

*COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING: FY 2012-13 BUDGET REQUEST: TOBACCO TAX UPDATE*

<b>Health Care Expansion Fund: Outlook FY 2007-08 to FY 2013-14</b>								
	FY 2007-08 Actuals	FY 2008-09 Actuals	FY 2009-10 Actuals	FY 2010-11 Actuals	FY 2011-12 Estimate	FY 2012-13 Estimate	FY 2013-14 Estimate	
<b>A. Tobacco Tax Revenues</b>								
Tax Revenue <sup>1</sup>	\$162,987,630	\$159,334,567	\$148,454,086	\$145,575,930	\$145,879,017	\$145,060,921	\$143,708,041	
<b>B. Health Care Expansion Fund</b>								
Transfer (46%)	\$74,974,310	\$73,293,901	\$68,288,879	\$66,964,928	\$67,104,348	\$66,728,024	\$66,105,699	
Interest Earned <sup>2</sup>	\$6,535,878	\$4,589,248	\$2,788,748	\$1,580,284	\$162,490	\$160,147	\$158,654	
Health Care Expansion Funds Available	\$81,510,188	\$77,883,149	\$71,077,627	\$68,545,212	\$67,266,838	\$66,888,171	\$66,264,353	
General Fund Transfers <sup>3</sup>	\$0	\$0	(\$7,377,996)	(\$1,580,284)	(\$162,490)	\$0	\$0	
<b>Net Health Care Expansion Funds Available to Support Program Expenses</b>	<b>\$81,510,188</b>	<b>\$77,883,149</b>	<b>\$63,699,631</b>	<b>\$66,964,928</b>	<b>\$67,104,348</b>	<b>\$66,888,171</b>	<b>\$66,264,353</b>	
<b>C. Health Care Expansion Fund Reserve Balance</b>								
Previous Year's Reserve Fund Ending Balance	\$94,635,520	\$130,653,130	\$119,601,623	\$79,234,953	\$100,000	\$0	\$0	
Beginning Health Care Expansion Fund Reserve Balance	\$130,653,130	\$135,721,615	\$119,601,623	\$79,234,953	\$100,000	\$0	\$0	
Fund Required from the Reserve Balance in the Current Year	\$0	\$16,119,995	\$40,366,669	\$79,134,953	\$100,000	\$0	\$0	
<b>Health Care Expansion Fund Year-End Reserve Balance</b>	<b>\$130,653,130</b>	<b>\$119,601,623</b>	<b>\$79,234,953</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>D. Health Care Expansion Fund Expenditures</b>								
(1) Executive Director's Office <sup>4</sup>	\$482,729	\$550,255	\$964,806	\$921,799	\$0	\$0	\$0	
(2) Medical Service Premiums	\$56,072,286	\$69,577,006	\$65,813,605	\$65,532,641	\$86,359,826	\$92,645,736	\$97,695,457	
(3) Medicaid Mental Health Community Programs	\$4,300,041	\$5,202,175	\$6,047,643	\$5,680,612	\$7,947,523	\$8,774,692	\$9,485,425	
(4) Indigent Care Program	\$15,005,337	\$18,093,822	\$30,037,096	\$25,708,044	\$20,297,666	\$16,337,391	\$4,513,872	
Children's Basic Health Plan Administration and Outreach	\$518,545	\$540,000	\$326,951	\$198,392	\$0	\$0	\$0	
Children's Basic Health Plan Premium and Dental Costs (FY 2010-11 Forward)	\$13,653,510	\$16,517,591	\$28,318,710	\$25,509,652	\$20,297,666	\$16,337,391	\$4,513,872	
Children's Basic Health Plan Dental Benefit Costs	\$833,282	\$1,036,231	\$1,391,435	\$0	\$0	\$0	\$0	
(6) Department of Human Services Medicaid Funded Programs	\$581,310	\$579,886	\$541,738	\$568,907	\$640,000	\$640,000	\$640,000	
General Fund Transfers <sup>3</sup>	\$0	\$0	\$661,413	\$47,687,878	\$0	\$0	\$0	
<b>E. Total Health Care Expansion Fund Expenditures/Need<sup>5</sup></b>	<b>\$76,441,703</b>	<b>\$94,003,144</b>	<b>\$104,066,301</b>	<b>\$146,099,880</b>	<b>\$115,245,014</b>	<b>\$118,397,819</b>	<b>\$112,334,754</b>	
<b>F. Health Care Expansion Fund Populations Funding Shortfall</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$48,040,667</b>	<b>\$51,509,648</b>	<b>\$46,070,401</b>	
<b>G. Health Care Expansion Fund Reserve Balance - Increase / (Decrease)</b>	<b>\$5,068,485</b>	<b>(\$16,119,995)</b>	<b>(\$40,366,669)</b>	<b>(\$79,134,953)</b>	<b>(\$48,140,667)</b>	<b>(\$51,509,648)</b>	<b>(\$46,070,401)</b>	

**Notes for Health Care Expansion Fund: Outlook FY 2007-08 to FY 2013-14**

- <sup>1</sup> Tobacco Tax revenue projections are taken from the December 2011 Amendment 35 Revenue Forecast published by Legislative Council.
- <sup>2</sup> The interest rate used to project earnings for the fund is equal to the interest rate received in December 2011. Per SB 09-270, all interest earned on the balance of the Health Care Expansion Fund during FY 2008-09 through FY 2011-12 shall be transferred to the General Fund. The FY 2008-09 earned interest was not transferred to the General Fund until FY 2009-10.
- <sup>3</sup> General Fund transfers for FY 2009-10 thru FY 2011-12 consists of the interest income earned, however FY 2009-10 also consists of an additional \$1,293,900 which was transferred to the Medical Services Premiums line item, and a net amount of \$3,956,761 due to audit adjustments. For FY 2010-11, the General Fund transfer also includes an amount of \$47,687,878 to avoid payment delays.
- <sup>4</sup> The Executive Director's Office appropriation was eliminated for FY 2011-12 forward pursuant to SB 11-209.
- <sup>5</sup> For FY 2011-12 forward, the expenditures for Long Bill groups 2,3, and 4 are an estimate of what would be needed to support the expansion populations shown on Page R-2 of this Update.
- <sup>6</sup> The impact of enhanced Federal Medical Assistance Percentage (FMAP) provided under the American Recovery and Reinvestment Act of 2009 (ARRA) for FY 2008-09 through FY 2010-11 is incorporated into Long Bill Group totals on this page.

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 2012-13 BUDGET REQUEST; TOBACCO TAX UPDATE

Health Care Expansion Fund Populations Expenditure History and Forecast								
	FY 2007-08 Actual	FY 2008-09 Actual <sup>7</sup>	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12	FY 2012-13	FY 2013-14	
<b>Expansion Adults to 60% FPL<sup>1</sup></b>								
1	Total Expansion Adults to 60% FPL Medical Services Premiums Expenditures	\$19,176,398	\$34,055,796	\$44,317,318	\$60,314,804	\$68,184,677	\$76,149,713	\$81,724,062
2	<b>Total Expansion Adults to 60% FPL Expansion Fund Expenditures</b>	<b>\$9,588,199</b>	<b>\$14,546,082</b>	<b>\$17,022,282</b>	<b>\$24,360,064</b>	<b>\$34,092,339</b>	<b>\$38,074,857</b>	<b>\$40,862,031</b>
3	% Change Over Prior Year	159.92%	77.59%	30.13%	36.10%	13.05%	11.68%	7.32%
4	Total Expansion Adults to 60% FPL Mental Health Expenditures	\$2,125,312	\$3,111,446	\$4,419,081	\$5,636,127	\$6,691,191	\$7,604,131	\$8,269,982
5	<b>Total Expansion Adults to 60% FPL Expansion Fund Expenditures</b>	<b>\$1,062,656</b>	<b>\$1,328,976</b>	<b>\$1,697,424</b>	<b>\$2,278,368</b>	<b>\$3,345,596</b>	<b>\$3,802,066</b>	<b>\$4,134,991</b>
6	% Change Over Prior Year	106.61%	46.40%	42.03%	27.54%	18.72%	13.64%	8.76%
<b>Presumptive Eligibility<sup>2</sup></b>								
7	Total Presumptive Eligibility Expenditures	\$5,983,219	\$3,461,490	\$2,769,787	\$3,494,317	\$3,101,780	\$3,415,107	\$3,516,050
8	<b>Total Presumptive Eligibility Expansion Fund Expenditures</b>	<b>\$2,991,609</b>	<b>\$1,478,489</b>	<b>\$1,063,875</b>	<b>\$1,405,319</b>	<b>\$1,550,890</b>	<b>\$1,707,553</b>	<b>\$1,758,025</b>
9	% Change Over Prior Year	-23.77%	-42.15%	-19.98%	26.16%	-11.23%	10.10%	2.96%
<b>HB 05-1086 Optional Legal Immigrants<sup>3</sup></b>								
10	Total Optional Legal Immigrants Medical Services Premiums Expenditures	\$12,433,504	\$29,261,806	\$31,549,557	\$33,075,468	\$34,111,328	\$34,467,082	\$34,951,800
11	<b>Total Optional Legal Immigrants Expansion Fund Expenditures</b>	<b>\$6,216,752</b>	<b>\$12,498,449</b>	<b>\$12,118,185</b>	<b>\$13,344,279</b>	<b>\$17,055,664</b>	<b>\$17,233,541</b>	<b>\$17,475,900</b>
12	% Change Over Prior Year	0.00%	135.35%	7.82%	4.84%	3.13%	1.04%	1.41%
13	Total Optional Legal Immigrants Mental Health Expenditures	\$1,113,662	\$1,113,662	\$1,301,623	\$1,454,268	\$1,656,394	\$1,830,679	\$2,010,922
14	<b>Total Optional Legal Immigrants Expansion Fund Expenditures</b>	<b>\$475,673</b>	<b>\$499,953</b>	<b>\$587,774</b>	<b>\$587,774</b>	<b>\$828,197</b>	<b>\$915,340</b>	<b>\$1,005,461</b>
15	% Change Over Prior Year			16.88%	11.73%	13.90%	10.52%	9.85%
<b>Asset Test Removal - Adults and Children<sup>4</sup></b>								
16	Total Asset Test Removal Medical Services Premiums Expenditures	\$57,260,250	\$64,509,474	\$66,400,818	\$38,021,580	\$40,025,868	\$43,299,443	\$46,401,601
17	<b>Total Asset Test Removal Expansion Fund Expenditures</b>	<b>\$28,630,125</b>	<b>\$27,553,609</b>	<b>\$25,504,554</b>	<b>\$15,225,763</b>	<b>\$20,012,934</b>	<b>\$21,649,722</b>	<b>\$23,200,801</b>
18	% Change Over Prior Year	76.38%	12.66%	2.93%	-42.74%	5.27%	8.18%	7.16%
19	Total Asset Test Removal Mental Health Expenditures	\$4,871,984	\$5,229,325	\$5,950,880	\$2,768,660	\$3,236,398	\$3,730,915	\$4,223,592
20	<b>Total Asset Test Removal Expansion Fund Expenditures</b>	<b>\$2,435,992</b>	<b>\$2,233,575</b>	<b>\$2,285,733</b>	<b>\$1,106,433</b>	<b>\$1,618,199</b>	<b>\$1,865,458</b>	<b>\$2,111,796</b>
21	% Change Over Prior Year	48.61%	7.33%	13.80%	-53.47%	16.89%	15.28%	13.21%
<b>Children's Home- and Community-Based Services (CHCBS)<sup>5</sup></b>								
22	Total Children's Home- and Community-Based Services Medical Services Premiums Expenditures	\$15,636,503	\$21,322,871	\$20,552,304	\$21,823,493	\$21,021,824	\$21,480,098	\$22,103,024
23	<b>Total Health Care Expansion Fund Expenditures</b>	<b>\$7,818,252</b>	<b>\$9,107,531</b>	<b>\$7,894,140</b>	<b>\$8,784,174</b>	<b>\$10,510,912</b>	<b>\$10,740,049</b>	<b>\$11,051,512</b>
24	% Change Over Prior Year	101.94%	36.37%	-3.61%	6.19%	-3.67%	2.18%	2.90%
25	Total Children's Home- and Community-Based Services Mental Health Expenditures	\$572,980	\$978,282	\$992,182	\$999,706	\$1,010,403	\$1,042,032	\$1,100,699
26	<b>Total Health Care Expansion Fund Expenditures</b>	<b>\$286,490</b>	<b>\$417,849</b>	<b>\$381,097</b>	<b>\$402,637</b>	<b>\$505,202</b>	<b>\$521,016</b>	<b>\$550,350</b>
27	% Change Over Prior Year	37.01%	70.74%	1.42%	0.76%	1.07%	3.13%	5.63%
<b>Children's Extensive Support (CES)<sup>5</sup></b>								
28	Total Children's Extensive Support Medical Services Premiums Expenditures	\$1,377,821	\$3,288,883	\$3,329,475	\$3,149,801	\$3,043,080	\$3,109,440	\$3,199,579
29	<b>Total Children's Extensive Support Expansion Fund Expenditures</b>	<b>\$688,911</b>	<b>\$1,404,764</b>	<b>\$1,278,851</b>	<b>\$1,265,650</b>	<b>\$1,521,540</b>	<b>\$1,554,720</b>	<b>\$1,599,790</b>
30	% Change Over Prior Year	68.62%	138.70%	1.23%	-5.40%	-3.39%	2.18%	2.90%
31	Total Children's Extensive Support Mental Health Expenditures	\$85,069	\$114,920	\$117,669	\$109,070	\$110,237	\$113,688	\$120,089
32	<b>Total Children's Extensive Support Expansion Fund Expenditures</b>	<b>\$42,534</b>	<b>\$49,085</b>	<b>\$45,197</b>	<b>\$43,915</b>	<b>\$55,119</b>	<b>\$56,844</b>	<b>\$60,044</b>
33	% Change Over Prior Year	-62.15%	35.09%	2.39%	-7.31%	1.07%	3.13%	5.63%
<b>Expansion Foster Care<sup>6</sup></b>								
34	Total Expansion Foster Care Medical Services Premiums Expenditures	\$276,877	\$1,095,770	\$2,425,715	\$2,900,970	\$3,231,095	\$3,370,588	\$3,494,796
35	<b>Total Foster Care Expansion Fund Expenditures</b>	<b>\$138,439</b>	<b>\$468,031</b>	<b>\$931,717</b>	<b>\$1,167,964</b>	<b>\$1,615,547</b>	<b>\$1,685,294</b>	<b>\$1,747,398</b>
36	% Change Over Prior Year		295.76%	121.37%	19.59%	11.38%	4.32%	3.69%
37	Total Expansion Foster Care Mental Health Expenditures	\$944,738	\$1,622,720	\$2,963,392	\$3,138,306	\$3,190,419	\$3,227,935	\$3,245,566
38	<b>Total Foster Care Expansion Fund Expenditures</b>	<b>\$472,369</b>	<b>\$693,104</b>	<b>\$1,138,239</b>	<b>\$1,261,484</b>	<b>\$1,595,210</b>	<b>\$1,613,968</b>	<b>\$1,622,783</b>
39	% Change Over Prior Year		71.76%	82.62%	5.90%	1.66%	1.18%	0.55%
<b>Children's Basic Health Plan</b>								
40	Total Children's Basic Health Plan Medical and Dental Expenditures	\$41,390,834	\$49,698,138	\$84,886,129	\$70,099,006	\$57,993,330	\$46,678,261	\$12,896,778
41	<b>Total Children's Basic Health Plan Fund Expenditures</b>	<b>\$14,486,792</b>	<b>\$17,394,348</b>	<b>\$29,710,145</b>	<b>\$25,509,652</b>	<b>\$20,297,666</b>	<b>\$16,337,391</b>	<b>\$4,513,872</b>
42	% Change Over Prior Year	60.26%	20.07%	70.80%	-17.42%	-17.27%	-19.51%	-72.37%
<b>Total Health Care Expansion Fund Expenditures at Enhanced ARRA FMAP</b>		<b>\$74,859,119</b>	<b>\$89,649,566</b>	<b>\$101,571,393</b>	<b>\$96,743,477</b>	<b>\$114,605,014</b>	<b>\$117,757,819</b>	<b>\$111,694,754</b>

**Notes for Expenditure History and Forecast**

<sup>1</sup> Projected expenditures for the Expansion Adults to 60% FPL population are taken from the Department's February 15, 2012 FY 2012-13 S-1 and S-2.

<sup>2</sup> Presumptive Eligibility expenditures are projected using the average of 24 months of year-over-year percentage changes since July 2008 multiplied by the prior year expenditure.

<sup>3</sup> The Optional Legal Immigrants population expenditure is forecast using an Ordinary Least Squares (OLS) regression model.

<sup>4</sup> Expenditures for the Asset Test Removal population dropped significantly in FY 2010-11 due to eligibility redeterminations which resulted in clients being reclassified out of asset test. For FY 2011-12 forward, the forecasts are based upon a methodology that estimates the amount of expenditures using a weighted average growth rate calculated using the caseload and per capita growth rates from the AFDC-Adults and Eligible Children populations included in the Department's February 15, 2012 FY 2012-13 S-1 and S-2. This is the same methodology used historically from a lower FY 2010-11 base level.

<sup>5</sup> Expenditure projections for the Children's Home- and Community-Based Services and Children's Extensive Support Waiver programs are based on the trends in the Disabled Individuals to 59 category from Exhibit C and Exhibit DD in the Department's February 15, 2012 FY 2012-13 S-1 and S-2, respectively, applied to the average per capita cost for these waiver clients.

<sup>6</sup> Foster Care Medical Services Premiums expenditures are projected using the Denver-Boulder-Greeley CPI Index for Medical Care. Foster Care Mental Health expenditures are projected using the same mental health per capita as the traditional Foster Care population from Exhibit DD in the Department's FY 2012-13 S-2.

<sup>7</sup> Total Medical Services Premiums and Mental Health expenditures from the Health Care Expansion Fund for individual populations as given on this page calculate the costs of expansion populations at the blended average FY 2008-09 FMAP of 57.29% and will not match the total on the Outlook Page, which is actual expenditure that accounts for the timing of expenditures over the year.