 2012-13	Projected FY 2010-11 Caseload	Projected FY 2011-12 Caseload	Projected Growth Rate	Projected FY 2012-13 Caseload	Level Change	Average Monthly Change <sup>1</sup>
Exponential Smoothing A*	7,767	8,399	3.35%	8,680	281	22
Exponential Smoothing B*	7,767	8,399	0.47%	8,438	39	0
Box Jenkins A	7,767	8,399	0.41%	8,433	34	0
Box Jenkins B	7,767	8,399	0.33%	8,427	28	0
Regression A	7,767	8,399	4.02%	8,737	338	27
<b>Regression B</b>	<b>7,767</b>	<b>8,399</b>	<b>6.54%</b>	<b>8,948</b>	<b>549</b>	<b>46</b>
Regression C	7,767	8,399	6.70%	8,962	563	52

FY 2013-14	Projected FY 2011-12 Caseload	Projected FY 2012-13 Caseload	Projected Growth Rate	Projected FY 2013-14 Caseload	Level Change	Average Monthly Change <sup>1</sup>
Exponential Smoothing A*	8,399	8,948	3.12%	9,227	279	22
Exponential Smoothing B*	8,399	8,948	0.00%	8,948	0	0
Box Jenkins A	8,399	8,948	0.00%	8,948	0	0
Box Jenkins B	8,399	8,948	0.00%	8,948	0	0
Regression A	8,399	8,948	3.73%	9,282	334	28
<b>Regression B</b>	<b>8,399</b>	<b>8,948</b>	<b>6.07%</b>	<b>9,491</b>	<b>543</b>	<b>44</b>
Regression C	8,399	8,948	7.45%	9,615	667	59

<sup>1</sup> Average monthly change is calculated as that between June of the respective fiscal year and June of the prior fiscal year. This is not directly comparable to the annual level change, which is calculated as the difference between the annual average caseload.

***Disabled Adults 60 to 64: Trend Selections***

FY 2011-12: 8.14%

FY 2012-13: 6.54%

FY 2013-14: 6.07%

***Disabled Adults 60 to 64: Justifications***

- The 1,615 client caseload spike in November 2004 is directly related to the court order regarding the Colorado Benefits Management System. Of this group, 1,166 clients came from the Disabled Adults to 59 (AND/AB) population, while the remaining 449 clients came from the Adults 65 and Older (OAP-A) population. This has been corrected for in regressions.
- Historically, this category has displayed consistently slow growth, with caseload increasing by an average of 12 clients per month between FY 2002-03 and FY 2007-08, excluding the level shift that occurred from the court order regarding the Colorado Benefits Management System. Growth from FY 2008-09 through FY 2010-11 averaged 52 per month. This population, like the Adults 65 and Older category, may be effected by the asset and annuities provisions in the Deficit Reduction Act of 2005, which would promote low growth. This category began to be effected by the baby-boom generation, defined by the U.S. Census Bureau as the generation born between 1946 and 1964, in calendar year 2006, which may have resulted in higher growth. The Department has seen strong growth in the Home- and Community-Based Services (HCBS) for the Elderly, Blind, and Disabled waiver over the last three years. There has also been a large increase in the number of clients in this eligibility type who are not eligible for Supplemental Security Income (SSI) or on a waiver. The Department believes this is related to caseload declines in the State-only Old Age Pension Health and Medical Care program, which were caused by the implementation of new requirements around Systematic Alien Verification for Entitlements (SAVE) to comply with HB 06S-1023 and Department regulations.
- However, because this population is disabled, the effects of both the baby boom generation and the Deficit Reduction Act are likely to be mitigated. Data for FY 2010-11 indicate that approximately 53.7% of this eligibility type were automatically eligible for Medicaid due to their receipt of SSI. Additionally, 44.4% of this population were dual eligibles (Medicaid and Medicare) in FY 2010-11 and 32.0% were enrolled in HCBS waivers. Enrollment in waivers has increased by an average of 10.9% per year for the last three years. (Source: MARS 474701 report)
- Growth in the first half of FY 2011-12 was lower than the Department's November 2011 forecast, in which the annual caseload was projected to be 8,451 and average monthly growth was projected to be 55. The selected trend for FY 2011-12 is lower than that from the Department's November 2011 forecast, and would yield average growth of 48 per month for the remainder of FY 2011-12.
- Out-year trends are moderate, as this population may become effected by a larger portion of the baby-boom generation over the next 5 years. Population growth in this age group is forecasted to slow, with projected increases of an average of approximately 4.0% per year over the forecast period.

25.5-5-101 (1), C.R.S.

*(f) Individuals receiving supplemental security income;*

*(g) Individuals receiving mandatory state supplement, including but not limited to individuals receiving old age pensions;*

*(h) Institutionalized individuals who were eligible for medical assistance in December 1973;*

*(i) Individuals who would be eligible except for the increase in old-age, survivors, and disability insurance under P.L. 92-336;*

*(j) Individuals who become ineligible for cash assistance as a result of old-age, survivors, and disability insurance cost-of-living increases after April 1977;*

25.5-5-201 (1), C.R.S.

(b) Individuals who would be eligible for cash assistance except for their institutionalized status;

(c) Individuals receiving home-and community-based services as specified in part 6 of this article;

(f) Individuals receiving only optional state supplement;

(g) Individuals in institutions who are eligible under a special income level. Colorado's program for citizens sixty-five years of age or older or physically disabled or blind, whose gross income does not exceed three hundred percent of the current federal supplemental security income benefit level, qualifies for federal funding under this provision;

(j) Individuals who are qualified aliens and were or would have been eligible for supplemental security income as a result of a disability but are not eligible for such supplemental security income as a result of the passage of the federal "Personal Responsibility and Work Opportunity Reconciliation Act of 1996", Public Law 104-193;

**Disabled Adults 60 to 64: Historical Caseload and Forecasts**

Disabled Adults 60 to 64: Historical Caseload and Projections							
	Actuals	Monthly Change	% Change		Caseload*	% Change	Level Change
Dec-09	7,025	-	-	FY 1995-96	4,261	-	-
Jan-10	7,047	22	0.31%	FY 1996-97	4,429	3.94%	168
Feb-10	7,049	2	0.03%	FY 1997-98	4,496	1.51%	67
Mar-10	7,152	103	1.46%	FY 1998-99	4,909	9.19%	413
Apr-10	7,212	60	0.84%	FY 1999-00	5,092	3.73%	183
May-10	7,228	16	0.22%	FY 2000-01	5,157	1.28%	65
Jun-10	7,326	98	1.36%	FY 2001-02	5,184	0.52%	27
Jul-10	7,395	69	0.94%	FY 2002-03	5,431	4.76%	247
Aug-10	7,492	97	1.31%	FY 2003-04	5,548	2.15%	117
Sep-10	7,562	70	0.93%	FY 2004-05	6,082	9.63%	534
Oct-10	7,602	40	0.53%	FY 2005-06	6,042	-0.66%	(40)
Nov-10	7,682	80	1.05%	FY 2006-07	6,059	0.28%	17
Dec-10	7,721	39	0.51%	FY 2007-08	6,146	1.44%	87
Jan-11	7,781	60	0.78%	FY 2008-09	6,447	4.90%	301
Feb-11	7,870	89	1.14%	FY 2009-10	7,049	9.34%	602
Mar-11	7,966	96	1.22%	FY 2010-11	7,767	10.19%	718
Apr-11	7,987	21	0.26%	FY 2011-12	8,399	8.14%	632
May-11	8,051	64	0.80%	FY 2012-13	8,948	6.54%	549
Jun-11	8,089	38	0.47%	FY 2013-14	9,491	6.07%	543
Jul-11	8,133	44	0.54%				
Aug-11	8,222	89	1.09%				
Sep-11	8,280	58	0.71%				
Oct-11	8,328	48	0.58%				
Nov-11	8,343	15	0.18%				
Dec-11	8,355	12	0.14%				

\* Medicaid caseload was restated back to FY 2002-03 effective July 1, 2008. Caseload prior to FY 2002-03 has not been restated and is not directly comparable to the restated caseload.

November 2011 Trends			
FY 2011-12	8,451	8.81%	684
FY 2012-13	9,101	7.69%	650
FY 2013-14	9,735	6.97%	634

November 2011 Forecast	
Forecasted December 2011 Level	8,425

Actuals		
	Monthly Change	% Change
6-month average	44	0.54%
12-month average	53	0.66%
18-month average	57	0.73%
24-month average	55	0.73%

Base trend from December 2011 level			
FY 2011-12	8,355	7.57%	588

Monthly Average Growth Comparisons		
FY 2010-11 Actuals	64	0.83%
FY 2010-11 1st Half	66	0.88%
FY 2010-11 2nd Half	61	0.78%
FY 2011-12 1st Half Actuals	44	0.54%
FY 2011-12 2nd Half Forecast	48	0.55%
FY 2011-12 Forecast	46	0.57%
November 2011 Forecast	55	0.68%
FY 2012-13 Forecast	46	0.53%
November 2011 Forecast	53	0.61%

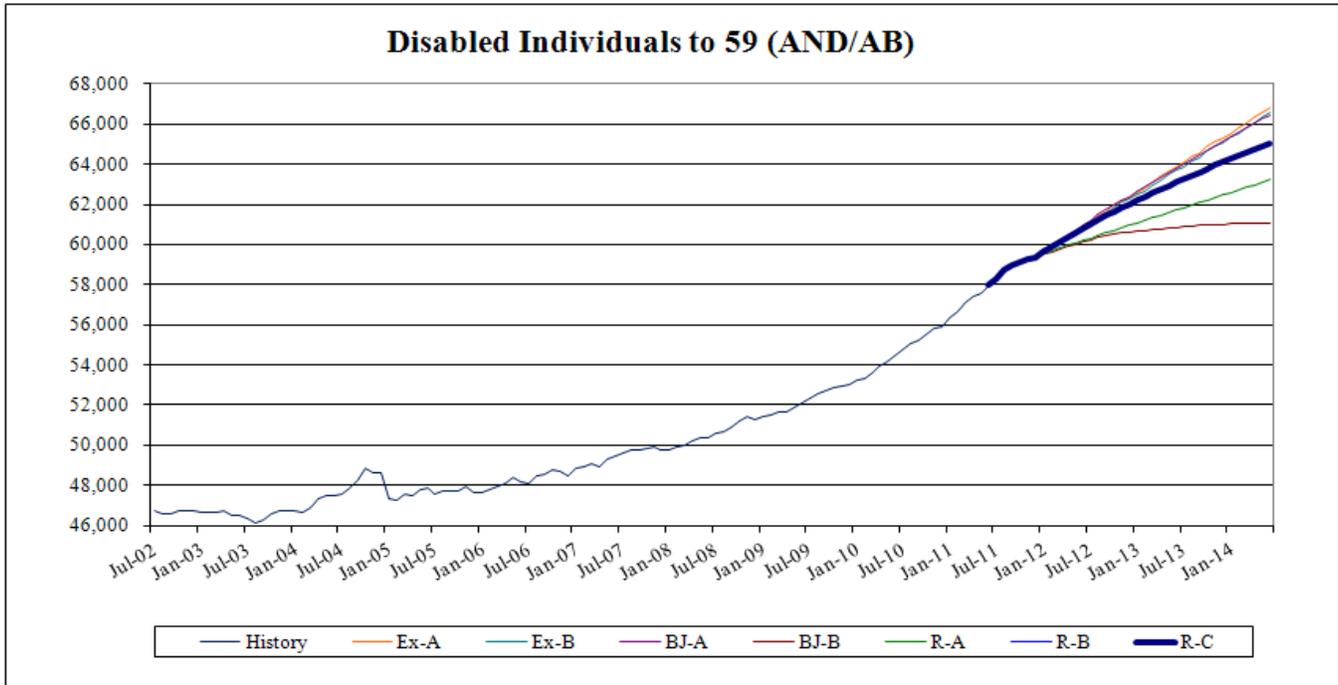
## **Disabled Individuals to 59**

Colorado automatically provides Medicaid coverage to individuals who receive Supplemental Security Income. Supplemental Security Income, authorized under Title XVI of the Social Security Act of 1965, is a federal cash assistance program for persons aged 65 and older, blind, or disabled. An individual must have income below the federal monthly maximum Supplemental Security Income limit and limited resources. This category includes the disabled portion of this group through age 59. These individuals: are blind, have a physical or mental impairment that keeps them from performing substantial work expected to last 12 months or result in death, or are children who have a marked and severe functional limitation expected to last 12 months or until death. Children were added to the Title XVI Act in 1972. In addition, states may extend coverage to individuals with incomes too high for Supplemental Security Income, and who meet the nursing facility level of care. Referred to as Three-hundred Percenters, these clients have incomes no more than three times the Supplemental Security Income maximum limit, and they meet the level of care to be in a nursing home. Often, Three-hundred Percenters are enrolled in a Home- and Community-Based waiver program.

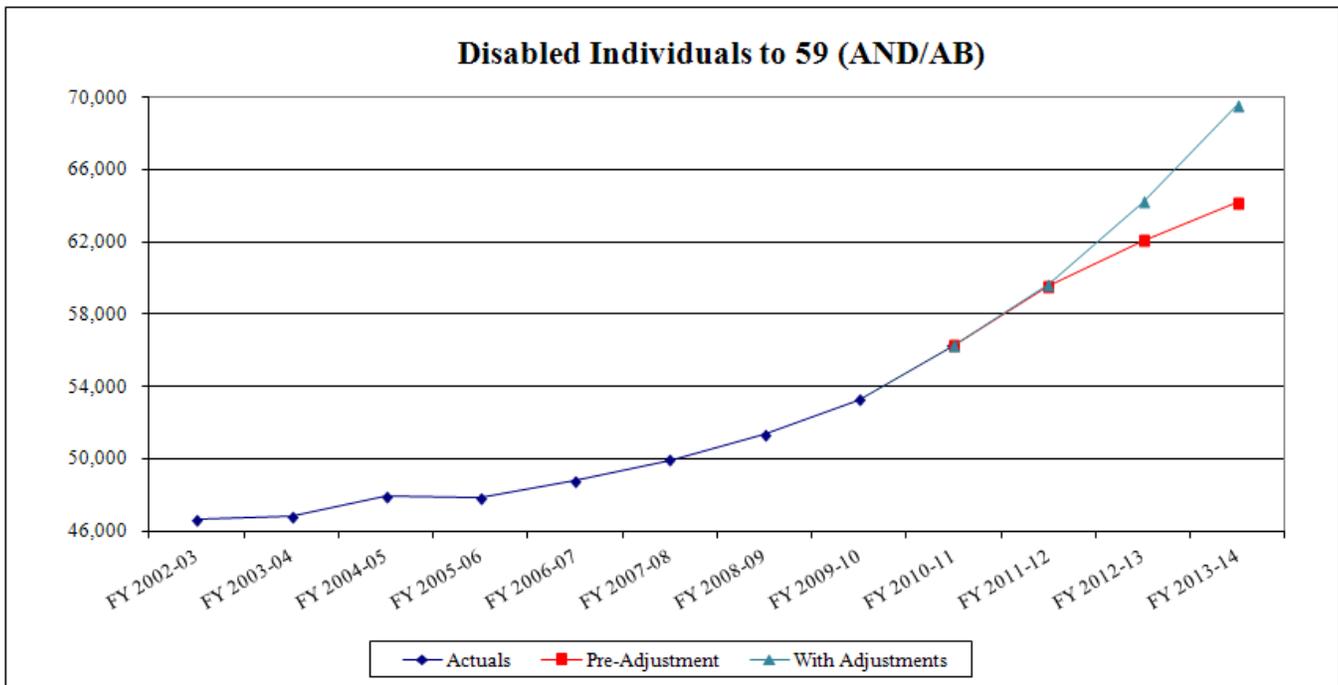
The 1990 outcome of the *Zebley v. Sullivan* lawsuit found that children could not be held to higher standard of disability than adults. *Zebley* required that children's disability be measured using child-appropriate activities. As a result, the number of children determined to be disabled significantly increased until 1996. Welfare reform in 1996 tightened the disability criteria for children. An Individual Evaluation Plan from the public school system was no longer sufficient to verify disability, and children were required to have a physician document their level of functional impairment. However, any child receiving Supplemental Security Income before 1996 who lost his/her Supplemental Security Income benefits due to the new rules is still eligible for Medicaid. This category also includes disabled adult children age 18 and older who lost their Supplemental Security Income eligibility due to their parents receiving Social Security Administration benefits and disabled widows and widowers aged 50 to 64 who lost Supplemental Security Income due to the receipt of Social Security Administration benefits.

In July 2001, the Med-9 disability determination application process was disbanded due to federal requirements. This process let individuals under 65 who were seeking Medicaid coverage because of a disability experience an expeditious application process as compared to other applicants. By discontinuing the Med-9, clients underwent a more rigorous eligibility determination and caseload fell slightly.

**Disabled Individuals to 59: Model Results**



Disabled Individuals to 59: Model Statistics	Adjusted R <sup>2</sup>	Notes
Exponential Smoothing A*	0.9979	
Exponential Smoothing B*	0.9970	
Box-Jenkins A	0.9979	
Box-Jenkins B	0.9962	
Regression A	0.9962	AND/AB [-1], AND/AB [-3], Auto [-5]
Regression B	0.9973	AND/AB [-1], Unemployment Rate, CBMS Dummy, Auto [-12]
Regression C	0.9971	AND/AB [-1], AND/AB [-24], Auto [-12]



Disabled Individuals to 59: Model Results						
FY 2011-12	FY 2009-10	FY 2010-11	Projected Growth Rate	Projected FY 2011-12 Caseload	Level Change	Average Monthly Change <sup>1</sup>
Exponential Smoothing A*	53,264	56,285	5.93%	59,623	3,338	243
Exponential Smoothing B*	53,264	56,285	5.89%	59,600	3,315	238
Box Jenkins A	53,264	56,285	5.98%	59,651	3,366	249
Box Jenkins B	53,264	56,285	5.53%	59,398	3,113	177
Regression A	53,264	56,285	5.58%	59,426	3,141	185
Regression B	53,264	56,285	5.83%	59,566	3,281	228
<b>Regression C</b>	<b>53,264</b>	<b>56,285</b>	<b>5.87%</b>	<b>59,589</b>	<b>3,304</b>	<b>233</b>

\* Denotes Expert Selection, Bold denotes Trend Selection

FY 2012-13	Projected FY 2010-11 Caseload	Projected FY 2011-12 Caseload	Projected Growth Rate	Projected FY 2012-13 Caseload	Level Change	Average Monthly Change <sup>1</sup>
Exponential Smoothing A*	56,285	59,589	4.83%	62,467	2,878	247
Exponential Smoothing B*	56,285	59,589	4.67%	62,372	2,783	238
Box Jenkins A	56,285	59,589	4.83%	62,467	2,878	235
Box Jenkins B	56,285	59,589	2.02%	60,793	1,204	61
Regression A	56,285	59,589	2.68%	61,186	1,597	125
Regression B	56,285	59,589	4.13%	62,050	2,461	195
<b>Regression C</b>	<b>56,285</b>	<b>59,589</b>	<b>4.21%</b>	<b>62,098</b>	<b>2,509</b>	<b>195</b>

FY 2013-14	Projected FY 2011-12 Caseload	Projected FY 2012-13 Caseload	Projected Growth Rate	Projected FY 2013-14 Caseload	Level Change	Average Monthly Change <sup>1</sup>
Exponential Smoothing A*	59,589	62,098	4.75%	65,048	2,950	247
Exponential Smoothing B*	59,589	62,098	4.58%	64,942	2,844	238
Box Jenkins A	59,589	62,098	4.37%	64,812	2,714	222
Box Jenkins B	59,589	62,098	0.67%	62,514	416	21
Regression A	59,589	62,098	2.48%	63,638	1,540	127
Regression B	59,589	62,098	3.42%	64,222	2,124	161
<b>Regression C</b>	<b>59,589</b>	<b>62,098</b>	<b>3.36%</b>	<b>64,184</b>	<b>2,086</b>	<b>161</b>

<sup>1</sup> Average monthly change is calculated as that between June of the respective fiscal year and June of the prior fiscal year. This is not directly comparable to the annual level change, which is calculated as the difference between the annual average caseload.

### Disabled Individuals to 59: Trend Selections

FY 2011-12: 5.87%

FY 2012-13: 4.21%

FY 2013-14: 3.36%

### Disabled Individuals to 59: Justifications

- As the graph above shows, caseload growth through FY 2003-04 remained relatively constant, with average monthly growth of 32 clients in FY 2002-03 and FY 2003-04. The elimination of the Med-9 disability determination has also contributed to slower growth.
- HB 05-1262 expanded the number of children that can be enrolled in the Children's Home- and Community-Based Service (HCBS) Waiver Program and the Children's Extensive Support (CES) Waiver Program. The original expansion was 527 slots, which began to be filled in FY 2005-06. During the March 13, 2006 Figure Setting, the number of expansion slots funded under the Tobacco Tax bill was increased by 200 in the Children's HCBS Waiver Program and 30 in the CES Waiver Program. The Department received approval for the additional expansions from the Centers for Medicare and Medicaid Services in December 2006. All new expansion slots were filled by FY 2007-08.
- This population has historically been stable, having increased by approximately 5,000 clients between FY 1998-99 and FY 2007-08, or an average of 0.8% per year. However, growth rates in this population have increased significantly in the last three fiscal years, with caseload in HCBS waivers showing strong growth. In addition, over the last three years, the number of individuals eligible for

Medicaid due to receipt of SSI has represented most of the growth in this eligibility group. The Department believes that this may be related to economic condition in that individuals with work-limiting disabilities who were employed prior to the recession and have exhausted their federally-extended unemployment benefits may now be applying for Supplemental Security Income (SSI) if they cannot find work. Data for FY 2010-11 indicate that approximately 68.3% of this eligibility type were automatically eligible for Medicaid due to their receipt of SSI. Additionally, 33.1% of this population were dual eligibles (Medicaid and Medicare) in FY 2010-11 and 28.9% were enrolled in HCBS waivers. Enrollment in waivers has increased by an average of 5.1% per year for the last three years. (Source: MARS 474701 report)

- Growth in the first half of FY 2011-12 was slightly lower than the Department's November 2011 forecast, in which the annual base caseload was projected to be 59,596 and average monthly growth was projected to be 245. The selected trend for FY 2011-12 is in line with the Department's November 2011 forecast, and would yield average growth of 233 per month for the remainder of FY 2011-12.
- Out-year growth is projected to moderate and maintain a long-term trend.
- There is a bottom-line adjustment to this eligibility type from HB 09-1293, which establishes the Buy-In Program for Working Adults with Disabilities beginning in March 2012 and for Disabled Children four to six months later. This program will allow individuals to pay a premium to purchase Medicaid coverage if they are over income or are otherwise ineligible for Medicaid.

*25.5-5-101 (1), C.R.S.*

- (f) Individuals receiving supplemental security income;*
- (g) Individuals receiving mandatory state supplement, including but not limited to individuals receiving old age pensions;*
- (h) Institutionalized individuals who were eligible for medical assistance in December 1973;*
- (i) Individuals who would be eligible except for the increase in old-age, survivors, and disability insurance under P.L. 92-336;*
- (j) Individuals who become ineligible for cash assistance as a result of old-age, survivors, and disability insurance cost-of-living increases after April 1977;*
- (k) Disabled widows or widowers fifty through sixty years of age who have become ineligible for federal supplemental security income or state supplementation as a result of becoming eligible for federal social security survivor's benefits, in accordance with the social security act, 42 U.S.C. sec. 1383c;*

*25.5-5-201 (1), C.R.S.*

- (b) Individuals who would be eligible for cash assistance except for their institutionalized status;*
- (c) Individuals receiving home-and community-based services as specified in part 6 of this article;*
- (f) Individuals receiving only optional state supplement;*
- (g) Individuals in institutions who are eligible under a special income level. Colorado's program for citizens sixty-five years of age or older or physically disabled or blind, whose gross income does not exceed three hundred percent of the current federal supplemental security income benefit level, qualifies for federal funding under this provision;*
- (j) Individuals who are qualified aliens and were or would have been eligible for supplemental security income as a result of a disability but are not eligible for such supplemental security income as a result of the passage of the federal "Personal Responsibility and Work Opportunity Reconciliation Act of 1996", Public Law 104-193;*

**Disabled Individuals to 59: Historical Caseload and Forecasts**

<b>Disabled Individuals to 59: Historical Caseload and Projections</b>			
	<b>Actuals</b>	<b>Monthly Change</b>	<b>% Change</b>
Dec-09	53,000	-	-
Jan-10	53,255	255	0.48%
Feb-10	53,298	43	0.08%
Mar-10	53,629	331	0.62%
Apr-10	53,904	275	0.51%
May-10	54,164	260	0.48%
Jun-10	54,493	329	0.61%
Jul-10	54,740	247	0.45%
Aug-10	55,032	292	0.53%
Sep-10	55,223	191	0.35%
Oct-10	55,508	285	0.52%
Nov-10	55,804	296	0.53%
Dec-10	55,937	133	0.24%
Jan-11	56,417	480	0.86%
Feb-11	56,671	254	0.45%
Mar-11	57,103	432	0.76%
Apr-11	57,385	282	0.49%
May-11	57,608	223	0.39%
Jun-11	57,986	378	0.66%
Jul-11	58,294	308	0.53%
Aug-11	58,712	418	0.72%
Sep-11	58,937	225	0.38%
Oct-11	59,159	222	0.38%
Nov-11	59,298	139	0.23%
Dec-11	59,384	86	0.15%

	<b>Caseload*</b>	<b>% Change</b>	<b>Level Change</b>
FY 1995-96	44,736	-	-
FY 1996-97	46,090	3.03%	1,354
FY 1997-98	46,003	-0.19%	(87)
FY 1998-99	46,310	0.67%	307
FY 1999-00	46,386	0.16%	76
FY 2000-01	46,046	-0.73%	(340)
FY 2001-02	46,349	0.66%	303
FY 2002-03	46,647	0.64%	298
FY 2003-04	46,789	0.30%	142
FY 2004-05	47,929	2.44%	1,140
FY 2005-06	47,855	-0.15%	(74)
FY 2006-07	48,799	1.97%	944
FY 2007-08	49,933	2.32%	1,134
FY 2008-09	51,355	2.85%	1,422
FY 2009-10	53,264	3.72%	1,909
FY 2010-11	56,285	5.67%	3,021
FY 2011-12	59,589	5.87%	3,304
FY 2012-13	62,098	4.21%	2,509
FY 2013-14	64,184	3.36%	2,086

\* Medicaid caseload was restated back to FY 2002-03 effective July 1, 2008. Caseload prior to FY 2002-03 has not been restated and is not directly comparable to the restated caseload.

<b>Adjustments</b>	
FY 2011-12	58
FY 2012-13	2,208
FY 2013-14	5,671

<b>November 2011 Forecast</b>	
Forecasted December 2011 Level	59,457

<b>Base trend from December 2011 level</b>			
FY 2011-12	59,384	5.51%	3,099

<b>Monthly Average Growth Comparisons</b>		
FY 2010-11 Actuals	291	0.52%
FY 2010-11 1st Half	241	0.44%
FY 2010-11 2nd Half	342	0.60%
FY 2011-12 1st Half Actuals	233	0.40%
FY 2011-12 2nd Half Forecast	233	0.39%
FY 2011-12 Forecast	233	0.40%
November 2011 Forecast	245	0.42%
FY 2012-13 Forecast	195	0.32%
November 2011 Forecast	196	0.32%

<b>February 2012 Projections After Adjustments</b>			
FY 2011-12	59,647	5.97%	3,362
FY 2012-13	64,306	7.81%	4,659
FY 2013-14	69,855	8.63%	5,549

<b>November 2011 Trends (BEFORE ADJUSTMENTS)</b>			
FY 2011-12	59,596	5.89%	3,315
FY 2012-13	62,224	4.41%	2,628
FY 2013-14	64,396	3.49%	2,172

<b>Actuals</b>		
	<b>Monthly Change</b>	<b>% Change</b>
6-month average	233	0.40%
12-month average	287	0.50%
18-month average	272	0.48%
24-month average	266	0.48%

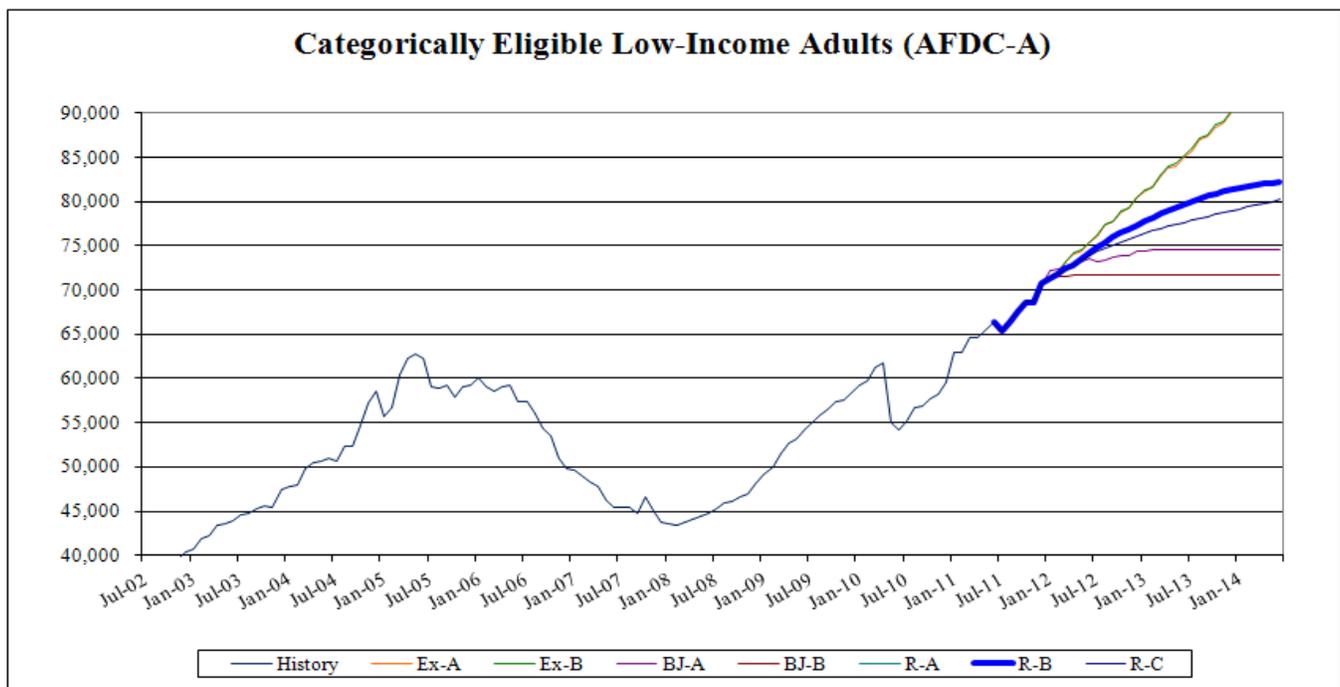
**Categorically Eligible Low-Income Adults**

One of the primary ways that adults qualify for Medicaid is through Section 1931 of the federal Medicaid statute. Under Section 1931, families who were eligible for cash welfare assistance under the Aid to Families with Dependent Children program are still eligible for Medicaid even after the Aid to Families with Dependent Children program was discontinued. Aid to Families with Dependent Children was replaced by the Temporary Assistance for Needy Families program (referred to as Colorado Works) on July 16, 1996. Clients enrolled in the Temporary Assistance for Needy Families program are no

longer automatically eligible for Medicaid. Therefore, the Categorically Eligible Low-Income Adults category includes adults who receive Medicaid under Section 1931 and those families who receive Temporary Aid to Needy Families financial assistance coupled with Medicaid. Also included in this category are adults receiving Transitional Medicaid. Transitional Medicaid is available to adults in families who have received 1931 Medicaid in three of the past six months and become ineligible due to an increase in earned income. Adults may receive Transitional Medicaid benefits for one year. In FY 2010-11, there were an average of 6,173 adults in this program. Transitional Medicaid benefits have been extended through February 29, 2012, and the Department’s forecast assumes that the program will continue through FY 2012-13.

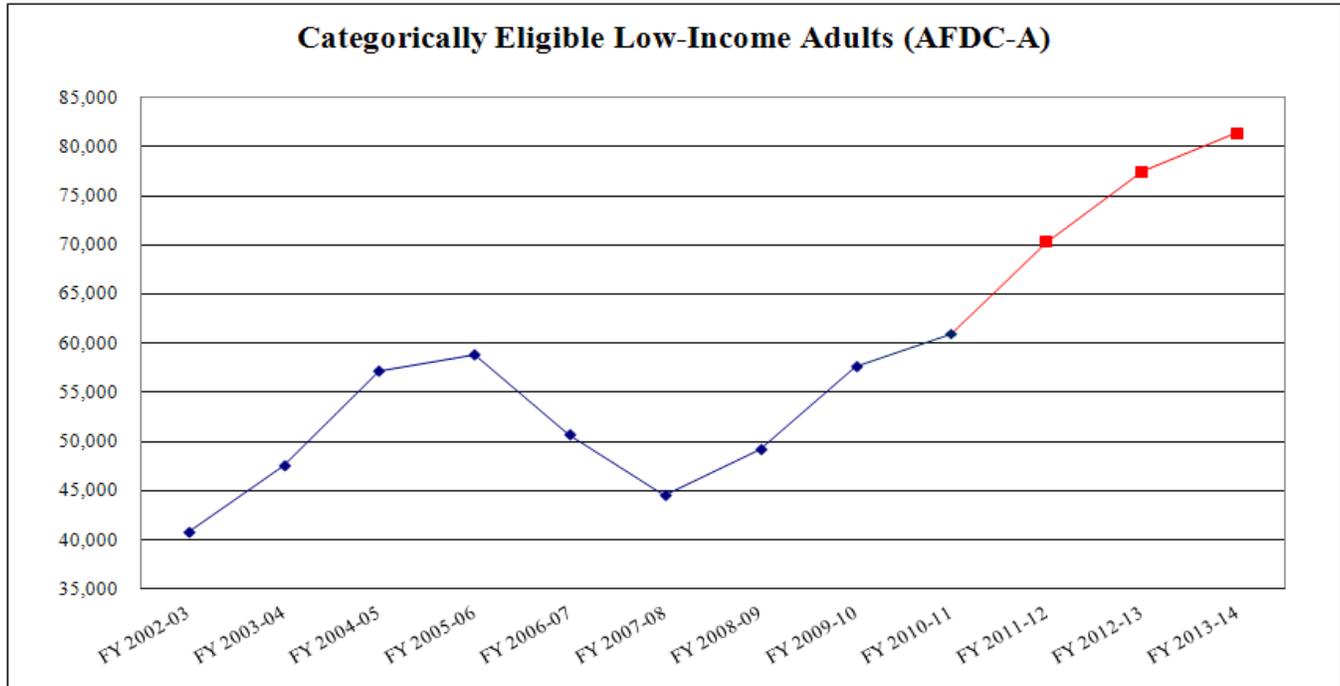
Before 1999, caseload in this category was falling. Decreases in caseload can be attributed to economic expansion and effects of the Personal Responsibility Work and Opportunity Reconciliation Act, known as welfare reform. When welfare reform was instituted in Colorado in 1997, the link between cash assistance for welfare and Medicaid was broken. When the Department implemented this change into the Client Oriented Information Network eligibility data system, it was estimated that 46,006<sup>8</sup> clients had their cases closed in error. In reaction, the Tatum lawsuit was brought against the State. Starting in May 2001, the Department began to reinstate clients who inadvertently lost their Medicaid eligibility. This may help to explain why from 1997 to 1999 caseload fell, and may have contributed to a spike in caseload in FY 2001-02. For a complete explanation of the Tatum lawsuit, see the November 1, 2001 Budget Request, pages A-37 to A-38.

**Categorically Eligible Low-Income Adults: Model Results**



<sup>8</sup> Source: November 1, 2001 Budget Request, page A-37

<b>Categorically Eligible Low-Income Adults: Model Statistics</b>	Adjusted R <sup>2</sup>	Notes
Exponential Smoothing A*	0.9940	
Exponential Smoothing B*	0.9839	
Box-Jenkins A	0.9960	
Box-Jenkins B	0.9834	
Regression A	0.9958	AFDC-A [-1], AFDC-A [-9], Unemployment Rate, CBMS Dummy, Systems Dummy, Auto [-6]
Regression B	0.9961	AFDC-A [-1], AFDC-A [-9], Unemployment Rate, Total Wages, CBMS Dummy, CBMS Dummy [-2], Systems Dummy, Auto [-9]
Regression C	0.9956	AFDC-A [-1], AFDC-A [-9], Total Wages, CBMS Dummy, Systems Dummy



<b>Categorically Eligible Low-Income Adults: Model Results</b>						
<b>FY 2011-12</b>	<b>FY 2009-10</b>	<b>FY 2010-11</b>	<b>Projected Growth Rate</b>	<b>Projected FY 2011-12 Caseload</b>	<b>Level Change</b>	<b>Average Monthly Change<sup>1</sup></b>
Exponential Smoothing A*	57,661	60,960	15.98%	70,701	9,741	759
Exponential Smoothing B*	57,661	60,960	15.98%	70,701	9,741	754
Box Jenkins A	57,661	60,960	15.42%	70,360	9,400	602
Box Jenkins B	57,661	60,960	14.41%	69,744	8,784	439
Regression A	57,661	60,960	15.33%	70,305	9,345	662
<b>Regression B</b>	<b>57,661</b>	<b>60,960</b>	<b>15.32%</b>	<b>70,299</b>	<b>9,339</b>	<b>650</b>
Regression C	57,661	60,960	15.24%	70,250	9,290	627

\* Denotes Expert Selection, Bold denotes Trend Selection

<b>FY 2012-13</b>	<b>Projected FY 2010-11 Caseload</b>	<b>Projected FY 2011-12 Caseload</b>	<b>Projected Growth Rate</b>	<b>Projected FY 2012-13 Caseload</b>	<b>Level Change</b>	<b>Average Monthly Change<sup>1</sup></b>
Exponential Smoothing A*	60,960	70,299	14.15%	80,246	9,947	801
Exponential Smoothing B*	60,960	70,299	14.29%	80,345	10,046	811
Box Jenkins A	60,960	70,299	5.38%	74,081	3,782	77
Box Jenkins B	60,960	70,299	2.71%	72,204	1,905	0
Regression A	60,960	70,299	10.28%	77,526	7,227	460
<b>Regression B</b>	<b>60,960</b>	<b>70,299</b>	<b>10.18%</b>	<b>77,455</b>	<b>7,156</b>	<b>464</b>
Regression C	60,960	70,299	8.44%	76,232	5,933	316

FY 2013-14	Projected FY 2011-12 Caseload	Projected FY 2012-13 Caseload	Projected Growth Rate	Projected FY 2013-14 Caseload	Level Change	Average Monthly Change <sup>1</sup>
Exponential Smoothing A*	70,299	77,455	11.92%	86,688	9,233	801
Exponential Smoothing B*	70,299	77,455	12.06%	86,796	9,341	811
Box Jenkins A	70,299	77,455	0.50%	77,842	387	0
Box Jenkins B	70,299	77,455	0.00%	77,455	0	0
Regression A	70,299	77,455	4.98%	81,312	3,857	191
<b>Regression B</b>	<b>70,299</b>	<b>77,455</b>	<b>5.03%</b>	<b>81,351</b>	<b>3,896</b>	<b>207</b>
Regression C	70,299	77,455	3.82%	80,414	2,959	215

<sup>1</sup> Average monthly change is calculated as that between June of the respective fiscal year and June of the prior fiscal year. This is not directly comparable to the annual level change, which is calculated as the difference between the annual average caseload.

### ***Categorically Eligible Low-Income Adults: Trend Selections***

FY 2011-12: 15.32%

FY 2012-13: 10.18%

FY 2013-14: 5.03%

### ***Categorically Eligible Low-Income Adults: Justifications***

- Caseload trends in this category are highly affected by economic conditions, and tend to be positively correlated with the population of adults aged 19 to 59. Growth in the 19 to 59 population dropped from approximately 2.7% per year from FY 1995-96 to FY 2001-02 to 1.2% per year from FY 2002-03 to FY 2010-11. The growth in this population is projected to remain at an average of 0.8% over the forecast period<sup>9</sup>. The economy is projected remain relatively weak over the forecast period, with the unemployment rate to average 8.4% between 2011 and 2013. Wage and salary income is projected to increase by 3.9% in 2011, with moderate growth of 2.8% in 2012, increasing to 3.8% in 2013.<sup>10</sup>
- There were large and consistent declines between July 2006 and December 2007, which seems to indicate that the improved economy was having the expected effect on caseload. There is evidence that a number of clients that left this eligibility category went to the Expansion Adults to 60% FPL, from both 1931 and Transitional Medicaid, due to increased income. Similarly, large and consistent increases since July 2008 indicate that the weakening economic conditions are impacting caseload in this eligibility type.
- The Department believes that economic conditions are largely responsible for the growth over the last four years, as the seasonally adjusted unemployment rate increased from a low of 3.5% in March 2007 to a high of 9.3% in February 2011 (source: Bureau of Labor Statistics). The unemployment rate is at the highest level in recent history, and has also remained at a high level for an unprecedented period of time. The unemployment rate has exceeded 8.0% since April 2009. During the 2001-2002 recession, the AFDC-Adults caseload was increasing by approximately 1.7% per month for 36 months. Caseload has increased by an average of 1.5% since January 2008, excluding outliers.
- Growth in the first half of FY 2011-12 was lower than the Department's November 2011 forecast, in which the annual caseload was projected to be 72,180 and average monthly growth was projected to be 821. The selected trend for FY 2011-12 is lower than that from the Department's November 2011 forecast, and would yield average increases of 568 per month for the remainder of FY 2011-12. This forecast is reflective of the consistent increases since the second half of FY 2007-08, which moderated in FY 2009-10 but increased in FY 2010-11. Because the economy is believed to be largely responsible this change, projected economic conditions give no indication that the trend will not continue to be positive throughout FY 2011-12. The selected trends for FY 2011-12 and FY

<sup>9</sup> Source: Department of Local Affairs, Demography Division

<sup>10</sup> Source: Office of State Planning and Budgeting, December 2011 Revenue Forecast

2012-13 are conservative due to recent volatility in the monthly data, and the Department will continue to monitor this category and economic conditions closely over the next six months. The low trend for FY 2010-11 is due to the level shift experienced at the end of FY 2009-10 with the expansion to 100% FPL.

- Current forecasts indicate that the economic conditions should begin to improve at the end of 2012. The selected out-year trend reflects this, and the monthly increases are forecasted to moderate over the forecast period.

*25.5-5-101 (1), C.R.S.*

*(a) Individuals who meet the eligibility criteria for the aid to families with dependent children program pursuant to rules that were in effect on July 16, 1996;*

*(b) Families who meet the eligibility criteria for the aid to families with dependent children program established in rules that were in effect on July 16, 1996, and who subsequently would have become ineligible under such eligibility criteria because of increased earnings or increased hours of employment whose eligibility is specified for a period of time by the federal government;*

*(c) Qualified pregnant women . . . who meet the income resource requirements of the state's aid to families with dependent children program pursuant to rules that were in effect on July 16, 1996;*

*25.5-5-201 (1), C.R.S.*

*(a) Individuals who would be eligible for but are not receiving cash assistance;*

*(d) Individuals who would be eligible for aid to families with dependent children if child care were paid from earnings;*

*(h) Persons who are eligible for cash assistance under the works program pursuant to section 26-2-706;*

**Categorically Eligible Low-Income Adults: Historical Caseload and Forecasts**

Categorically Eligible Low-Income Adults: Historical Caseload and Projections							
	Actuals	Monthly Change	% Change		Caseload*	% Change	Level Change
Dec-09	58,381	-	-	FY 1995-96	36,690	-	-
Jan-10	59,210	829	1.42%	FY 1996-97	33,250	-9.38%	(3,440)
Feb-10	59,700	490	0.83%	FY 1997-98	27,179	-18.26%	(6,071)
Mar-10	61,190	1,490	2.50%	FY 1998-99	22,852	-15.92%	(4,327)
Apr-10	61,702	512	0.84%	FY 1999-00	23,515	2.90%	663
May-10	55,110	(6,592)	-10.68%	FY 2000-01	27,081	15.16%	3,566
Jun-10	54,173	(937)	-1.70%	FY 2001-02	33,347	23.14%	6,266
Jul-10	55,213	1,040	1.92%	FY 2002-03	40,798	22.34%	7,451
Aug-10	56,687	1,474	2.67%	FY 2003-04	47,562	16.58%	6,764
Sep-10	56,852	165	0.29%	FY 2004-05	57,140	20.14%	9,578
Oct-10	57,801	949	1.67%	FY 2005-06	58,885	3.05%	1,745
Nov-10	58,276	475	0.82%	FY 2006-07	50,687	-13.92%	(8,198)
Dec-10	59,591	1,315	2.26%	FY 2007-08	44,555	-12.10%	(6,132)
Jan-11	62,929	3,338	5.60%	FY 2008-09	49,147	10.31%	4,592
Feb-11	63,025	96	0.15%	FY 2009-10	57,661	17.32%	8,514
Mar-11	64,697	1,672	2.65%	FY 2010-11	60,960	5.72%	3,299
Apr-11	64,673	(24)	-0.04%	FY 2011-12	70,299	15.32%	9,339
May-11	65,402	729	1.13%	FY 2012-13	77,455	10.18%	7,156
Jun-11	66,369	967	1.48%	FY 2013-14	81,351	5.03%	3,896
Jul-11	65,372	(997)	-1.50%				
Aug-11	66,406	1,034	1.58%				
Sep-11	67,613	1,207	1.82%				
Oct-11	68,677	1,064	1.57%				
Nov-11	68,638	(39)	-0.06%				
Dec-11	70,766	2,128	3.10%				

\* Medicaid caseload was restated back to FY 2002-03 effective July 1, 2008. Caseload prior to FY 2002-03 has not been restated and is not directly comparable to the restated caseload.

November 2011 Trends			
FY 2011-12	72,180	18.41%	11,222
FY 2012-13	79,578	10.25%	7,398
FY 2013-14	83,692	5.17%	4,114

November 2011 Forecast	
Forecasted December 2011 Level	72,122

Actuals		
	Monthly Change	% Change
6-month average	733	1.09%
12-month average	931	1.46%
18-month average	922	1.51%
24-month average	516	0.85%
24-month average*	552	0.89%

\*Without outliers

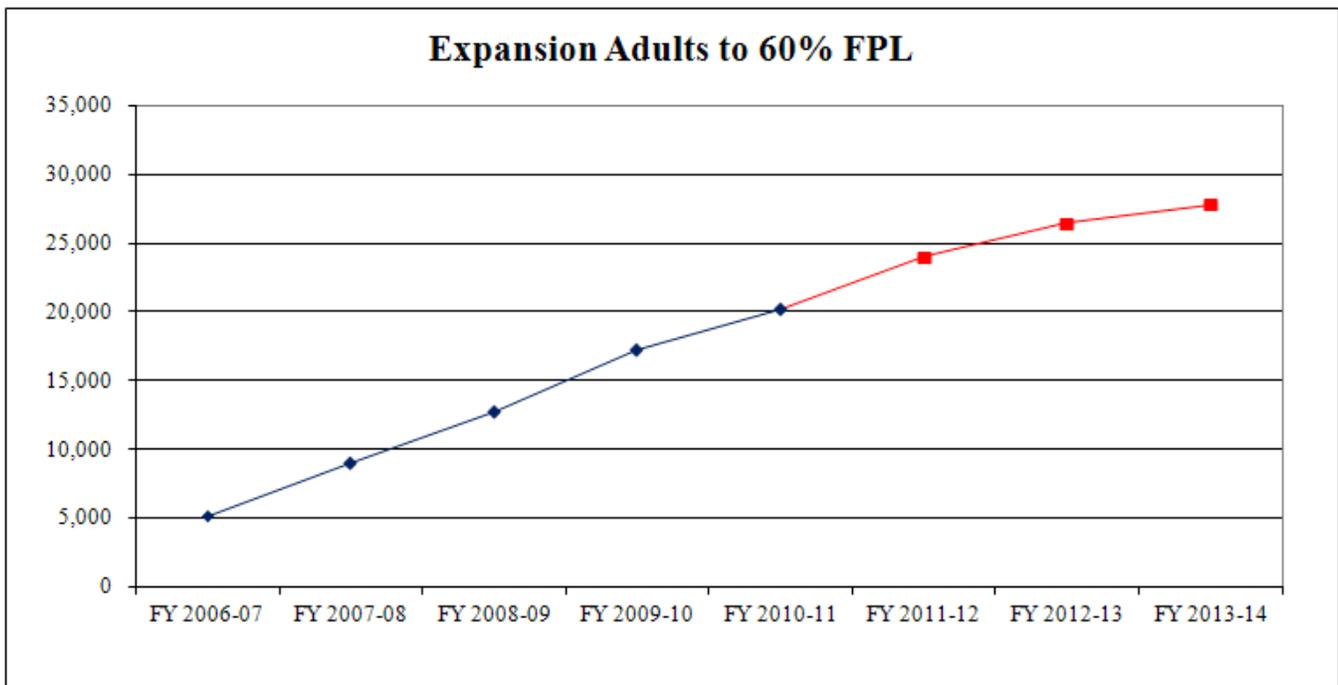
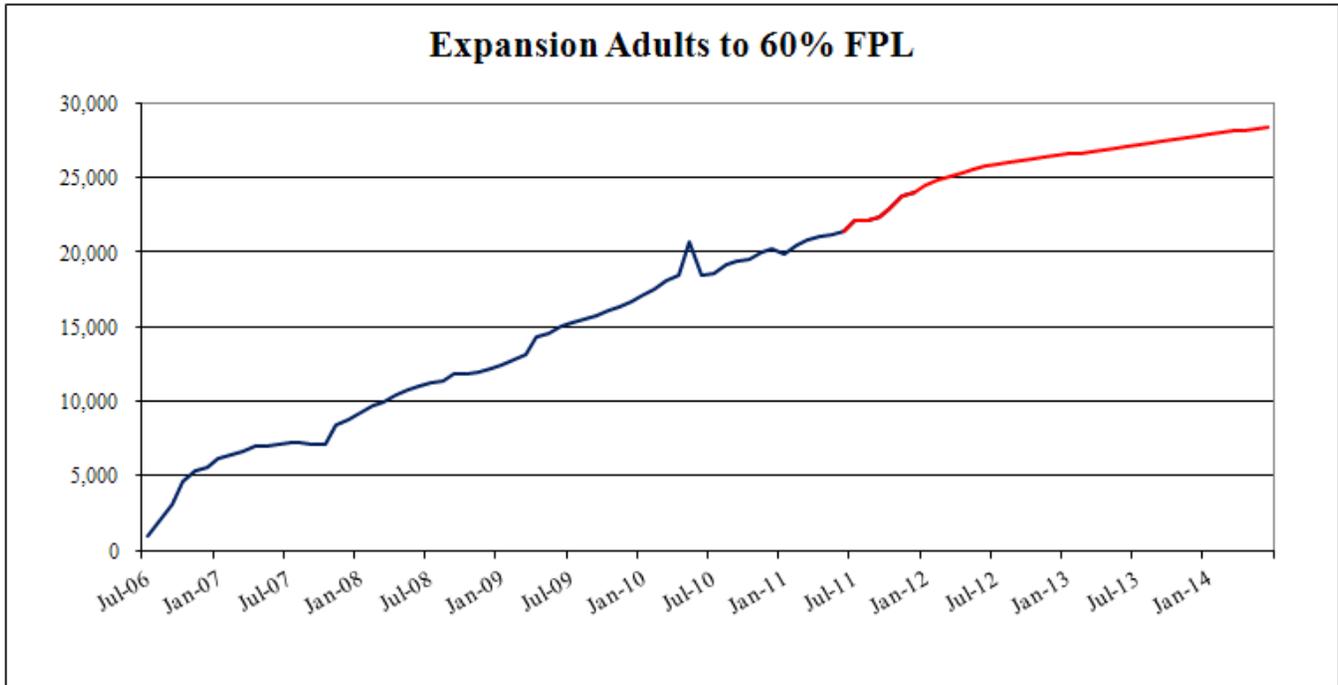
Base trend from December 2011 level			
FY 2011-12	70,766	16.09%	9,806

Monthly Average Growth Comparisons		
FY 2010-11 Actuals	1,016	1.72%
FY 2010-11 1st Half	903	1.60%
FY 2010-11 2nd Half	1,130	1.83%
FY 2011-12 1st Half Actuals	733	1.09%
FY 2011-12 2nd Half Forecast	568	0.94%
FY 2011-12 Forecast	650	0.98%
November 2011 Forecast	821	1.24%
FY 2012-13 Forecast	464	0.63%
November 2011 Forecast	475	0.62%

**Expansion Adults to 60% FPL**

HB 05-1262 (Tobacco Tax bill) allows for expanding Medicaid eligibility to parents of children enrolled in either Medicaid or the Children's Basic Health Plan up to 60% of the federal poverty level (FPL). The increase in the percentage of allowable federal poverty level was implemented on July 1, 2006. The Department has created a new category to track these clients, known as the Expansion Adults to 60% FPL.

**Expansion Adults: Model Results**



**Expansion Adults to 60% FPL: Justification and Monthly Projections**

- This population would be expected to have a high penetration rate, as these are parents of children in either the Children's Basic Health Plan or Medicaid, which have high enrollment rates.
- This population would be expected to be effected by the economy in similar ways as the AFDC-adult and children populations, although the effects are likely increased given that these clients are up to 60% of the federal poverty level, which would support higher growth rates.
- Growth in the first half of FY 2011-12 was much higher than the Department's November 2011 forecast, in which the annual caseload was projected to be 24,050 and average monthly growth was projected to be 67. The selected trend for FY 2011-12 is much higher than that from the

Department's November 2011 forecast, and would yield average growth of 290 per month for the remainder of FY 2011-12. This forecast is based on the average monthly change experienced in 2011. The forecast assumes that monthly growth will decrease over time as the population continues to mature, and will average 1.54% per month in FY 2011-12.

- The monthly growth rates for this eligibility group have converged with those experienced in the AFDC-Adults category over the last 18 months. As such, the Department has chosen to mirror the FY 2012-13 and FY 2013-14 growth rates from AFDC-Adults for this population. The forecasted growth rates are 10.18% for FY 2012-13 and 5.03% for FY 2013-14.

25.5-5-201 (1), C.R.S.

(m) (I)(A) Parents of children who are eligible for the medical assistance program or the children's basic health plan, article 8 of this title, whose family income does not exceed a specified percent of the federal poverty level, adjusted for family size, as set by the state board by rule, which percentage shall be not less than one hundred percent;

**Expansion Adults to 60% FPL: Historical Caseload and Forecasts**

Expansion Adults to 60% FPL: Historical Caseload and Projections			
	Actuals	Monthly Change	% Change
Dec-09	16,739	-	-
Jan-10	17,193	454	2.71%
Feb-10	17,514	321	1.87%
Mar-10	18,096	582	3.32%
Apr-10	18,490	394	2.18%
May-10	20,694	2,204	11.92%
Jun-10	18,435	(2,259)	-10.92%
Jul-10	18,556	121	0.66%
Aug-10	19,176	620	3.34%
Sep-10	19,403	227	1.18%
Oct-10	19,490	87	0.45%
Nov-10	20,002	512	2.63%
Dec-10	20,182	180	0.90%
Jan-11	19,893	(289)	-1.43%
Feb-11	20,522	629	3.16%
Mar-11	20,877	355	1.73%
Apr-11	21,090	213	1.02%
May-11	21,194	104	0.49%
Jun-11	21,458	264	1.25%
Jul-11	22,184	726	3.38%
Aug-11	22,112	(72)	-0.32%
Sep-11	22,388	276	1.25%
Oct-11	22,985	597	2.67%
Nov-11	23,803	818	3.56%
Dec-11	24,012	209	0.88%

	Caseload	% Change	Level Change
FY 2006-07	5,162	-	-
FY 2007-08	8,918	72.76%	3,756
FY 2008-09	12,727	42.71%	3,809
FY 2009-10	17,178	34.97%	4,451
FY 2010-11	20,154	17.32%	2,976
FY 2011-12	24,050	19.33%	3,896
FY 2012-13	26,498	10.18%	2,448
FY 2013-14	27,831	5.03%	1,333

November 2011 Trends			
	Caseload	% Change	Level Change
FY 2011-12	21,986	9.09%	1,832
FY 2012-13	22,413	1.94%	427
FY 2013-14	22,692	1.24%	279

Monthly Average Growth Comparisons		
	Monthly Change	% Change
FY 2011-12	358	1.54%
FY 2012-13	110	0.42%
FY 2013-14	106	0.38%

Monthly Average Growth Comparisons		
	Monthly Change	% Change
FY 2010-11 Actuals	252	1.28%
FY 2010-11 1st Half	291	1.53%
FY 2010-11 2nd Half	213	1.04%
FY 2011-12 1st Half Actuals	426	1.90%
FY 2011-12 2nd Half Forecast	290	1.17%
FY 2011-12 Forecast	358	1.54%
November 2011 Forecast	67	0.31%
FY 2012-13 Forecast	110	0.42%
November 2011 Forecast	24	0.10%

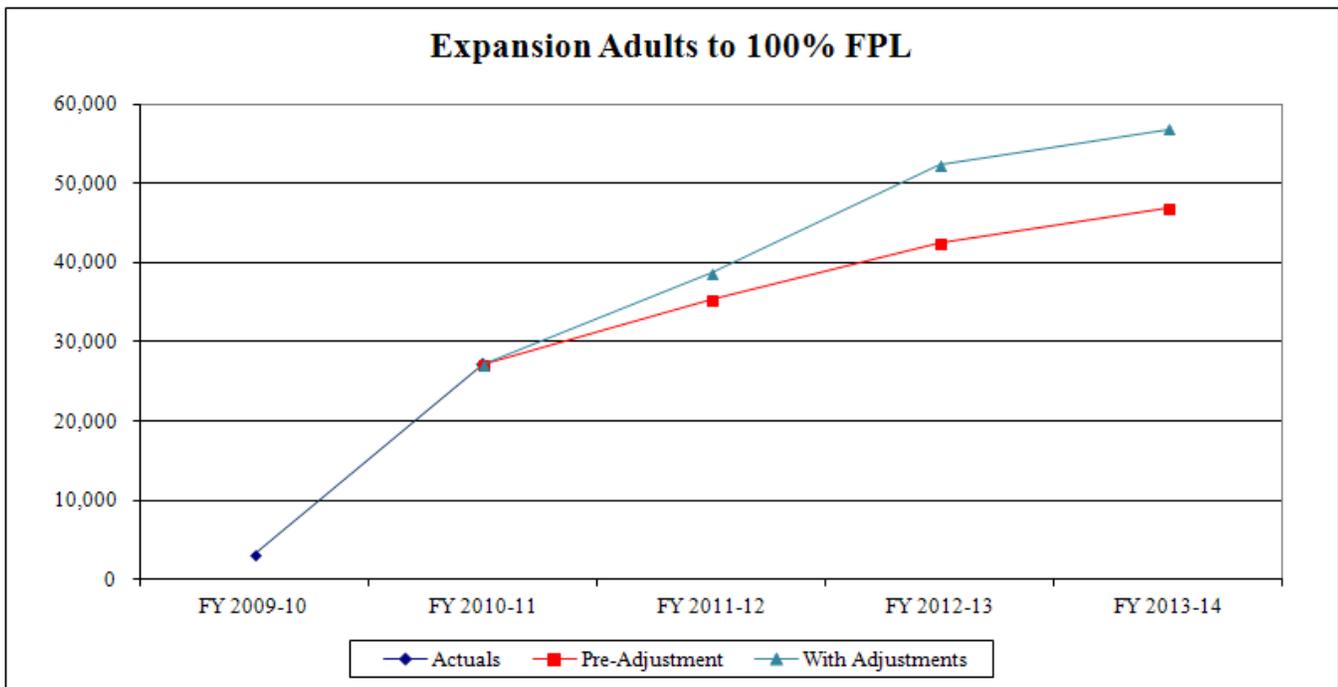
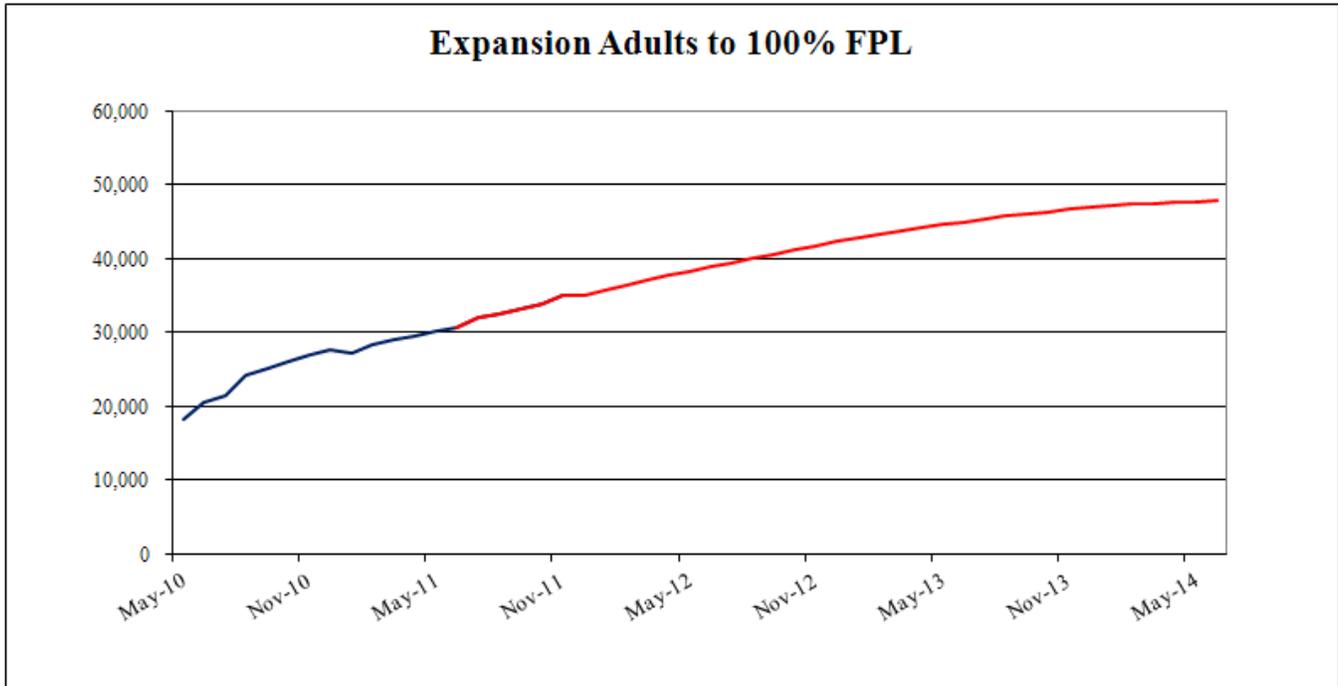
November 2011 Forecast	
Forecasted December 2011 Level	22,006

Actuals		
	Monthly Change	% Change
6-month average	426	1.90%
12-month average	319	1.47%
18-month average	310	1.49%
24-month average	303	1.58%

Base trend from December 2011 level			
	Caseload	% Change	Level Change
FY 2011-12	24,012	19.14%	3,858

**Expansion Adults to 100% FPL**

HB 09-1293 (Colorado Health Care Affordability Act) allows for expanding Medicaid eligibility to parents of children enrolled in either Medicaid or the Children's Basic Health Plan up to 100% of the federal poverty level (FPL). The increase in the percentage of allowable federal poverty level was implemented on May 1, 2010. The Department has created a new category to track these clients, known as the Expansion Adults to 100% FPL.



- This eligibility type was created from HB 09-1293, which expands eligibility for parents of children in Medicaid from 60% to 100% of the federal poverty level. This increase was effective May 1, 2010.

- The planned implementation for this group did not include redeterminations for current Family Medical cases. This population would have included only newly eligible individuals that had their applications processed on or after May 1, 2010. However, when the expansion was implemented, the Colorado Benefits Management System redetermined all existing Family Medical cases, as well as any cases that were denied in the previous three months. This resulted in a large number of individuals being immediately eligible for this population, and a May 2010 caseload of 18,253.
- Growth in the first half of FY 2011-12 was much higher than the Department’s November 2011 forecast, in which the annual caseload was projected to be 35,406 and average monthly growth was projected to be 414. The selected trend for FY 2011-12 is much higher than that from the Department’s November 2011 forecast, and would yield average growth of 665 per month for the remainder of FY 2011-12. This forecast is based on the average monthly change experienced from September 2010 through December 2011. The forecast assumes that monthly growth will decrease over time as the population continues to mature, and will average 1.98% per month in FY 2011-12.
- The Department assumes that growth will continue to decrease throughout the forecast period, to an average of 1.22% per month in FY 2012-13 and 0.52% per month FY 2013-14. Though economic conditions may be partially responsible for the increased caseload in this group, monthly growth is expected to moderate as the eligibility category becomes established.
- The Department has changed the forecasting methodology for this population effective with this forecast. At the time of the Department’s November 2011 forecast, there were only two months of actuals for this group and there was no data to support deviating from the February 2011 forecast. That forecast was based on uninsured data for 2009 trended forward, phased in on an annual basis. After further research, the Department determined that this methodology was resulting in dramatic changes in forecasted monthly growth rates needed to reach the projected annual averages. For example, caseload would have had to increase by an average of 414 in FY 2011-12 but only by an average of 60 per month in FY 2012-13 to reach the forecasted annual average caseload levels.
- The Department now has 20 months of actuals to use to forecast caseload in this eligibility group using a similar methodology to that formerly used in the Expansion Adults to 60% FPL category. As such, the growth rates are based on actual growth experienced from September 2010 through December 2011, with decay factors to incorporate the assumption that the growth rates will decline as the population matures and caseload reaches a potential ceiling of eligibles. This change in forecasting methodology has resulted in a dramatic increase in the projected monthly growth needed to reach the FY 2012-13 caseload level; in the Department’s November 2011 forecast, the monthly growth was estimated to be 60, but the revised forecast is for average growth of 507 per month in FY 2012-13. However, as can be seen in the table below, the Department’s revised forecast yields a projection that is consistent with experience from previous Medicaid expansions, and is in fact conservative.

<b>Comparison of Growth Rates for Medicaid Expansions</b>			
	Year 1*	Year 2	Year 3
Breast & Cervical Cancer Program	1850.00%	57.50%	27.92%
Expansion Adults to 60% FPL	604.76%	51.18%	33.46%
Expansion Adults to 100% FPL**	61.51%	25.04%	15.39%

\* Growth for the Breast & Cervical Cancer Program and the Expansion Adults to 60% is calculated as that experienced from July to the following June.

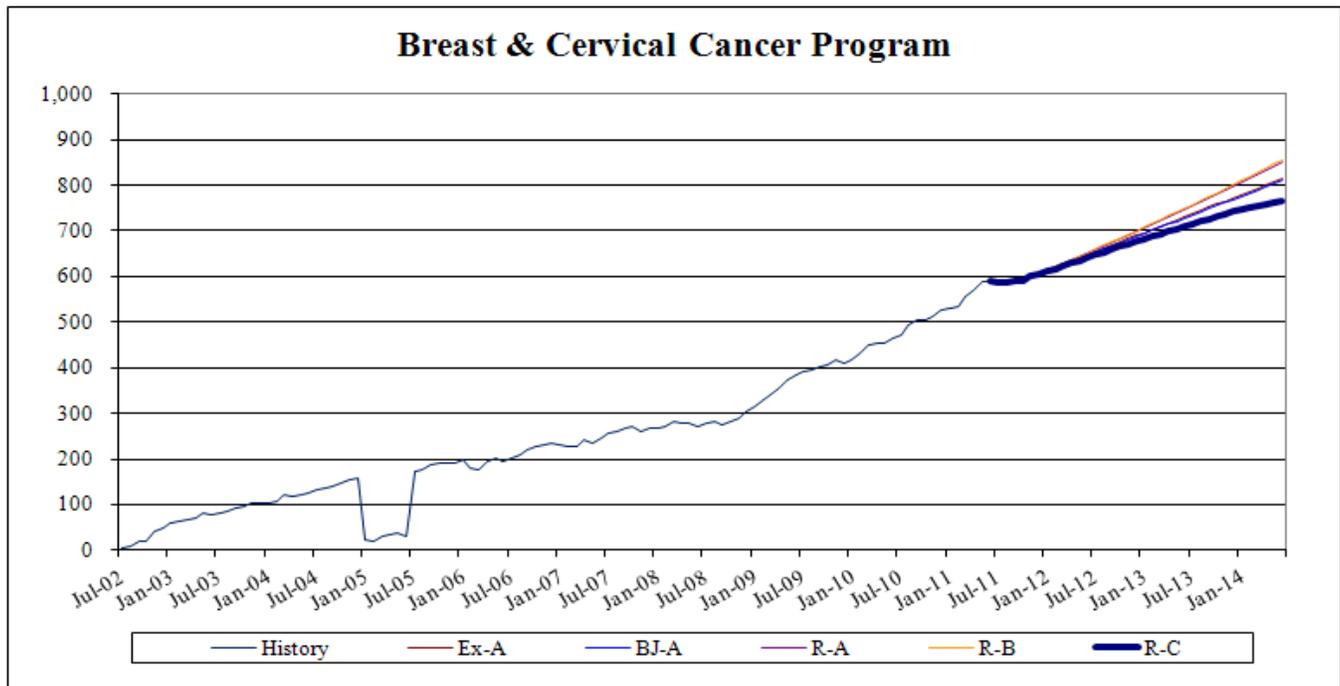
\*\* Growth for the Expansion Adults to 100% FPL are calculated as the change from May to the following April due to the implementation date of the population.

- There is a bottom-line adjustment to this eligibility type from HB 09-1293, which establishes the Adults without Dependent Children (AwDC). Enrollment in this program will initially be opened to individuals with income 0-10% of federal poverty line (FPL) and enrollment will be limited to 10,000, with enrollment anticipated to start in May 2012.

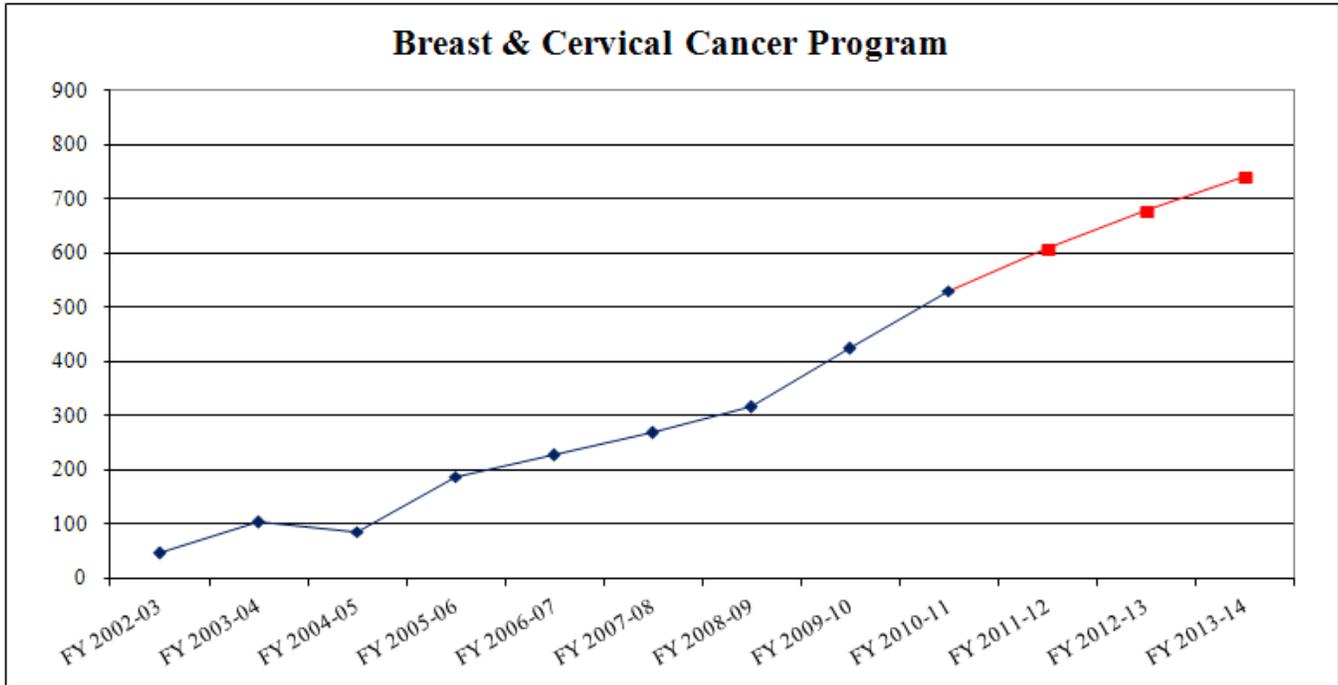
**Breast and Cervical Cancer Program**

The Breast and Cervical Cancer Treatment Program was authorized under SB 01S2-012 and began enrolling eligible women in July 2002. Women under this optional coverage group were screened using the Centers for Disease Control’s national breast and cervical cancer early detection and prevention guidelines, and found to have breast or cervical cancer. These women are between the ages of 40 and 64, uninsured, and otherwise not eligible for Medicaid. The Colorado Department of Public Health and Environment administers the screening program as a grantee of the Centers of Disease Control. Regulations for the nationwide screening program indicate that the program is for low-income women, which the Department of Public Health and Environment has interpreted to be less than 250% of the federal poverty level. To date, all 50 states have approved the option of covering these women under Medicaid.

**Breast and Cervical Cancer Program: Model Results**



Breast and Cervical Cancer Program: Model Statistics	Adjusted R <sup>2</sup>	Notes
Exponential Smoothing A	0.9982	
Box-Jenkins A*	0.9982	
Regression A	0.9982	BCCP [-1], Female Population 19-59
Regression B	0.9982	BCCP [-1], Trend
Regression C	0.9984	BCCP [-1], Unemployment Rate, Total Wages, Female Population 19-59



Breast and Cervical Cancer Program: Model Results						
FY 2011-12	FY 2009-10	FY 2010-11	Projected Growth Rate	Projected FY 2011-12 Caseload	Level Change	Average Monthly Change <sup>1</sup>
Exponential Smoothing	425	531	15.25%	612	81	5
Box Jenkins *	425	531	15.25%	612	81	5
Regression A	425	531	15.44%	613	82	5
Regression B	425	531	15.44%	613	82	5
<b>Regression C</b>	<b>425</b>	<b>531</b>	<b>14.88%</b>	<b>610</b>	<b>79</b>	<b>4</b>

\* Denotes Expert Selection, Bold denotes Trend Selection

FY 2012-13	Projected FY 2010-11 Caseload	Projected FY 2011-12 Caseload	Projected Growth Rate	Projected FY 2012-13 Caseload	Level Change	Average Monthly Change <sup>1</sup>
Exponential Smoothing	531	610	13.24%	691	81	7
Box Jenkins *	531	610	12.91%	689	79	7
Regression A	531	610	14.68%	700	90	8
Regression B	531	610	14.85%	701	91	8
<b>Regression C</b>	<b>531</b>	<b>610</b>	<b>11.31%</b>	<b>679</b>	<b>69</b>	<b>6</b>

FY 2013-14	Projected FY 2011-12 Caseload	Projected FY 2012-13 Caseload	Projected Growth Rate	Projected FY 2013-14 Caseload	Level Change	Average Monthly Change <sup>1</sup>
Exponential Smoothing	610	679	11.98%	760	81	7
Box Jenkins *	610	679	11.72%	759	80	7
Regression A	610	679	14.08%	775	96	9
Regression B	610	679	14.49%	777	98	9
<b>Regression C</b>	<b>610</b>	<b>679</b>	<b>9.43%</b>	<b>743</b>	<b>64</b>	<b>5</b>

<sup>1</sup> Average monthly change is calculated as that between June of the respective fiscal year and June of the prior fiscal year. This is not directly comparable to the annual level change, which is calculated as the difference between the annual average caseload.

**Breast and Cervical Cancer Program: Trend Selections**

FY 2011-12: 14.88%  
 FY 2012-13: 11.31%  
 FY 2013-14: 9.43%

***Breast and Cervical Cancer Program: Justifications***

- Clients in this eligibility type exceed Medicaid income guidelines, so it is reasonable to expect that the caseload will continue to grow, as they are not affected by the economy as much as low-income adults and children, and they do not have alternative insurance to utilize. These clients may be affected by economic conditions, though it may be mitigated by the specificity of the diagnoses required for eligibility.
- This program receives ongoing Tobacco Tax funding to subcontract with clinics that provide screenings. The Department knows of no new clinics coming into the program during the forecast period.
- The graph above shows caseload steadily increasing from July of 2002 to December of 2004. At that time, the reported caseload decreased dramatically because of an issue within the Medicaid Management Information System that was used to report the data. Because of this issue within the Medicaid Management Information System, a more reliable source was utilized to create caseload figures. Until the problem was resolved, the Department obtained a caseload report directly from raw data in the Colorado Benefits Management System. This report was used from July 2005 through March 2006, when the reports from the Medicaid Management Information System and the Colorado Benefits Management System were synchronized. All subsequent monthly caseload data are obtained from the Medicaid Management Information System report that is used to report all other categories of Medicaid caseload. The caseload counts for the six months from January through June 2005 were left as originally reported. This explains the six months of unusually low figures that are shown in the graph.
- Growth in the first half of FY 2011-12 was lower than the Department's November 2011 forecast, in which the annual caseload was projected to be 640 and average monthly growth was projected to be 7. The selected trend for FY 2011-12 is lower than that from the Department's November 2011 forecast, and would yield average growth of 6 per month for the remainder of FY 2011-12.
- Out-year growth is projected to continue at historic levels. As a program matures, growth is expected to slow and stabilize. The Department believes that the Breast and Cervical Cancer program is approaching a level of maturity where, barring unforeseen circumstances, average growth of more than 2% per month should no longer be expected.

25.5-5-201 (1), C.R.S.

*(i) Persons who are eligible for the breast and cervical cancer prevention and treatment program pursuant to section 25.5-5-308;*

**Breast and Cervical Cancer Program: Historical Caseload and Forecasts**

<b>Breast and Cervical Cancer Program: Historical Caseload and Projections</b>			
	<b>Actuals</b>	<b>Monthly Change</b>	<b>% Change</b>
Dec-09	411	-	-
Jan-10	416	5	1.22%
Feb-10	431	15	3.61%
Mar-10	449	18	4.18%
Apr-10	452	3	0.67%
May-10	455	3	0.66%
Jun-10	466	11	2.42%
Jul-10	471	5	1.07%
Aug-10	493	22	4.67%
Sep-10	503	10	2.03%
Oct-10	505	2	0.40%
Nov-10	511	6	1.19%
Dec-10	526	15	2.94%
Jan-11	532	6	1.14%
Feb-11	535	3	0.56%
Mar-11	556	21	3.93%
Apr-11	569	13	2.34%
May-11	587	18	3.16%
Jun-11	589	2	0.34%
Jul-11	587	(2)	-0.34%
Aug-11	586	(1)	-0.17%
Sep-11	590	4	0.68%
Oct-11	592	2	0.34%
Nov-11	602	10	1.69%
Dec-11	606	4	0.66%

	<b>Caseload</b>	<b>% Change</b>	<b>Level Change</b>
FY 2002-03	47	-	-
FY 2003-04	105	123.40%	58
FY 2004-05	87	-17.14%	(18)
FY 2005-06	188	116.09%	101
FY 2006-07	228	21.28%	40
FY 2007-08	270	18.42%	42
FY 2008-09	317	17.41%	47
FY 2009-10	425	34.07%	108
FY 2010-11	531	24.94%	106
FY 2011-12	610	14.88%	79
FY 2012-13	679	11.31%	69
FY 2013-14	743	9.43%	64

\* Medicaid caseload was restated back to FY 2002-03 effective July 1, 2008. Caseload prior to FY 2002-03 has not been restated and is not directly comparable to the restated caseload.

<b>November 2011 Trends</b>			
FY 2011-12	640	20.53%	109
FY 2012-13	717	12.03%	77
FY 2013-14	777	8.37%	60

<b>Monthly Average Growth Comparisons</b>		
FY 2010-11 Actuals	10	1.98%
FY 2010-11 1st Half	10	2.05%
FY 2010-11 2nd Half	11	1.91%
FY 2011-12 1st Half Actuals	3	0.48%
FY 2011-12 2nd Half Forecast	6	1.43%
FY 2011-12 Forecast	4	0.68%
November 2011 Forecast	7	1.19%
FY 2012-13 Forecast	6	0.92%
November 2011 Forecast	6	0.85%

<b>November 2011 Forecast</b>	
Forecasted December 2011 Level	638

<b>Actuals</b>		
	<b>Monthly Change</b>	<b>% Change</b>
6-month average	3	0.48%
12-month average	7	1.19%
18-month average	8	1.48%
24-month average	8	1.64%

<b>Base trend from December 2011 level</b>			
FY 2011-12	606	14.12%	75

**Eligible Children**

One of the primary ways that children qualify for Medicaid is through Section 1931 of the federal Medicaid statute. Under Section 1931, families who were eligible for cash welfare assistance under the Aid to Families with Dependent Children program are still eligible for Medicaid even after the Aid to Families with Dependent Children program was discontinued. Aid to Families with Dependent Children was replaced by the Temporary Assistance for Needy Families welfare program (referred to as Colorado Works) on July 16, 1996, and clients under the Temporary Assistance for Needy Families program were no longer automatically eligible for Medicaid.

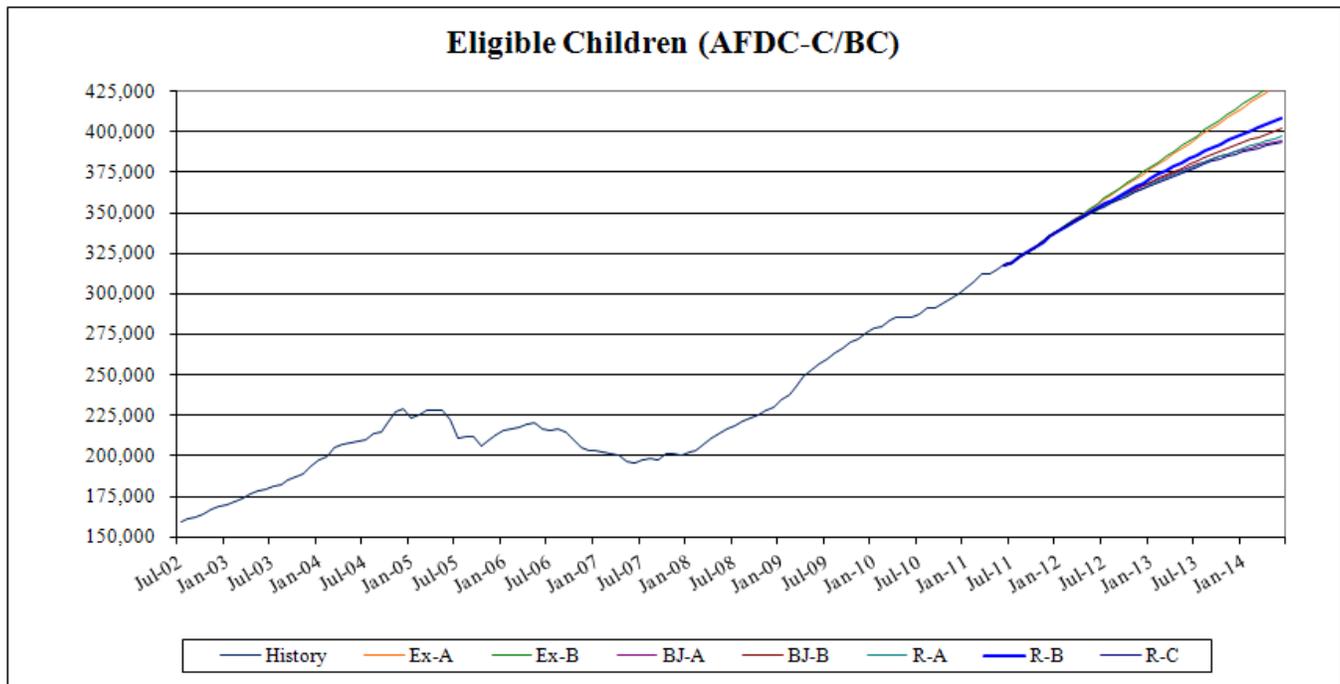
This category also includes children on Transitional Medicaid. Transitional Medicaid is available to children in families who have received 1931 Medicaid three of the past six months and become ineligible due to an increase in earned income. Children receive Transitional Medicaid benefits for one year. In FY 2010-11, there were an average of 11,042 children on Transitional Medicaid. Authorization

for Transitional Medicaid benefits was extended through February 29, 2012, and the Department’s forecast assumes that the program will continue through FY 2012-13.

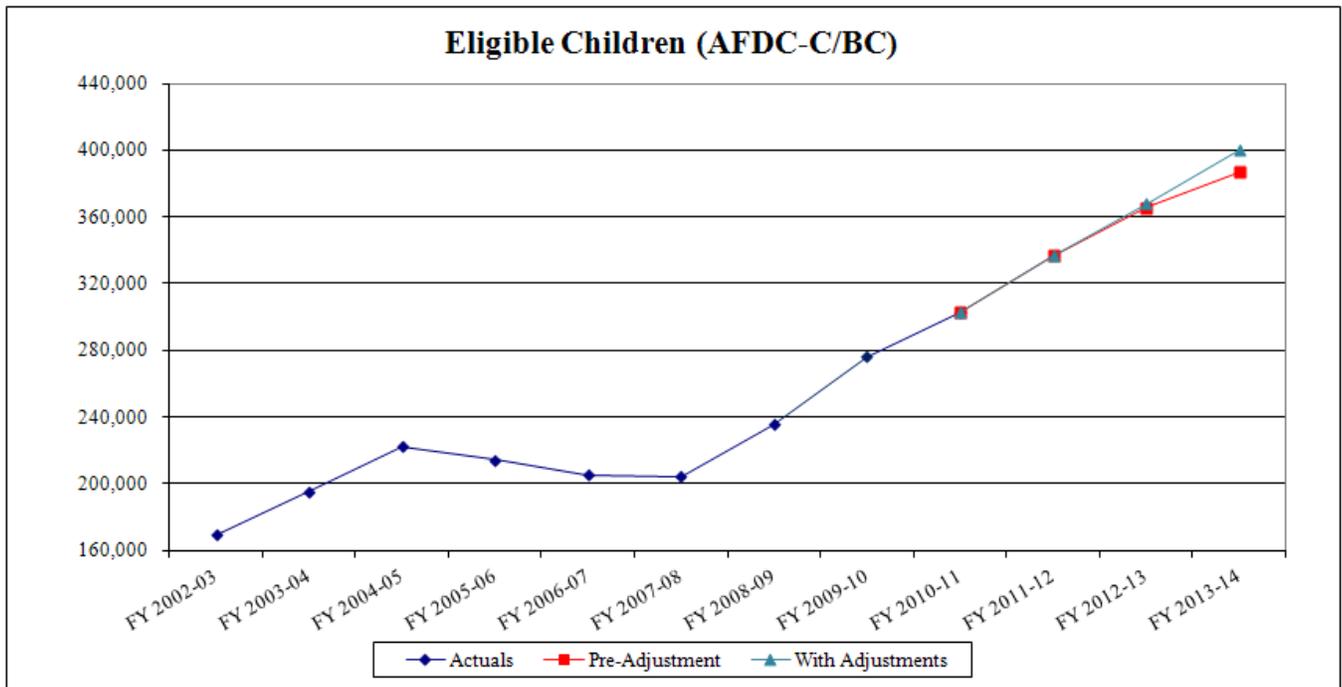
Children who are born to women enrolled in the Baby and Kid Care program are also included in this category. Between 1986 and 1991, Congress extended Medicaid to new groups of pregnant women and children. Referred to as Baby and Kid Care in Colorado, this program was authorized through the Medicare Catastrophic Coverage Act of 1988. The program enrolls Baby Care women (see the Baby Care-Adults section of this document for information on women) and Kid Care children. Kid Care children are born to women with incomes up to 133% of the federal poverty level, and are covered up to age six. The Baby and Kid Care Program serves a much higher income level than the 1931 Families program, and pregnant mothers are not subject to resource or asset limitations to qualify for the program. Moreover, the Baby and Kid Care Program has never had a cash-assistance component and was unaffected by welfare reform in 1996.

In previous years, this caseload was adjusted to include Ribicoff children. Ribicoff children were children aged six to 19, with incomes up to 100% of the federal poverty level with resources limited to \$1,000 who were born after September 30, 1983. Beginning with age six, a new age cohort was phased-in each year. Caseload was adjusted upwards to include these children. However, the final cohort of children was phased-in during FY 2002-03, so no further caseload adjustments are needed. Therefore, the Eligible Children category includes: children in families who receive Medicaid under Section 1931, children in families who receive Temporary Aid to Needy Families financial assistance coupled with Medicaid, children who are eligible for Kid Care, Ribicoff children, and children who receive Transitional Medicaid.

**Eligible Children: Model Results**



Eligible Children: Model Statistics	Adjusted R <sup>2</sup>	Notes
Exponential Smoothing A*	0.9920	
Exponential Smoothing B*	0.9979	
Box-Jenkins A	0.9992	
Box-Jenkins B	0.9980	
Regression A	0.9993	KIDS [-1], KIDS [-7], Unemployment Rate, Total Wages, CBMS Dummy, Systems Dummy
Regression B	0.9993	KIDS [-1], KIDS [-7], Unemployment Rate, CBMS Dummy, CBMS Dummy [-1], Systems Dummy, Auto [-18]
Regression C	0.9894	KIDS [-1], KIDS [-7], Unemployment Rate, Total Wages, Trend, CBMS Dummy [-2], Systems Dummy



Eligible Children: Model Results						
FY 2011-12	FY 2009-10	FY 2010-11	Projected Growth Rate	Projected FY 2011-12 Caseload	Level Change	Average Monthly Change <sup>1</sup>
Exponential Smoothing A*	275,672	302,410	11.52%	337,248	34,838	3,120
Exponential Smoothing B*	275,672	302,410	11.57%	337,399	34,989	3,162
Box Jenkins A	275,672	302,410	11.36%	336,764	34,354	2,923
Box Jenkins B	275,672	302,410	11.30%	336,582	34,172	2,898
Regression A	275,672	302,410	11.22%	336,340	33,930	2,849
Regression B	275,672	302,410	11.32%	336,643	34,233	2,943
<b>Regression C</b>	<b>275,672</b>	<b>302,410</b>	<b>11.30%</b>	<b>336,582</b>	<b>34,172</b>	<b>2,873</b>

\* Denotes Expert Selection, Bold denotes Trend Selection

FY 2012-13	Projected FY 2010-11 Caseload	Projected FY 2011-12 Caseload	Projected Growth Rate	Projected FY 2012-13 Caseload	Level Change	Average Monthly Change <sup>1</sup>
Exponential Smoothing A*	302,410	336,582	11.34%	374,750	38,168	3,156
Exponential Smoothing B*	302,410	336,582	11.61%	375,659	39,077	3,241
Box Jenkins A	302,410	336,582	9.03%	366,975	30,393	2,122
Box Jenkins B	302,410	336,582	9.23%	367,649	31,067	2,284
Regression A	302,410	336,582	8.84%	366,336	29,754	2,129
Regression B	302,410	336,582	9.81%	369,601	33,019	2,530
<b>Regression C</b>	<b>302,410</b>	<b>336,582</b>	<b>8.60%</b>	<b>365,528</b>	<b>28,946</b>	<b>2,032</b>

FY 2013-14	Projected FY 2011-12 Caseload	Projected FY 2012-13 Caseload	Projected Growth Rate	Projected FY 2013-14 Caseload	Level Change	Average Monthly Change <sup>1</sup>
Exponential Smoothing A*	336,582	365,528	10.08%	402,373	36,845	3,156
Exponential Smoothing B*	336,582	365,528	10.33%	403,287	37,759	3,241
Box Jenkins A	336,582	365,528	5.59%	385,961	20,433	1,391
Box Jenkins B	336,582	365,528	6.65%	389,836	24,308	1,844
Regression A	336,582	365,528	6.16%	388,045	22,517	1,664
Regression B	336,582	365,528	7.52%	393,016	27,488	2,094
<b>Regression C</b>	<b>336,582</b>	<b>365,528</b>	<b>5.72%</b>	<b>386,436</b>	<b>20,908</b>	<b>1,397</b>

<sup>1</sup> Average monthly change is calculated as that between June of the respective fiscal year and June of the prior fiscal year. This is not directly comparable to the annual level change, which is calculated as the difference between the annual average caseload.

### *Eligible Children: Trend Selections*

FY 2011-12: 11.30%

FY 2012-13: 8.60%

FY 2013-14: 5.72%

### *Eligible Children: Justifications*

- This population is effected by economic conditions in similar ways as the Categorically Eligible Low-Income Adults and Baby Care-Adults, as children on Medicaid have eligibility granted as a function of a parent or guardian in most cases. Caseload trends in this category are highly affected by economic conditions, and tend to be positively correlated with the population of children aged 0 to 18. Growth in the 0 to 18 population dropped from around 2.3% per year from FY 1995-96 to FY 2001-02 to about 1.2% per year from FY 2002-03 to FY 2010-11. The expansion in this age group is projected to average 1.7% throughout the forecast period.<sup>11</sup> The economy is projected remain relatively weak over the forecast period, with the unemployment rate to average 8.4% between 2011 and 2013. Wage and salary income is projected to increase by 3.9% in 2011, with moderate growth of 2.8% in 2012, increasing to 3.8% in 2013.<sup>12</sup>
- Caseload declines occurred from 1993 to 1999 due to economic expansion and effects from the Tatum lawsuit (see Categorically Eligible Low-Income Adults section for more information on the lawsuit). When the Children's Basic Health Plan program was enacted in 1998, it required that children be screened for Medicaid before conferring Children's Basic Health Plan eligibility. As more children applied, many were found to be Medicaid eligible and were enrolled in Medicaid. Between FY 2002-03 and FY 2004-05, caseload in this category grew by 31.4%, which the Department believes is largely due to the state of the economy. The rate of growth fell drastically in FY 2005-06, and the caseload actually contracted by 3.74%. There were large and consistent declines between July 2006 and December 2007, which seems to indicate that the improved economy was having the expected effect on caseload. Similarly, large and consistent increases since January 2008 indicate that the weakening economic conditions are impacting caseload in this eligibility type.
- Recent changes to the rules regarding the citizenship requirements of the Deficit Reduction Act of 2005 may effect this population and result in higher growth. Children who cannot provide proper proof of citizenship will no longer automatically remain eligible for the Children's Basic Health Plan. This may increase growth in Medicaid as families find documents to ensure coverage of children.
- Growth in the first half of FY 2011-12 was higher than the Department's November 2011 forecast, in which the annual base caseload was projected to be 332,377 and average monthly growth was projected to be 2,229. The selected trend for FY 2011-12 is higher than that from the Department's November 2011 forecast, and would yield average increases of 2,663 per month for the remainder of FY 2011-12. This forecast is reflective of the consistent increases since the second half of FY 2007-08, which moderated in FY 2009-10 but increased in FY 2010-11. Because the economy is believed

<sup>11</sup> Department of Local Affairs, Demography Division

<sup>12</sup> Source: Office of State Planning and Budgeting, June 2010 Revenue Forecast

to be largely responsible this change, projected economic conditions give no indication that the trend will not continue to be positive throughout FY 2011-12. The selected trends for FY 2011-12 and FY 2012-13 are conservative due to volatility in the monthly data, and the Department will continue to monitor this category and economic conditions closely.

- Similar to the pattern seen in AFDC-Adults, the out-year trend is expected to slow with declining monthly growth, reflective of projected moderating economic conditions beginning at the end of 2012. Growth in children is expected to be higher than that in the adult populations due to current outreach activities funded by the Department and a number of community initiatives to enroll eligibles, most of which target children.
- As part of the Department's efforts to increase administrative efficiencies, it is implementing Express Lane Eligibility in FY 2011-12. This will allow the program to take utilize information in the Colorado Benefits Management System (CBMS) gathered for the free/reduced price lunch program to expedite eligibility processing for children potentially eligible for Medicaid. Currently, school aged children are specifically targeted in many ways for application assistance. Many school districts hand out Medical Assistance Applications at schools, and community partners throughout the State provide application assistance to families at Back-to-School nights and other school-related events. Thus, the coordination with the free/reduced price lunch program will serve to decrease the administrative burden on school districts, community partners, and families by utilizing existing data within CBMS. The Department estimates that any caseload increases resulting from this initiative are negligible and has included them in its caseload forecast.
- There is a bottom-line adjustment to this eligibility type from SB 11-008, which increases eligibility for children age 6 to 19 in Medicaid from 100% of federal poverty line (FPL) to 133% FPL effective January 1, 2013.

*25.5-5-101 (1), C.R.S.*

*(a) Individuals who meet the eligibility criteria for the aid to families with dependent children program pursuant to rules that were in effect on July 16, 1996;*

*(b) Families who meet the eligibility criteria for the aid to families with dependent children program established in rules that were in effect on July 16, 1996, and who subsequently would have become ineligible under such eligibility criteria because of increased earnings or increased hours of employment whose eligibility is specified for a period of time by the federal government;*

*(c) Qualified pregnant women, and children under the age of seven, who meet the income resource requirements of the state's aid to families with dependent children program pursuant to rules that were in effect on July 16, 1996;*

*(d) A newborn child born of a woman who is categorically needy. Such child is deemed Medicaid-eligible on the date of birth and remains eligible for one year so long as the woman remains categorically needy and the child is a member of her household;*

*(m) Low-income pregnant women, and children through the age of six, whose income is at or below a certain percentage of the federal poverty level as determined by the federal government;*

*25.5-5-201 (1), C.R.S.*

*(a) Individuals who would be eligible for but are not receiving cash assistance;*

*(d) Individuals who would be eligible for aid to families with dependent children if child care were paid from earnings;*

*(e) Individuals under the age of twenty-one who would be eligible for aid to families with dependent children but do not qualify as dependent children;*

*(h) Persons who are eligible for cash assistance under the works program pursuant to section 26-2-706, C.R.S.;*

*25.5-5-205 (3), C.R.S.*

*(a) On and after April 1, 1990, children under the age of six years and pregnant women shall be eligible for benefits under the baby and kid care program... (b) The percentage level of the federal poverty line,*

as defined pursuant to 42 U.S.C. sec. 9902 (2), used to determine eligibility under this subsection (3) shall be one hundred thirty-three percent...;

(c) (I) On and after July 1, 1991, children born after September 30, 1983, who have attained age six but have not attained age nineteen shall be eligible for benefits under the baby and kid care program... (II) The percentage level of the federal poverty line, as defined pursuant to 42 U.S.C. sec. 9902 (2), used to determine eligibility under this paragraph (c) shall be one hundred percent;

**Eligible Children: Historical Caseload and Forecasts**

Eligible Children: Historical Caseload and Projections							
	Actuals	Monthly Change	% Change		Caseload*	% Change	Level Change
Dec-09	275,867	-	-	FY 1995-96	113,439	-	-
Jan-10	279,000	3,133	1.14%	FY 1996-97	110,586	-2.52%	(2,853)
Feb-10	279,898	898	0.32%	FY 1997-98	103,912	-6.04%	(6,674)
Mar-10	283,625	3,727	1.33%	FY 1998-99	102,074	-1.77%	(1,838)
Apr-10	285,746	2,121	0.75%	FY 1999-00	109,816	7.58%	7,742
May-10	285,779	33	0.01%	FY 2000-01	123,221	12.21%	13,405
Jun-10	285,778	(1)	0.00%	FY 2001-02	143,909	16.79%	20,688
Jul-10	287,674	1,896	0.66%	FY 2002-03	169,311	17.65%	25,402
Aug-10	290,871	3,197	1.11%	FY 2003-04	195,279	15.34%	25,968
Sep-10	291,592	721	0.25%	FY 2004-05	222,472	13.93%	27,193
Oct-10	294,155	2,563	0.88%	FY 2005-06	214,158	-3.74%	(8,314)
Nov-10	296,482	2,327	0.79%	FY 2006-07	205,390	-4.09%	(8,768)
Dec-10	299,499	3,017	1.02%	FY 2007-08	204,022	-0.67%	(1,368)
Jan-11	304,042	4,543	1.52%	FY 2008-09	235,129	15.25%	31,107
Feb-11	307,032	2,990	0.98%	FY 2009-10	275,672	17.24%	40,543
Mar-11	312,300	5,268	1.72%	FY 2010-11	302,410	9.70%	26,738
Apr-11	312,603	303	0.10%	FY 2011-12	336,582	11.30%	34,172
May-11	315,116	2,513	0.80%	FY 2012-13	365,528	8.60%	28,946
Jun-11	317,551	2,435	0.77%	FY 2013-14	386,436	5.72%	20,908
Jul-11	319,065	1,514	0.48%	* Medicaid caseload was restated back to FY 2002-03 effective July 1, 2008. Caseload prior to FY 2002-03 has not been restated and is not directly comparable to the restated caseload.			
Aug-11	322,779	3,714	1.16%	<b>Adjustments</b>			
Sep-11	325,673	2,894	0.90%	FY 2011-12	0		
Oct-11	328,632	2,959	0.91%	FY 2012-13	2,121		
Nov-11	332,183	3,551	1.08%	FY 2013-14	13,431		
Dec-11	336,053	3,870	1.17%				

November 2011 Forecast	
Forecasted December 2011 Level	331,592

February 2012 Projections After Adjustments			
FY 2011-12	336,582	11.30%	34,172
FY 2012-13	367,649	9.23%	31,067
FY 2013-14	399,867	8.76%	32,218

Base trend from December 2011 level			
FY 2011-12	336,053	11.12%	33,643

November 2011 Trends (BEFORE ADJUSTMENTS)			
FY 2011-12	332,377	9.92%	29,996
FY 2012-13	356,408	7.23%	24,031
FY 2013-14	374,977	5.21%	18,569

Monthly Average Growth Comparisons		
FY 2010-11 Actuals	2,648	0.88%
FY 2010-11 1st Half	2,287	0.79%
FY 2010-11 2nd Half	3,009	0.98%
FY 2011-12 1st Half Actuals	3,084	0.95%
FY 2011-12 2nd Half Forecast	2,663	0.86%
FY 2011-12 Forecast	2,873	0.90%
November 2011 Forecast	2,229	0.70%
FY 2012-13 Forecast	2,032	0.58%
November 2011 Forecast	1,795	0.52%

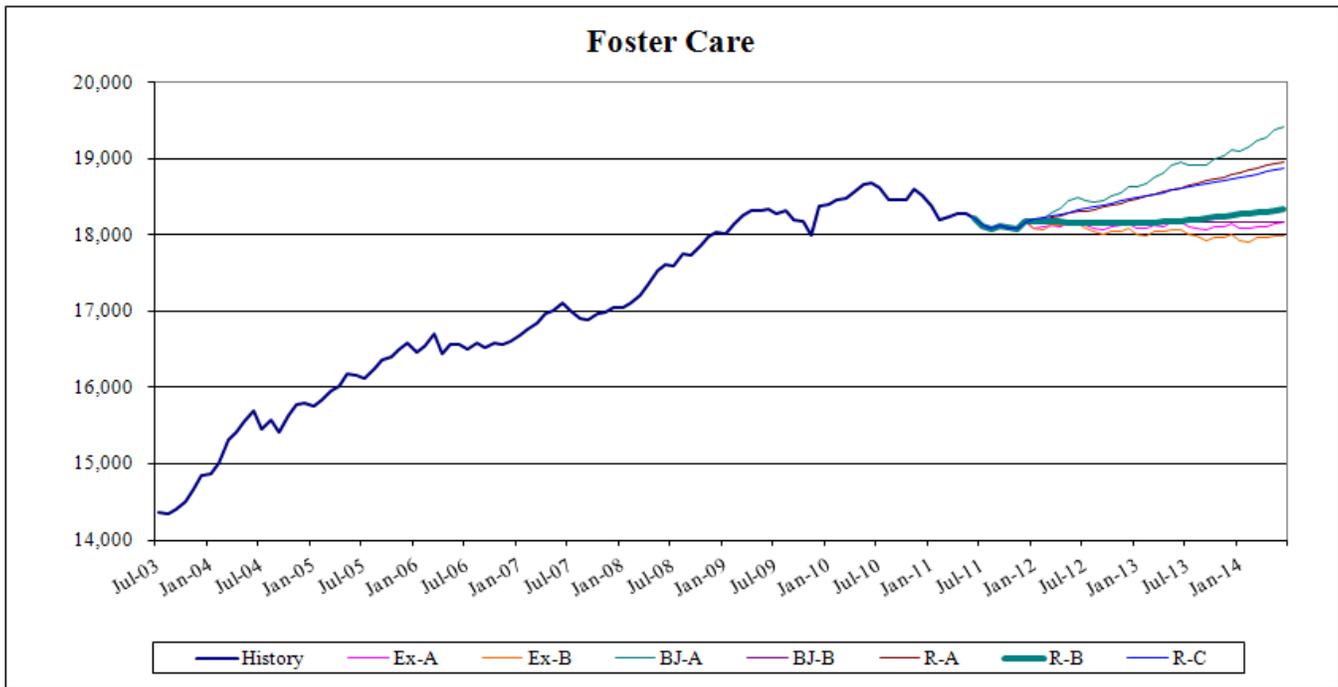
Actuals		
	Monthly Change	% Change
6-month average	3,084	0.95%
12-month average	3,046	0.97%
18-month average	2,793	0.91%
24-month average	2,508	0.83%
24-month average*	2,493	0.82%

\*Without outliers

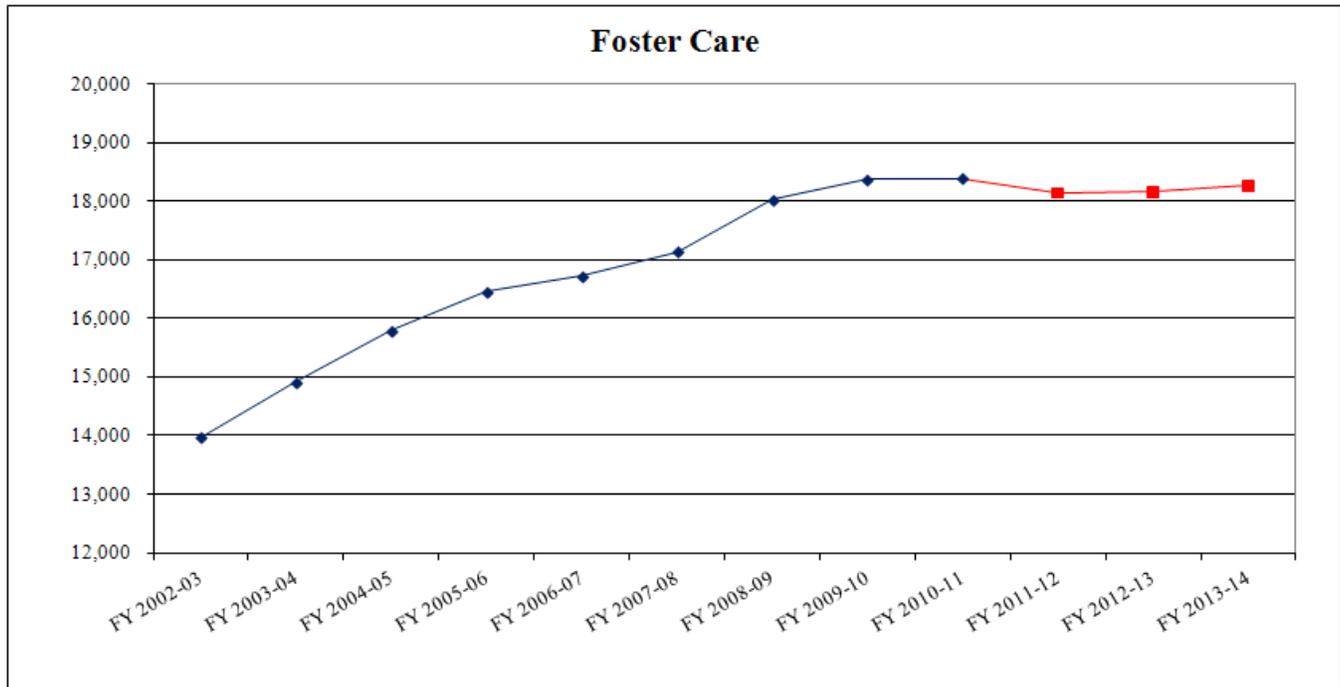
**Foster Care**

Federal law mandates that states provide Medicaid to individuals under Title IV-E of the Social Security Act (42 U.S.C. 470-479A) for adoption assistance and foster care. Title IV-E is a subpart of Title IV, Child Welfare, of the federal Social Security Act. Title IV-E provides federal reimbursement to states for the room and board costs of children placed in foster homes and other out-of-home placements. This is an entitlement program for children who are eligible and for whom the state can seek reimbursement. Eligibility is determined on family circumstances at the time when the child was removed from the home. Once eligible, the state determines if it can claim reimbursement for maintenance costs for the child. Adoption assistance is available for children with special health care needs who meet the same requirements. States have the option to extend Medicaid to former foster care children aged 18 through 20 years who were eligible for Title IV-E prior to their 18th birthday. During the 2007 legislative session, SB 07-002 was passed extending Medicaid eligibility through age 20 for children for whom adoption assistance or foster care maintenance payments are made under Title IV-E of the Social Security Act, which was implemented in July 2008. Eligibility for children receiving state subsidized adoption or foster care payments (non Title IV-E) was extended through age 20 in the 2008 Legislative Session through SB 08-099, which was implemented in July 2009.

**Foster Care: Model Results**



Foster Care: Model Statistics	Adjusted R <sup>2</sup>	Notes
Exponential Smoothing A	0.9990	
Exponential Smoothing B	0.9951	
Box-Jenkins A*	0.9990	
Box-Jenkins B*	0.9942	
Regression A	0.9987	FOSTER [-1], Population Under 19, Auto [-12]
Regression B	0.9983	FOSTER [-1], FOSTER [-24]
Regression C	0.9989	FOSTER [-1], Trend



Foster Care: Model Results						
FY 2011-12	FY 2009-10	FY 2010-11	Projected Growth Rate	Projected FY 2011-12 Caseload	Level Change	Average Monthly Change <sup>1</sup>
Exponential Smoothing A	18,381	18,393	-1.48%	18,121	(272)	(3)
Exponential Smoothing B	18,381	18,393	-1.53%	18,112	(281)	(7)
Box Jenkins A*	18,381	18,393	-0.96%	18,216	(177)	22
Box Jenkins B*	18,381	18,393	-1.38%	18,139	(254)	(4)
Regression A	18,381	18,393	-1.19%	18,174	(219)	6
<b>Regression B</b>	<b>18,381</b>	<b>18,393</b>	<b>-1.37%</b>	<b>18,141</b>	<b>(252)</b>	<b>(5)</b>
Regression C	18,381	18,393	-1.13%	18,185	(208)	8

\* Denotes Expert Selection, Bold denotes Trend Selection

FY 2012-13	Projected FY 2010-11 Caseload	Projected FY 2011-12 Caseload	Projected Growth Rate	Projected FY 2012-13 Caseload	Level Change	Average Monthly Change <sup>1</sup>
Exponential Smoothing A	18,393	18,141	-0.02%	18,137	(4)	(1)
Exponential Smoothing B	18,393	18,141	-0.38%	18,072	(69)	(6)
Box Jenkins A*	18,393	18,141	2.37%	18,571	430	39
Box Jenkins B*	18,393	18,141	0.15%	18,168	27	0
Regression A	18,393	18,141	1.58%	18,428	287	27
<b>Regression B</b>	<b>18,393</b>	<b>18,141</b>	<b>0.10%</b>	<b>18,159</b>	<b>18</b>	<b>2</b>
Regression C	18,393	18,141	1.59%	18,429	288	24

FY 2013-14	Projected FY 2011-12 Caseload	Projected FY 2012-13 Caseload	Projected Growth Rate	Projected FY 2013-14 Caseload	Level Change	Average Monthly Change <sup>1</sup>
Exponential Smoothing A	18,141	18,159	-0.04%	18,152	(7)	(1)
Exponential Smoothing B	18,141	18,159	-0.42%	18,083	(76)	(6)
Box Jenkins A*	18,141	18,159	2.53%	18,618	459	39
Box Jenkins B*	18,141	18,159	0.00%	18,159	0	0
Regression A	18,141	18,159	1.85%	18,495	336	29
<b>Regression B</b>	<b>18,141</b>	<b>18,159</b>	<b>0.58%</b>	<b>18,264</b>	<b>105</b>	<b>13</b>
Regression C	18,141	18,159	1.47%	18,426	267	22

<sup>1</sup> Average monthly change is calculated as that between June of the respective fiscal year and June of the prior fiscal year. This is not directly comparable to the annual level change, which is calculated as the difference between the annual average caseload.

***Foster Care: Trend Selections***

FY 2011-12: -1.37%

FY 2012-13: 0.10%

FY 2013-14: 0.58%

***Foster Care: Justifications***

- Caseload in this category is affected by programmatic changes initiated by the Department of Human Services who oversee the Child Welfare system. In January 2001, the Department of Human Services converted to a new data reporting system for children in foster care called Trails. The conversion may be partially responsible for unusually slow growth experienced in this category in FY 2001-02. Legislation in 2003 (HB 03-1004) made the manufacturing of controlled substances in the presence of children a felony, and deemed such actions child abuse. This may positively affect caseload in subsequent years, as more children are placed into state custody.
- Caseload in this category is only weakly correlated with population of children aged 0 to 18 and economic indicators. The graph above shows that growth in this category since FY 2002-03 has been positive and stable, but has leveled out in the last two years. Growth at the end of FY 2007-08 began to increase, which is partially due to the implementation of SB 07-002 and SB 08-099, which expanded eligibility for Foster Care through age 20.
- Growth in the first half of FY 2011-12 was much lower than the Department's November 2011 forecast, in which the annual caseload was projected to be 18,363 and average monthly growth was projected to be 22. The selected trend for FY 2011-12 is lower than that from the Department's November 2011 forecast, and would yield average decreases of 2 per month for the remainder of FY 2011-12.
- Out-year growth reflects a continuation of the very low positive monthly growth experienced over the last two years.

*25.5-5-101 (1), C.R.S.*

*(e) Children for whom adoption assistance or foster care maintenance payments are made under Title IV-E of the "Social Security Act", as amended;*

*25.5-5-201 (1), C.R.S.*

*(l) Children for whom subsidized adoption assistance payments are made by the state pursuant to article 7 of title 26, C.R.S, but who do not meet the requirements of Title IV-E of the "Social Security Act", as amended;*

*(n) Individuals under the age of twenty-one years eligible for medical assistance pursuant to paragraph (l) of this subsection (1) or section 25.5-5-101 (1) (e) immediately prior to attaining the age of eighteen years or otherwise becoming emancipated;*

**Foster Care: Historical Caseload and Forecasts**

<b>Foster Care: Historical Caseload and Projections</b>							
	<b>Actuals</b>	<b>Monthly Change</b>	<b>% Change</b>		<b>Caseload*</b>	<b>% Change</b>	<b>Level Change</b>
Dec-09	18,371	-	-	FY 1995-96	8,376	-	-
Jan-10	18,400	29	0.16%	FY 1996-97	9,261	10.57%	885
Feb-10	18,467	67	0.36%	FY 1997-98	10,453	12.87%	1,192
Mar-10	18,486	19	0.10%	FY 1998-99	11,526	10.26%	1,073
Apr-10	18,552	66	0.36%	FY 1999-00	12,474	8.22%	948
May-10	18,651	99	0.53%	FY 2000-01	13,076	4.83%	602
Jun-10	18,678	27	0.14%	FY 2001-02	13,121	0.34%	45
Jul-10	18,628	(50)	-0.27%	FY 2002-03	13,967	6.45%	846
Aug-10	18,455	(173)	-0.93%	FY 2003-04	14,914	6.78%	947
Sep-10	18,451	(4)	-0.02%	FY 2004-05	15,795	5.91%	881
Oct-10	18,464	13	0.07%	FY 2005-06	16,460	4.21%	665
Nov-10	18,597	133	0.72%	FY 2006-07	16,724	1.60%	264
Dec-10	18,510	(87)	-0.47%	FY 2007-08	17,141	2.49%	417
Jan-11	18,386	(124)	-0.67%	FY 2008-09	18,033	5.20%	892
Feb-11	18,200	(186)	-1.01%	FY 2009-10	18,381	1.93%	348
Mar-11	18,244	44	0.24%	FY 2010-11	18,393	0.07%	12
Apr-11	18,280	36	0.20%	FY 2011-12	18,141	-1.37%	(252)
May-11	18,279	(1)	-0.01%	FY 2012-13	18,159	0.10%	18
Jun-11	18,221	(58)	-0.32%	FY 2013-14	18,264	0.58%	105
Jul-11	18,125	(96)	-0.53%				
Aug-11	18,084	(41)	-0.23%				
Sep-11	18,119	35	0.19%				
Oct-11	18,096	(23)	-0.13%				
Nov-11	18,077	(19)	-0.10%				
Dec-11	18,172	95	0.53%				

\* Medicaid caseload was restated back to FY 2002-03 effective July 1, 2008. Caseload prior to FY 2002-03 has not been restated and is not directly comparable to the restated caseload.

<b>November 2011 Forecast</b>	
Forecasted December 2011 Level	18,361

<b>November 2011 Trends</b>			
FY 2011-12	18,363	-0.16%	(29)
FY 2012-13	18,668	1.66%	305
FY 2013-14	19,008	1.82%	340

<b>Actuals</b>		
	<b>Monthly Change</b>	<b>% Change</b>
6-month average	(8)	-0.04%
12-month average	(28)	-0.15%
18-month average	(28)	-0.15%
24-month average	(8)	-0.04%

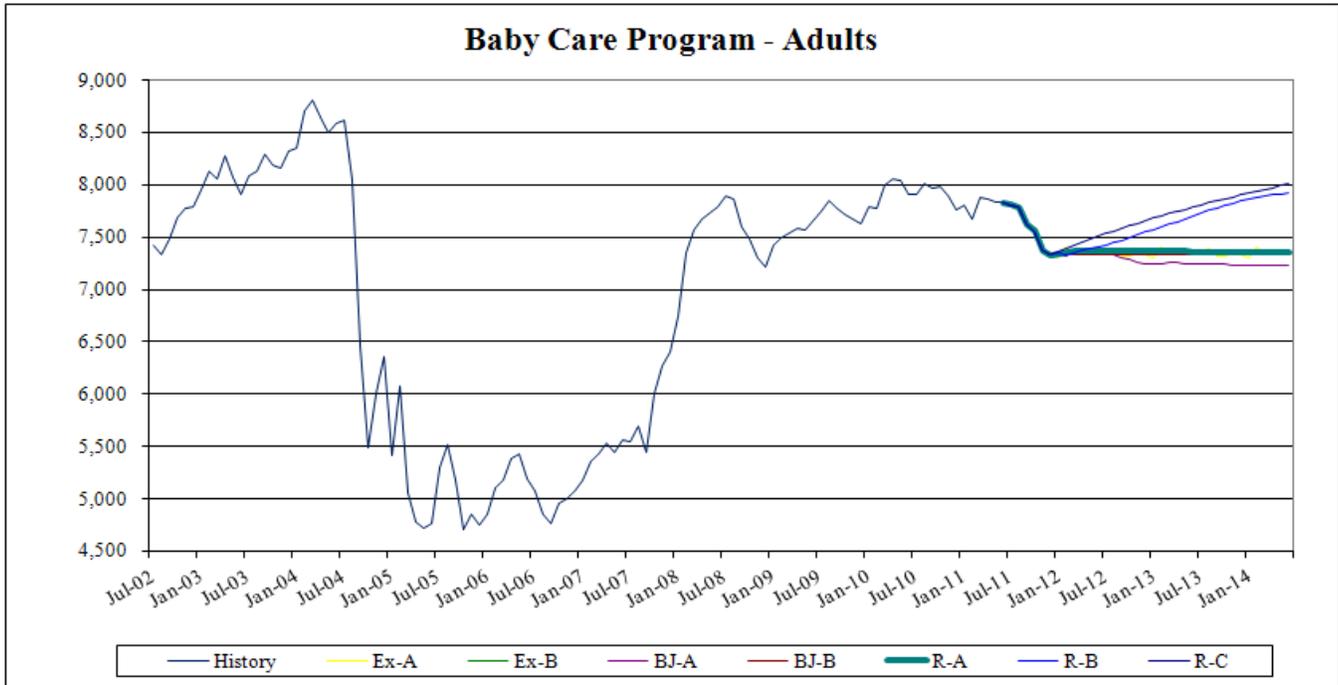
<b>Monthly Average Growth Comparisons</b>		
FY 2010-11 Actuals	(38)	-0.21%
FY 2010-11 1st Half	(28)	-0.15%
FY 2010-11 2nd Half	(48)	-0.26%
FY 2011-12 1st Half Actuals	(8)	-0.04%
FY 2011-12 2nd Half Forecast	(2)	-0.03%
FY 2011-12 Forecast	(5)	-0.03%
November 2011 Forecast	22	0.12%
FY 2012-13 Forecast	2	0.01%
November 2011 Forecast	28	0.15%

<b>Base trend from December 2011 level</b>			
FY 2011-12	18,172	-1.20%	(221)

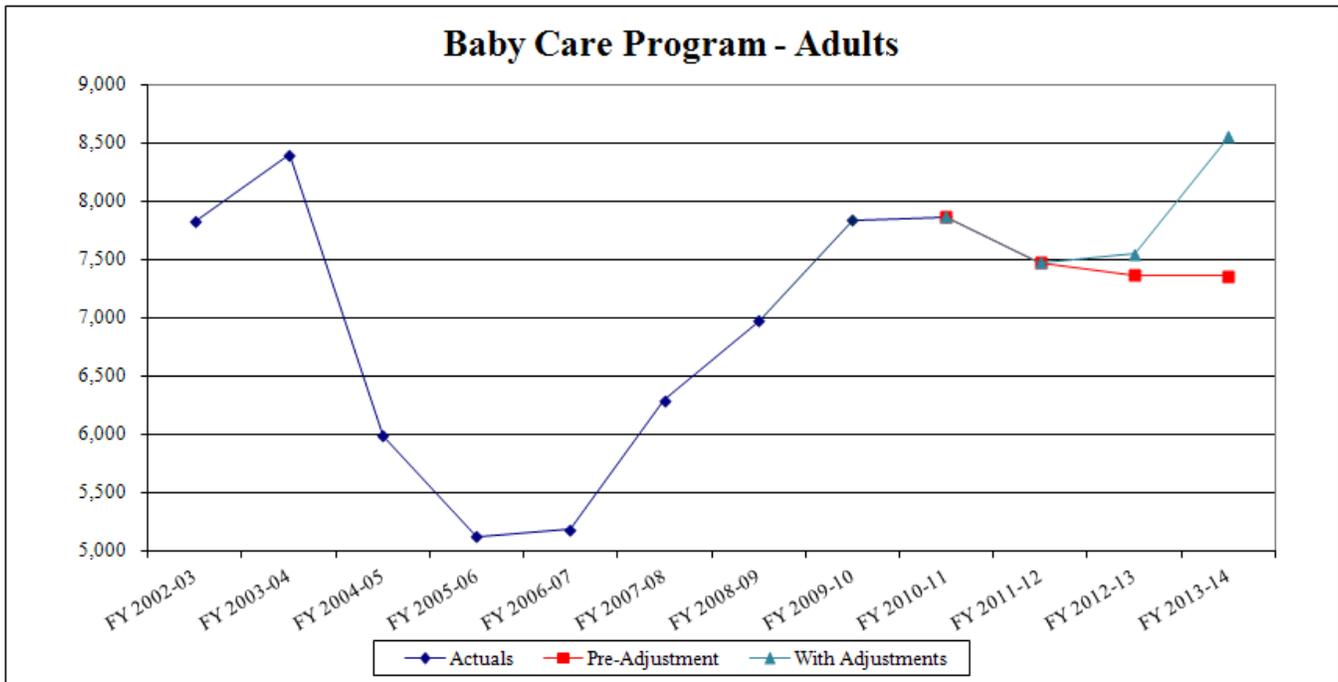
**Baby Care-Adults**

Between 1986 and 1991, Congress extended Medicaid to new groups of pregnant women and children. Referred to as Baby and Kid Care in Colorado, the program was authorized through the Medicare Catastrophic Coverage Act of 1988. The program enrolls Baby Care women and Kid Care children (see the Eligible Children section of this document for information on children). Baby Care-Adults are women with incomes up to 133% of the federal poverty level. Coverage includes prenatal care and delivery services, plus 60 days of postpartum care. The Baby and Kid Care Program serves a much higher income level than the 1931 families program, and pregnant mothers were never subject to resource/asset limitations to qualify for the program. Moreover, the Baby and Kid Care Program has never had a cash-assistance component and was unaffected by welfare reform.

**Baby Care Program- Adults: Model Results**



Baby Care Program-Adults: Model Statistics	Adjusted R <sup>2</sup>	Notes
Exponential Smoothing A	0.9492	
Exponential Smoothing B*	0.9350	
Box-Jenkins A*	0.9503	
Box-Jenkins	0.9355	
Regression A	0.9527	BCA [-1], BCA Dummy, Auto [-4]
Regression B	0.9476	BCA [-1], Migration, Unemployment Rate, Auto [-3]
Regression C	0.9546	BCA [-1], Unemployment Rate, Female Population 19-59, BCA Dummy



Baby Care Program-Adults: Model Results						
FY 2011-12	FY 2009-10	FY 2010-11	Projected Growth Rate	Projected FY 2011-12 Caseload	Level Change	Average Monthly Change <sup>1</sup>
Exponential Smoothing A	7,830	7,868	-5.07%	7,469	(399)	(40)
Exponential Smoothing B	7,830	7,868	-5.22%	7,457	(411)	(41)
Box Jenkins A*	7,830	7,868	-5.16%	7,462	(406)	(40)
Box Jenkins B*	7,830	7,868	-5.22%	7,457	(411)	(41)
<b>Regression A</b>	<b>7,830</b>	<b>7,868</b>	<b>-5.03%</b>	<b>7,472</b>	<b>(396)</b>	<b>(38)</b>
Regression B	7,830	7,868	-5.01%	7,474	(394)	(35)
Regression C	7,830	7,868	-4.56%	7,509	(359)	(27)

\* Denotes Expert Selection, Bold denotes Trend Selection

FY 2012-13	Projected FY 2010-11 Caseload	Projected FY 2011-12 Caseload	Projected Growth Rate	Projected FY 2012-13 Caseload	Level Change	Average Monthly Change <sup>1</sup>
Exponential Smoothing A	7,868	7,472	-1.61%	7,352	(120)	0
Exponential Smoothing B	7,868	7,472	-1.66%	7,348	(124)	0
Box Jenkins A*	7,868	7,472	-2.52%	7,284	(188)	(8)
Box Jenkins B*	7,868	7,472	-1.66%	7,348	(124)	0
<b>Regression A</b>	<b>7,868</b>	<b>7,472</b>	<b>-1.43%</b>	<b>7,365</b>	<b>(107)</b>	<b>(1)</b>
Regression B	7,868	7,472	1.18%	7,560	88	25
Regression C	7,868	7,472	2.09%	7,628	156	23

FY 2013-14	Projected FY 2011-12 Caseload	Projected FY 2012-13 Caseload	Projected Growth Rate	Projected FY 2013-14 Caseload	Level Change	Average Monthly Change <sup>1</sup>
Exponential Smoothing A	7,472	7,365	0.00%	7,365	0	0
Exponential Smoothing B	7,472	7,365	0.00%	7,365	0	0
Box Jenkins A*	7,472	7,365	-0.51%	7,327	(38)	(2)
Box Jenkins B*	7,472	7,365	0.00%	7,365	0	0
<b>Regression A</b>	<b>7,472</b>	<b>7,365</b>	<b>-0.07%</b>	<b>7,360</b>	<b>(5)</b>	<b>0</b>
Regression B	7,472	7,365	3.72%	7,639	274	18
Regression C	7,472	7,365	3.20%	7,601	236	18

<sup>1</sup> Average monthly change is calculated as that between June of the respective fiscal year and June of the prior fiscal year. This is not directly comparable to the annual level change, which is calculated as the difference between the annual average caseload.

### Baby Care Program- Adults: Trend Selections

FY 2011-12: -5.03%

FY 2012-13: -1.43%

FY 2013-14: -0.07%

### Baby Care Program- Adults: Justifications

- This population is effected by the economy in similar ways as the Low-Income Adults and Children populations, although the effects may be increased given that these clients have incomes up to 133% of the federal poverty level.
- Presumptive eligibility allows pregnant women who had applied for Medicaid to receive services based on self-declaration until the status of their application has been determined. The State paid for all Medicaid costs during this time regardless of whether or not the woman was eventually found to be Medicaid eligible or not. On September 1, 2004, the Department discontinued this procedure, which explains the drop of nearly 2,500 clients in September and October 2004, as well as the corresponding decline in fiscal year average caseload. Presumptive eligibility was reinstated by HB 05-1262 (Tobacco Tax bill) effective July 1, 2005. Discounting these policy changes, caseload for this category is erratic and tends to be mired with spikes, as displayed in the graph above.
- Models in this aid category are heavily influenced by the caseload decline due to the end of the presumptive eligibility program in 2004. The exponential smoothing and Box-Jenkins models do not reflect the reimplemention of presumptive eligibility. The volatility in this population forces many forecasts to be flat, even after accounting for presumptive eligibility.

- In FY 2009-10, the Department received approval from the Centers for Medicare and Medicaid Services to grant full Medicaid eligibility to pregnant women who are legal permanent residents that have been in the country for less than 5 years, as authorized by the Children's Health Insurance Reauthorization Act of 2009 (CHIPRA). As a result, the Department has restated the FY 2009-10 monthly caseload for this eligibility type to include clients who had previously been in the State-only Prenatal population. These clients are now included in the base caseload.
- Growth in the first half of FY 2011-12 was much lower than the Department's November 2011 forecast, in which the annual caseload was projected to be 7,839 and average monthly declines were projected to be 2. The selected trend for FY 2011-12 is lower than that from the Department's November 2011 forecast, and would yield average growth of 6 per month for the remainder of FY 2011-12. Caseload in this eligibility type has been volatile for 3 years, as can be seen in the tables on the next page. While the cause of the volatility is unknown at this time, the Department does not anticipate that either large decreases or increases will continue, and projects small monthly average decreases throughout the forecast period.
- The Colorado Department of Public Health & Environment Family Planning Initiative was awarded a grant for approximately \$3.5 million to address the issue of unintended pregnancy in Colorado for Title X clients, the vast majority of which are under 200% of the federal poverty level. Out-year trends are moderate due to this Family Planning initiative.
- There is a bottom-line adjustment to this eligibility type from SB 11-250, which increases eligibility for pregnant women in Medicaid from 133% of federal poverty line (FPL) to 185% FPL effective January 1, 2013.

*25.5-5-101 (1), C.R.S.*

*(m) Low-income pregnant women, and children through the age of six, whose income is at or below a certain percentage of the federal poverty level as determined by the federal government;*

*25.5-5-201 (2), C.R.S.*

*(b) Notwithstanding the five-year waiting period established in paragraph (a) of this subsection (2), but subject to the availability of sufficient appropriations and the receipt of federal financial participation, the state department may provide benefits under this article and articles 4 and 6 of this title to a pregnant woman who is a qualified alien and a child under nineteen years of age who is a qualified alien so long as such woman or child meets eligibility criteria other than citizenship.*

*25.5-5-205 (3), C.R.S.*

*(a) On and after April 1, 1990, children under the age of six years and pregnant women shall be eligible for benefits under the baby and kid care program... (b) The percentage level of the federal poverty line, as defined pursuant to 42 U.S.C. sec. 9902 (2), used to determine eligibility under this subsection (3) shall be one hundred thirty-three percent...;*

**Baby Care Program- Adults: Historical Caseload and Forecasts**

Baby Care Program-Adults: Historical Caseload and Projections							
	Actuals	Monthly Change	% Change		Caseload*	% Change	Level Change
Dec-09	7,627	-	-	FY 1995-96	7,223	-	-
Jan-10	7,796	169	2.22%	FY 1996-97	5,476	-24.19%	(1,747)
Feb-10	7,779	(17)	-0.22%	FY 1997-98	4,295	-21.57%	(1,181)
Mar-10	7,996	217	2.79%	FY 1998-99	5,017	16.81%	722
Apr-10	8,054	58	0.73%	FY 1999-00	6,174	23.06%	1,157
May-10	8,039	(15)	-0.19%	FY 2000-01	6,561	6.27%	387
Jun-10	7,903	(136)	-1.69%	FY 2001-02	7,131	8.69%	570
Jul-10	7,909	6	0.08%	FY 2002-03	7,823	9.70%	692
Aug-10	8,014	105	1.33%	FY 2003-04	8,398	7.35%	575
Sep-10	7,971	(43)	-0.54%	FY 2004-05	5,984	-28.74%	(2,414)
Oct-10	7,985	14	0.18%	FY 2005-06	5,119	-14.46%	(865)
Nov-10	7,891	(94)	-1.18%	FY 2006-07	5,182	1.23%	63
Dec-10	7,764	(127)	-1.61%	FY 2007-08	6,288	21.34%	1,106
Jan-11	7,804	40	0.52%	FY 2008-09	6,976	10.94%	688
Feb-11	7,677	(127)	-1.63%	FY 2009-10	7,830	12.24%	854
Mar-11	7,881	204	2.66%	FY 2010-11	7,868	0.49%	38
Apr-11	7,864	(17)	-0.22%	FY 2011-12	7,472	-5.03%	(396)
May-11	7,830	(34)	-0.43%	FY 2012-13	7,365	-1.43%	(107)
Jun-11	7,828	(2)	-0.03%	FY 2013-14	7,360	-0.07%	(5)
Jul-11	7,810	(18)	-0.23%				
Aug-11	7,786	(24)	-0.31%				
Sep-11	7,628	(158)	-2.03%				
Oct-11	7,558	(70)	-0.92%				
Nov-11	7,371	(187)	-2.47%				
Dec-11	7,333	(38)	-0.52%				

\* Medicaid caseload was restated back to FY 2002-03 effective July 1, 2008. Caseload prior to FY 2002-03 has not been restated and is not directly comparable to the restated caseload.

Adjustments	
FY 2011-12	0
FY 2012-13	181
FY 2013-14	1,194

November 2011 Forecast	
Forecasted December 2011 Level	7,838

February 2012 Projections After Adjustments			
FY 2011-12	7,472	-5.03%	(396)
FY 2012-13	7,546	0.99%	74
FY 2013-14	8,554	13.36%	1,008

Base trend from December 2011 level			
FY 2011-12	7,333	-6.80%	(535)

November 2011 Trends (BEFORE ADJUSTMENTS)			
FY 2011-12	7,839	-0.37%	(29)
FY 2012-13	7,877	0.48%	38
FY 2013-14	7,914	0.47%	37

Monthly Average Growth Comparisons		
FY 2010-11 Actuals	(6)	-0.07%
FY 2010-11 1st Half	(23)	-0.29%
FY 2010-11 2nd Half	11	0.15%
FY 2011-12 1st Half Actuals	(83)	-1.08%
FY 2011-12 2nd Half Forecast	6	-0.50%
FY 2011-12 Forecast	(38)	-0.49%
November 2011 Forecast	2	0.03%
FY 2012-13 Forecast	(1)	-0.01%
November 2011 Forecast	3	0.04%

Actuals		
	Monthly Change	% Change
6-month average	(83)	-1.08%
12-month average	(36)	-0.47%
18-month average	(32)	-0.41%
24-month average	(12)	-0.15%

**Non-Citizens**

Section 403 of the Personal Responsibility Work Opportunity Reconciliation Act provides that certain immigrants arriving in the United States after August 22, 1996 are ineligible for full Medicaid benefits for their first five years of residence. The five-year ban only applies to immigrants who arrived in the United States after August 22, 1996. Full Medicaid coverage of individuals for the first five years is optional. Per federal regulations, states must provide mandatory full coverage for:

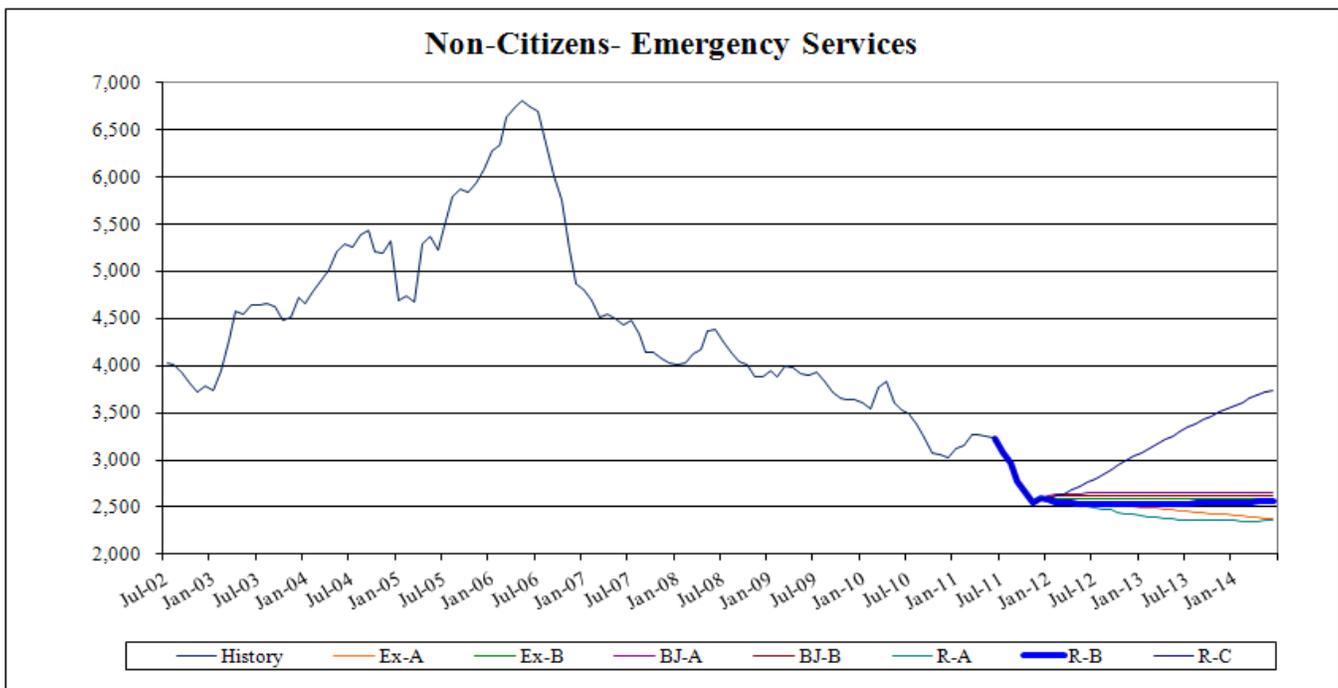
- Refugees for the first seven years after entry into the United States;

- Asylees for the first seven years after asylum is granted;
- Individuals whose deportation is being withheld for the first seven years after the initial withhold;
- Victims of trafficking;
- Lawful permanent residents who have 40 qualifying quarters of Social Security coverage;
- Cuban or Haitian entrants; and,
- Immigrants who are honorably discharged veterans of the United States military.

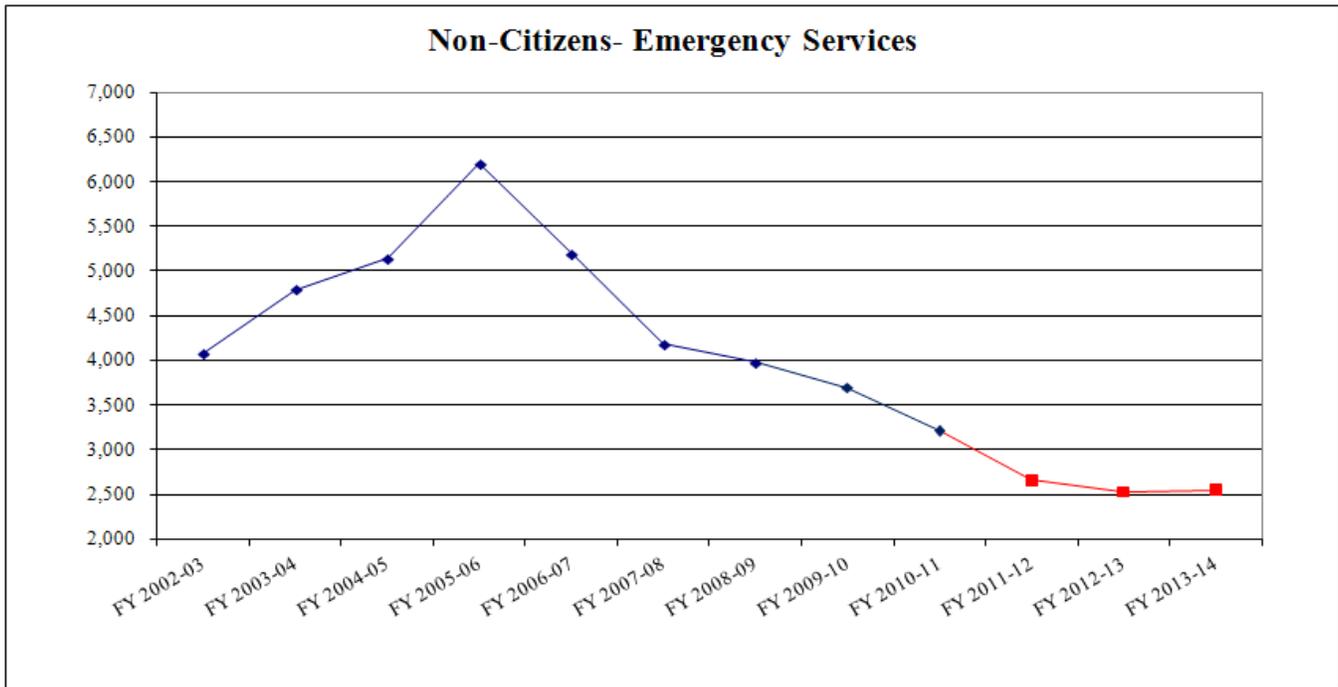
Regardless of whether the individual is an optional or mandatory immigrant, federal law requires all states to provide emergency medical services for individuals who otherwise meet Medicaid eligibility criteria, except for proof of U.S. citizenship.

In April 2001, an eligibility policy change was implemented such that clients are now only counted as eligible in the months they receive emergency medical care. Prior to this policy change, eligibility for this group continued as it would for any other category, although only for emergency medical services. For example, a Non-Citizen with an emergency visit on April 2000 could be eligible in that month, and continue to be eligible for as many months as he/she met other eligibility criteria. The same client would only be eligible for one month, had the emergency service occurred in April 2001. Thus, caseloads presented from April 2001 and forward are much lower than in previous years.

**Non-Citizens: Model Results**



Non-Citizens: Model Statistics	Adjusted R <sup>2</sup>	Notes
Exponential Smoothing A	0.9680	
Exponential Smoothing B*	0.9671	
Box-Jenkins A*	0.9805	
Box-Jenkins B	0.9716	
Regression A	0.9866	ALIEN [-1], Female Population 19-59, Migration, Alien Dummy, Auto [-3], Auto [-7]
Regression B	0.9894	ALIEN [-1], ALIEN [-2], Alien Dummy, Auto [-3], Auto [-6]
Regression C	0.9891	ALIEN [-1], Unemployment Rate, Alien Dummy, Auto [-1], Auto [-2]



FY 2011-12	FY 2009-10	FY 2010-11	Projected Growth Rate	Projected FY 2011-12 Caseload	Level Change	Average Monthly Change <sup>1</sup>
Exponential Smoothing A	3,693	3,213	-16.93%	2,669	(544)	(57)
Exponential Smoothing B	3,693	3,213	-16.56%	2,681	(532)	(53)
Box Jenkins A*	3,693	3,213	-15.84%	2,704	(509)	(49)
Box Jenkins B*	3,693	3,213	-16.22%	2,692	(521)	(51)
Regression A	3,693	3,213	-17.55%	2,649	(564)	(60)
<b>Regression B</b>	<b>3,693</b>	<b>3,213</b>	<b>-17.24%</b>	<b>2,659</b>	<b>(554)</b>	<b>(58)</b>
Regression C	3,693	3,213	-15.38%	2,719	(494)	(39)

\* Denotes Expert Selection, Bold denotes Trend Selection

FY 2012-13	Projected FY 2010-11 Caseload	Projected FY 2011-12 Caseload	Projected Growth Rate	Projected FY 2012-13 Caseload	Level Change	Average Monthly Change <sup>1</sup>
Exponential Smoothing A	3,213	2,659	-6.29%	2,492	(167)	(7)
Exponential Smoothing B	3,213	2,659	-3.36%	2,570	(89)	0
Box Jenkins A*	3,213	2,659	-2.14%	2,602	(57)	0
Box Jenkins B*	3,213	2,659	-2.86%	2,583	(76)	0
Regression A	3,213	2,659	-8.61%	2,430	(229)	(12)
<b>Regression B</b>	<b>3,213</b>	<b>2,659</b>	<b>-4.89%</b>	<b>2,529</b>	<b>(130)</b>	<b>0</b>
Regression C	3,213	2,659	12.36%	2,988	329	45

FY 2013-14	Projected FY 2011-12 Caseload	Projected FY 2012-13 Caseload	Projected Growth Rate	Projected FY 2013-14 Caseload	Level Change	Average Monthly Change <sup>1</sup>
Exponential Smoothing A	2,659	2,529	-3.40%	2,443	(86)	(7)
Exponential Smoothing B	2,659	2,529	0.00%	2,529	0	0
Box Jenkins A*	2,659	2,529	0.04%	2,530	1	0
Box Jenkins B*	2,659	2,529	0.00%	2,529	0	0
Regression A	2,659	2,529	-2.68%	2,461	(68)	(1)
<b>Regression B</b>	<b>2,659</b>	<b>2,529</b>	<b>0.79%</b>	<b>2,549</b>	<b>20</b>	<b>2</b>
Regression C	2,659	2,529	16.37%	2,943	414	37

<sup>1</sup> Average monthly change is calculated as that between June of the respective fiscal year and June of the prior fiscal year. This is not directly comparable to the annual level change, which is calculated as the difference between the annual average caseload.

***Non-Citizens: Trend Selections***

FY 2011-12: -17.24%

FY 2012-13: -4.89%

FY 2013-14: 0.79%

***Non-Citizens: Justifications***

- The graph above illustrates that the caseload in this category had a positive trend between FY 2002-03 and FY 2005-06. Caseload trends should be correlated with economic conditions and migration trends. As the economy recovers, more immigrants are expected to migrate to the State. Research shows that Mexican immigrants tend to have longer life expectancies than natives of the United States or of other Hispanic origins, and that the mortality advantage is higher for lower income immigrants.<sup>13</sup>
- Expenditures in this category did not decrease along with caseload in FY 2006-07 and FY 2007-08, indicating that the caseload decline was not occurring in clients that were utilizing services. Until October 2006, the eligibility spans for pregnant clients who delivered in Non-Citizens were left open for 60 days post-partum in case of an emergency. These clients, however, rarely utilized any services. The caseload declines in FY 2006-07 and FY 2007-08 may indicate that eligibility spans for the Non-Citizens clients are now being ended sooner, caused by eligibility technicians actively working more cases because they are required to collect citizenship information. In addition, it is possible that some undocumented citizens are not applying for Medicaid emergency services out of fear due to the Deficit Reduction Act and HB 06S-1023 identification requirements, even though the Medicaid application clearly states that emergency services are exempt. Although the effects of these state and federal legislations, as well as the 60-day post-partum policy change, are unquantifiable, the Department believes that these large declines are unlikely to continue.
- The Department believes that the caseload volatility in this eligibility type beginning in FY 2008-09 are somewhat related to those experienced in the Baby Care-Adults caseload, as a large portion of the Non-Citizens caseload are pregnant women. Though the cause of this volatility is unknown at this time, the Department does not anticipate that large decreases will continue.
- Growth in the first half of FY 2011-12 was much lower than the Department's November 2011 forecast, in which the annual caseload was projected to be 3,233 and average monthly growth was projected to be 2. The selected trend for FY 2011-12 is much higher than that from the Department's November 2011 forecast, and would yield average decreases of 10 per month for the remainder of FY 2011-12.
- The out-year trends assume small monthly decreases throughout the forecast period. As discussed in the Baby Care-Adults section, a number of Family Planning initiatives will be implemented during the forecast period, which may be expected to decrease the number of pregnancies.

***25.5-5-103 (3), C.R.S.***

*(a) Emergency medical assistance shall be provided to any person who is not a citizen of the United States, including undocumented aliens, aliens who are not qualified aliens, and qualified aliens who entered the United States on or after August 22, 1996, who has an emergency medical condition and meets one of the categorical requirements set forth in section 25.5-5-101; except that such persons shall not be required to meet any residency requirement other than that required by federal law.*

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<sup>13</sup> Source: Turra, CM and Goldman, N. *Socioeconomic differences in mortality among U.S. adults: insights into the Hispanic paradox*. The Journals of Gerontology, Series B, Psychological sciences and social sciences, Volume 62 Issue 3, pages 184-192.

**Non-Citizens: Historical Caseload and Forecasts**

<b>Non-Citizens- Emergency Services: Historical Caseload and Projections</b>							
	<b>Actuals</b>	<b>Monthly Change</b>	<b>% Change</b>		<b>Caseload*</b>	<b>% Change</b>	<b>Level Change</b>
Dec-09	3,632	-	-	FY 1995-96	4,100	-	-
Jan-10	3,610	(22)	-0.61%	FY 1996-97	4,610	12.44%	510
Feb-10	3,550	(60)	-1.66%	FY 1997-98	5,032	9.15%	422
Mar-10	3,768	218	6.14%	FY 1998-99	5,799	15.24%	767
Apr-10	3,831	63	1.67%	FY 1999-00	9,065	56.32%	3,266
May-10	3,615	(216)	-5.64%	FY 2000-01	12,451	37.35%	3,386
Jun-10	3,522	(93)	-2.57%	FY 2001-02	4,028	-67.65%	(8,423)
Jul-10	3,492	(30)	-0.85%	FY 2002-03	4,084	1.39%	56
Aug-10	3,378	(114)	-3.26%	FY 2003-04	4,793	17.36%	709
Sep-10	3,231	(147)	-4.35%	FY 2004-05	5,150	7.45%	357
Oct-10	3,080	(151)	-4.67%	FY 2005-06	6,212	20.62%	1,062
Nov-10	3,049	(31)	-1.01%	FY 2006-07	5,201	-16.27%	(1,011)
Dec-10	3,023	(26)	-0.85%	FY 2007-08	4,191	-19.42%	(1,010)
Jan-11	3,116	93	3.08%	FY 2008-09	3,987	-4.87%	(204)
Feb-11	3,161	45	1.44%	FY 2009-10	3,693	-7.37%	(294)
Mar-11	3,271	110	3.48%	FY 2010-11	3,213	-13.00%	(480)
Apr-11	3,274	3	0.09%	FY 2011-12	2,659	-17.24%	(554)
May-11	3,255	(19)	-0.58%	FY 2012-13	2,529	-4.89%	(130)
Jun-11	3,229	(26)	-0.80%	FY 2013-14	2,549	0.79%	20
Jul-11	3,089	(140)	-4.34%				
Aug-11	2,973	(116)	-3.76%				
Sep-11	2,774	(199)	-6.69%				
Oct-11	2,657	(117)	-4.22%				
Nov-11	2,543	(114)	-4.29%				
Dec-11	2,591	48	1.89%				

\* Medicaid caseload was restated back to FY 2002-03 effective July 1, 2008. Caseload prior to FY 2002-03 has not been restated and is not directly comparable to the restated caseload.

<b>November 2011 Forecast</b>	
Forecasted December 2011 Level	3,229

<b>November 2011 Trends</b>			
FY 2011-12	3,233	0.62%	20
FY 2012-13	3,276	1.33%	43
FY 2013-14	3,339	1.92%	63

<b>Actuals</b>		
	<b>Monthly Change</b>	<b>% Change</b>
6-month average	(106)	-3.57%
12-month average	(36)	-1.22%
18-month average	(52)	-1.65%
24-month average	(43)	-1.35%

<b>Monthly Average Growth Comparisons</b>		
FY 2010-11 Actuals	(24)	-0.69%
FY 2010-11 1st Half	(83)	-2.50%
FY 2010-11 2nd Half	34	1.12%
FY 2011-12 1st Half Actuals	(106)	-3.57%
FY 2011-12 2nd Half Forecast	(10)	-1.98%
FY 2011-12 Forecast	(58)	-1.80%
November 2011 Forecast	2	0.06%
FY 2012-13 Forecast	0	0.00%
November 2011 Forecast	4	0.12%

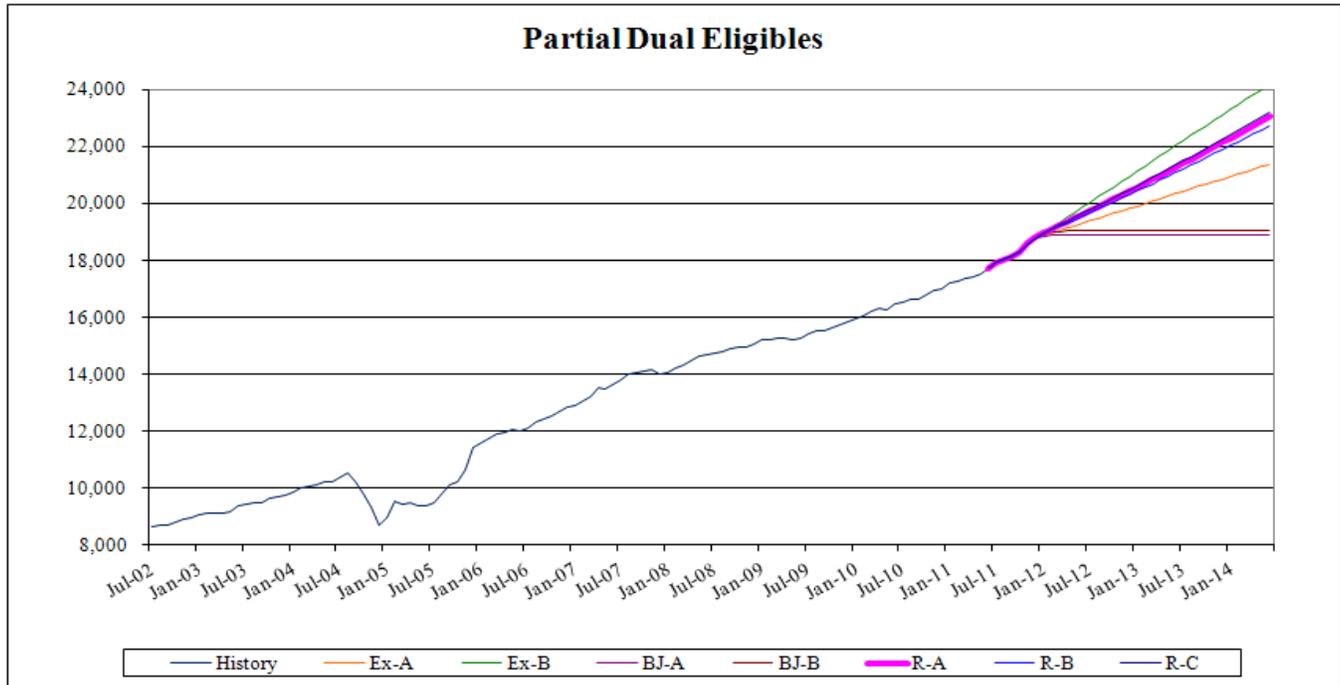
<b>Base trend from December 2011 level</b>			
FY 2011-12	2,591	-19.36%	(622)

**Partial Dual Eligibles**

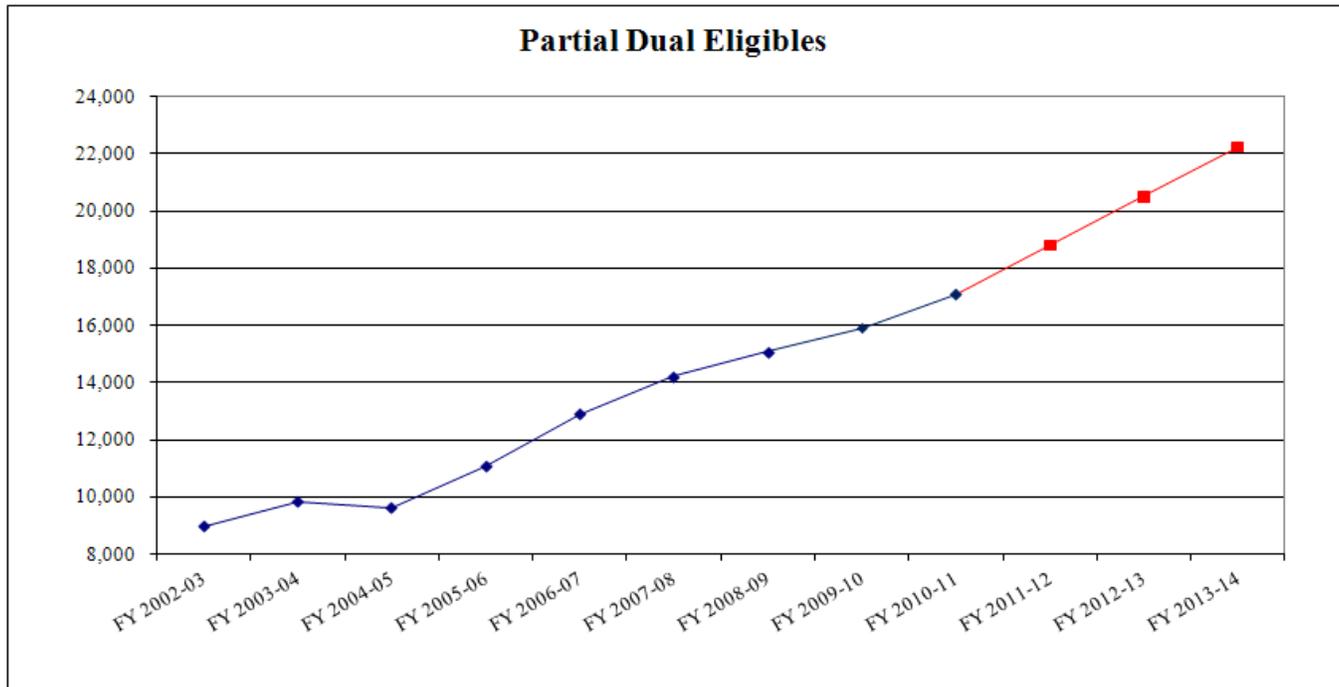
Medicare-eligible beneficiaries who have incomes at a certain federal poverty level and limited resources may qualify to have Medicaid cover some of their out-of-pocket expenses, such as their Medicare Part B premiums and other coinsurance and deductibles. The two groups of clients that qualify for this cost-sharing program are Qualified Medicare Beneficiaries and Special Low Income Medicare Beneficiaries. This group, formerly known as Qualified Medicare Beneficiaries/Special Low Income Medicare Beneficiaries, is now collectively known as Partial Dual Eligibles. Qualified Medicare Beneficiaries have incomes at or below 100% of the federal poverty level, and resources twice the standard allowed under the federal Supplemental Security Income program. These clients receive hospital insurance and supplementary medical insurance premium coverage along with Medicare coinsurance and deductibles. Special Low Income Medicare Beneficiaries have incomes greater than

100% of the federal poverty level, but less than 120%. For Special Low Income Medicare Beneficiaries, Medicaid only pays the supplementary medical insurance premiums.

**Partial Dual Eligibles: Model Results**



Partial Dual Eligibles: Model Statistics	Adjusted R <sup>2</sup>	Notes
Exponential Smoothing A*	0.9985	
Exponential Smoothing B	0.9977	
Box-Jenkins A	0.9984	
Box-Jenkins B*	0.9979	
Regression A	0.9994	PDE [-1], PDE Dummy, CBMS Dummy, Auto [-1]
Regression B	0.9994	PDE [-1], Population 65+, PDE Dummy, CBMS Dummy, Auto [-1]
Regression C	0.9994	PDE [-1], PDE [-2], PDE Dummy, CBMS Dummy, Auto [-3]



Partial Dual Eligibles: Model Results						
FY 2011-12	FY 2009-10	FY 2010-11	Projected Growth Rate	Projected FY 2011-12 Caseload	Level Change	Average Monthly Change <sup>1</sup>
Exponential Smoothing A*	15,919	17,090	9.43%	18,702	1,612	132
Exponential Smoothing B*	15,919	17,090	10.39%	18,866	1,776	179
Box Jenkins A	15,919	17,090	8.81%	18,596	1,506	97
Box Jenkins B	15,919	17,090	9.14%	18,652	1,562	109
<b>Regression A</b>	<b>15,919</b>	<b>17,090</b>	<b>9.98%</b>	<b>18,796</b>	<b>1,706</b>	<b>158</b>
Regression B	15,919	17,090	9.89%	18,780	1,690	153
Regression C	15,919	17,090	10.05%	18,808	1,718	161

\* Denotes Expert Selection, Bold denotes Trend Selection

FY 2012-13	Projected FY 2010-11 Caseload	Projected FY 2011-12 Caseload	Projected Growth Rate	Projected FY 2012-13 Caseload	Level Change	Average Monthly Change <sup>1</sup>
Exponential Smoothing A*	17,090	18,796	6.25%	19,971	1,175	86
Exponential Smoothing B*	17,090	18,796	11.55%	20,967	2,171	180
Box Jenkins A	17,090	18,796	1.69%	19,114	318	1
Box Jenkins B	17,090	18,796	2.11%	19,193	397	0
<b>Regression A</b>	<b>17,090</b>	<b>18,796</b>	<b>9.08%</b>	<b>20,503</b>	<b>1,707</b>	<b>138</b>
Regression B	17,090	18,796	8.52%	20,397	1,601	127
Regression C	17,090	18,796	9.35%	20,553	1,757	141

FY 2013-14	Projected FY 2011-12 Caseload	Projected FY 2012-13 Caseload	Projected Growth Rate	Projected FY 2013-14 Caseload	Level Change	Average Monthly Change <sup>1</sup>
Exponential Smoothing A*	18,796	20,503	5.17%	21,563	1,060	86
Exponential Smoothing B*	18,796	20,503	10.25%	22,605	2,102	180
Box Jenkins A	18,796	20,503	0.02%	20,507	4	0
Box Jenkins B	18,796	20,503	0.01%	20,505	2	0
<b>Regression A</b>	<b>18,796</b>	<b>20,503</b>	<b>8.43%</b>	<b>22,231</b>	<b>1,728</b>	<b>149</b>
Regression B	18,796	20,503	7.78%	22,098	1,595	136
Regression C	18,796	20,503	8.59%	22,264	1,761	153

<sup>1</sup> Average monthly change is calculated as that between June of the respective fiscal year and June of the prior fiscal year. This is not directly comparable to the annual level change, which is calculated as the difference between the annual average caseload.

***Partial Dual Eligibles: Trend Selections***

FY 2011-12: 9.98%

FY 2012-13: 9.08%

FY 2013-14: 8.43%

***Partial Dual Eligibles: Justification***

- These clients have higher income than Adults 65 and Older or Disabled Adults 60 to 64, and are relatively healthy. Given the increased life expectancy, more people are living healthier longer, which would support strong growth rates in this population. In addition, this population may start to be effected by the “baby boomers”, defined by the U.S. Census Bureau as the generation born between 1946 and 1964, beginning in calendar year 2006.
- Caseload trends are somewhat correlated with age and economic indicators. The assets and annuities provisions in the Deficit Reduction Act of 2005 may also contribute to growth in this category, as some clients who might have qualified for the Adults 65 and Older category now have too much income or assets.
- Caseload growth in this category was positive and steady between FY 1999-00 and FY 2003-04. Caseload experienced an unprecedented contraction on FY 2004-05, due to large monthly declines that occurred as a result of the court order regarding the Colorado Benefits Management System. The relatively strong growth since the beginning of FY 2005-06 may be due to a wood work effect from Medicare Modernization Act, under which Medicare Part D clients are screened for Medicaid as they apply for the low-income subsidy.
- Growth in the first half of FY 2011-12 was higher with the Department’s November 2011 forecast, in which the annual caseload was projected to be 18,375 and average monthly growth was projected to be 100. The selected trend for FY 2011-12 is slightly higher than the Department’s November 2011 forecast, and would yield average growth of 137 per month for the remainder of FY 2011-12.
- Out-year trend selections are slightly higher than historic rates, reflecting the complete incorporation of baby boomers and any clients affected by the Medicare Modernization Act.

25.5-5-101 (1), C.R.S.

*(1) Individuals with income and resources at a level which qualifies them as Medicare-eligible under section 301 of Title III of the federal “Medicare Catastrophic Coverage Act”.*

25.5-5-104, C.R.S.

*Qualified medicare beneficiaries are medicare-eligible individuals with income and resources at a level which qualifies them as eligible under section 301 of Title III of the federal "Medicare Catastrophic Coverage Act of 1988", as amended, or subsequent amending federal legislation.*

25.5-5-105, C.R.S.

*Qualified disabled and working individuals are persons with income and resources and disability status, as determined by the social security administration, which qualify them as "qualified disabled and working individuals" under sections 6012 and 6408 of the federal "Omnibus Budget Reconciliation Act of 1989", or subsequent amending federal legislation. The state department is hereby designated as the single state agency to administer benefits available to qualified disabled and working individuals. Such benefits are limited to medicare cost-sharing expenses as determined by the federal government.*

**Partial Dual Eligibles: Historical Caseload and Forecasts**

<b>Partial Dual Eligibles: Historical Caseload and Projections</b>							
	<b>Actuals</b>	<b>Monthly Change</b>	<b>% Change</b>		<b>Caseload*</b>	<b>% Change</b>	<b>Level Change</b>
Dec-09	15,846	-	-	FY 1995-96	3,937	-	-
Jan-10	15,954	108	0.68%	FY 1996-97	4,316	9.63%	379
Feb-10	16,076	122	0.76%	FY 1997-98	4,560	5.65%	244
Mar-10	16,212	136	0.85%	FY 1998-99	6,104	33.86%	1,544
Apr-10	16,308	96	0.59%	FY 1999-00	7,597	24.46%	1,493
May-10	16,285	(23)	-0.14%	FY 2000-01	8,157	7.37%	560
Jun-10	16,495	210	1.29%	FY 2001-02	8,428	3.32%	271
Jul-10	16,539	44	0.27%	FY 2002-03	8,988	6.64%	560
Aug-10	16,634	95	0.57%	FY 2003-04	9,842	9.50%	854
Sep-10	16,652	18	0.11%	FY 2004-05	9,605	-2.41%	(237)
Oct-10	16,794	142	0.85%	FY 2005-06	11,092	15.48%	1,487
Nov-10	16,941	147	0.88%	FY 2006-07	12,908	16.37%	1,816
Dec-10	17,002	61	0.36%	FY 2007-08	14,214	10.12%	1,306
Jan-11	17,210	208	1.22%	FY 2008-09	15,075	6.06%	861
Feb-11	17,249	39	0.23%	FY 2009-10	15,919	5.60%	844
Mar-11	17,390	141	0.82%	FY 2010-11	17,090	7.36%	1,171
Apr-11	17,399	9	0.05%	FY 2011-12	18,796	9.98%	1,706
May-11	17,546	147	0.84%	FY 2012-13	20,503	9.08%	1,707
Jun-11	17,727	181	1.03%	FY 2013-14	22,231	8.43%	1,728
Jul-11	17,923	196	1.11%				
Aug-11	18,046	123	0.69%				
Sep-11	18,156	110	0.61%				
Oct-11	18,314	158	0.87%				
Nov-11	18,584	270	1.47%				
Dec-11	18,798	214	1.15%				

\* Medicaid caseload was restated back to FY 2002-03 effective July 1, 2008. Caseload prior to FY 2002-03 has not been restated and is not directly comparable to the restated caseload.

<b>November 2011 Forecast</b>	
Forecasted December 2011 Level	18,324

<b>November 2011 Trends</b>			
FY 2011-12	18,375	7.52%	1,285
FY 2012-13	19,602	6.68%	1,227
FY 2013-14	20,874	6.49%	1,272

<b>Actuals</b>		
	<b>Monthly Change</b>	<b>% Change</b>
6-month average	179	0.98%
12-month average	150	0.84%
18-month average	128	0.73%
24-month average	123	0.72%

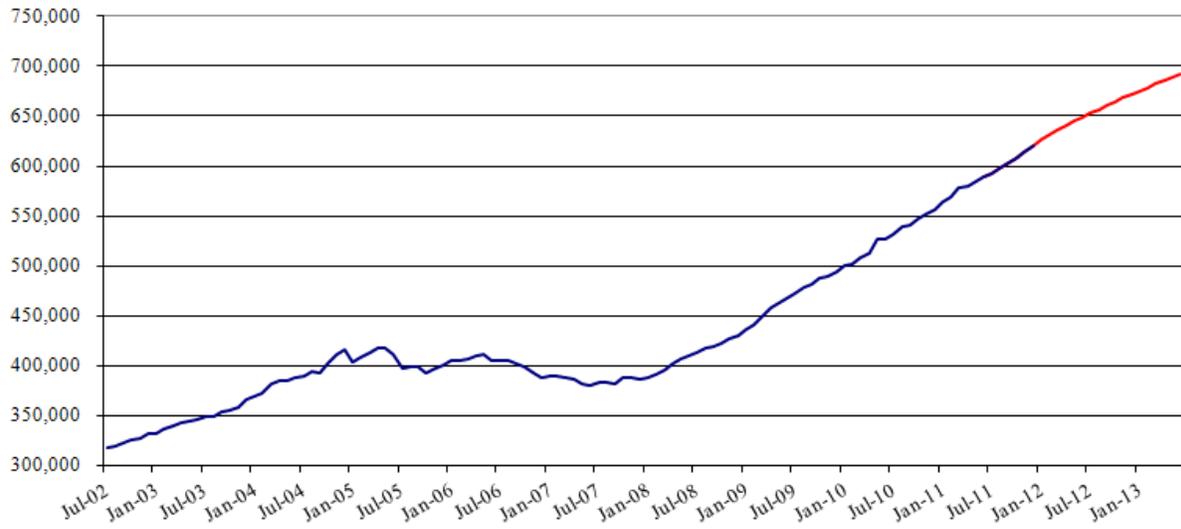
<b>Monthly Average Growth Comparisons</b>		
FY 2010-11 Actuals	103	0.60%
FY 2010-11 1st Half	85	0.51%
FY 2010-11 2nd Half	121	0.70%
FY 2011-12 1st Half Actuals	179	0.98%
FY 2011-12 2nd Half Forecast	137	0.85%
FY 2011-12 Forecast	158	0.89%
November 2011 Forecast	100	0.56%
FY 2012-13 Forecast	138	0.71%
November 2011 Forecast	104	0.55%

<b>Base trend from December 2011 level</b>			
FY 2011-12	18,798	9.99%	1,708

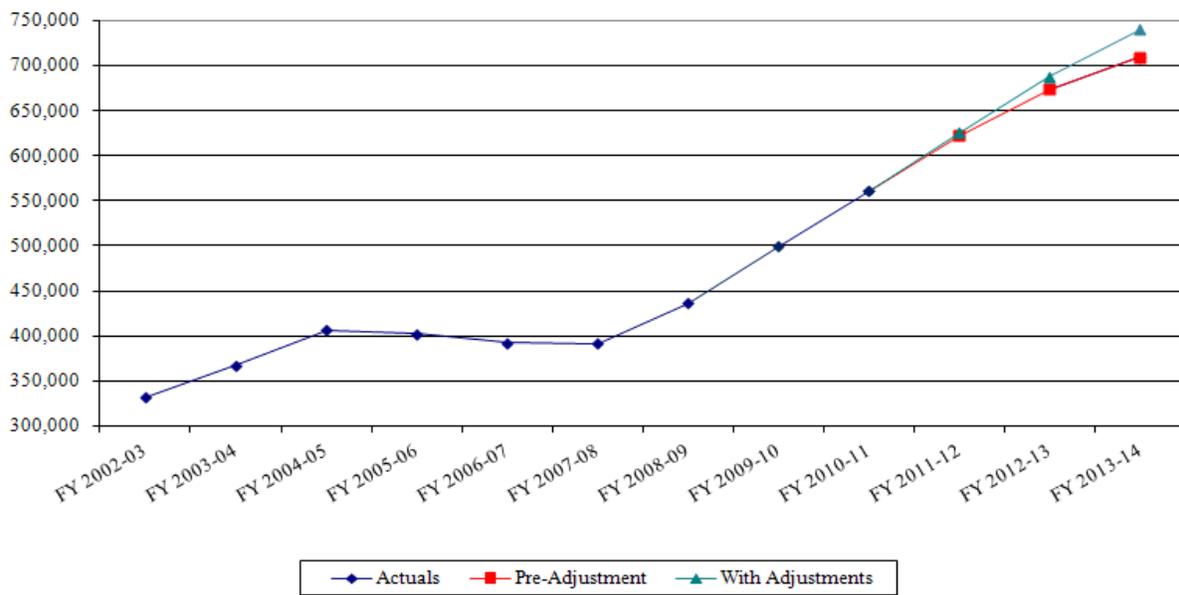
**Summary**

The Department is forecasting a FY 2011-12 total Medicaid caseload of 623,595, an 11.21% increase from FY 2010-11. The trend is projected to moderate slightly in FY 2012-13 with caseload expected to increase by 10.24% to 687,473, with a large portion of the growth to come from the implementation of the Medicaid Buy-In Program for Working Adults with Disabilities in March 2012, Adults without Dependent Children (AwDC) program in May 2012, and SB 11-008, and SB 11-250, both of which are scheduled for implementation in January 2013. In addition, a Medicaid Disabled Buy-In Program for Children is scheduled to be implemented approximately four to six months after the Medicaid Buy-In Program for Working Adults with Disabilities program.

### Total Medicaid



### Total Medicaid



Total Medicaid: Historical Caseload and Projections							
	Actuals	Monthly Change	% Change		Caseload*	% Change	Level Change
Dec-09	494,699	-	-	FY 1995-96	254,083	-	-
Jan-10	499,735	5,036	1.02%	FY 1996-97	250,098	-1.57%	(3,985)
Feb-10	501,596	1,861	0.37%	FY 1997-98	238,594	-4.60%	(11,504)
Mar-10	508,592	6,996	1.39%	FY 1998-99	237,598	-0.42%	(996)
Apr-10	512,398	3,806	0.75%	FY 1999-00	253,254	6.59%	15,656
May-10	526,431	14,033	2.74%	FY 2000-01	275,399	8.74%	22,145
Jun-10	526,221	(210)	-0.04%	FY 2001-02	295,413	7.27%	20,014
Jul-10	531,445	5,224	0.99%	FY 2002-03	331,800	12.32%	36,387
Aug-10	539,073	7,628	1.44%	FY 2003-04	367,559	10.78%	35,759
Sep-10	541,285	2,212	0.41%	FY 2004-05	406,024	10.46%	38,465
Oct-10	546,301	5,016	0.93%	FY 2005-06	402,218	-0.94%	(3,806)
Nov-10	551,168	4,867	0.89%	FY 2006-07	392,228	-2.48%	(9,990)
Dec-10	556,120	4,952	0.90%	FY 2007-08	391,962	-0.07%	(266)
Jan-11	564,115	7,995	1.44%	FY 2008-09	436,812	11.44%	44,850
Feb-11	569,088	4,973	0.88%	FY 2009-10	498,797	14.19%	61,985
Mar-11	578,192	9,104	1.60%	FY 2010-11	560,759	12.42%	61,962
Apr-11	579,436	1,244	0.22%	FY 2011-12	621,870	10.90%	61,111
May-11	583,951	4,515	0.78%	FY 2012-13	672,963	8.22%	51,093
Jun-11	588,925	4,974	0.85%	FY 2013-14	709,189	5.38%	36,226
Jul-11	591,843	2,918	0.50%				
Aug-11	597,705	5,862	0.99%				
Sep-11	602,910	5,205	0.87%				
Oct-11	608,533	5,623	0.93%				
Nov-11	614,146	5,613	0.92%				
Dec-11	620,799	6,653	1.08%				
<b>Jan-12</b>	<b>626,317</b>	<b>5,518</b>	<b>0.89%</b>				
<b>Feb-12</b>	<b>631,063</b>	<b>4,747</b>	<b>0.76%</b>				
<b>Mar-12</b>	<b>635,654</b>	<b>4,590</b>	<b>0.73%</b>				
<b>Apr-12</b>	<b>640,031</b>	<b>4,377</b>	<b>0.69%</b>				
<b>May-12</b>	<b>644,807</b>	<b>4,776</b>	<b>0.75%</b>				
<b>Jun-12</b>	<b>648,848</b>	<b>4,041</b>	<b>0.63%</b>				
<b>Jul-12</b>	<b>652,458</b>	<b>3,609</b>	<b>0.56%</b>				
<b>Aug-12</b>	<b>656,493</b>	<b>4,035</b>	<b>0.62%</b>				
<b>Sep-12</b>	<b>660,423</b>	<b>3,931</b>	<b>0.60%</b>				
<b>Oct-12</b>	<b>664,299</b>	<b>3,875</b>	<b>0.59%</b>				
<b>Nov-12</b>	<b>668,079</b>	<b>3,780</b>	<b>0.57%</b>				
<b>Dec-12</b>	<b>671,810</b>	<b>3,731</b>	<b>0.56%</b>				

\* Medicaid caseload was restated back to FY 2002-03 effective July 1, 2008. Caseload prior to FY 2002-03 has not been restated and is not directly comparable to the restated caseload.

Adjustments	
FY 2011-12	1,725
FY 2012-13	14,510
FY 2013-14	30,214

Projections After Adjustments			
FY 2011-12	623,595	11.21%	62,836
FY 2012-13	687,473	10.24%	63,878
FY 2013-14	739,403	7.55%	51,929

November 2011 Trends (BEFORE ADJUSTMENTS)			
FY 2011-12	616,595	9.96%	55,873
FY 2012-13	656,294	6.44%	39,699
FY 2013-14	685,061	4.38%	28,767

Monthly Average Growth Comparisons		
FY 2010-11 Actuals	5,225	0.94%
FY 2010-11 1st Half	4,983	0.93%
FY 2010-11 2nd Half	5,468	0.96%
FY 2011-12 1st Half Actuals	5,312	0.88%
FY 2011-12 2nd Half Forecast	4,675	0.74%
FY 2011-12 Forecast	4,994	0.81%
November 2011 Forecast	4,031	0.66%
FY 2012-13 Forecast	1,672	0.25%
November 2011 Forecast	2,811	0.43%

Base trend from December 2011 level			
FY 2011-12	620,799	10.71%	60,040

\*\*Bold denotes projection

November 2011 Forecast	
Forecasted December 2011 Level	615,597

Actuals		
	Monthly Change	% Change
6-month average	5,312	0.88%
12-month average	5,390	0.92%
18-month average	5,254	0.92%
24-month average	5,254	0.95%

