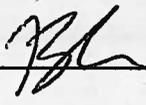


## Schedule 13 Funding Request for the 2014-15 Budget Cycle

**Department:** Health Care Policy and Financing  
**Request Title:** Technical Adjustment for Hospice Rate Increase  
**Priority Number:** S-8

**Dept. Approval by:** Josh Block  1/2/14  
 Date

**OSPB Approval by:**  12/31/13  
 Date

- |   |
|---|
| <input type="checkbox"/> Decision Item FY 2014-15           |
| <input type="checkbox"/> Base Reduction Item FY 2014-15     |
| <input checked="" type="checkbox"/> Supplemental FY 2013-14 |
| <input type="checkbox"/> Budget Amendment FY 2014-15        |

Line Item Information		FY 2013-14		FY 2014-15		FY 2015-16
		1	2	3	4	5
	Fund	Appropriation FY 2013-14	Supplemental Request FY 2013-14	Base Request FY 2014-15	Funding Change Request FY 2014-15	Continuation Amount FY 2015-16
<b>Total of All Line Items</b>	<b>Total</b>	-	317,665	-	-	-
	FTE	-	-	-	-	-
	GF	-	317,665	-	-	-
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	-	-	-	-	-
	FF	-	-	-	-	-
<b>NEW ITEM (4) Hospice Supplemental Payment</b>	<b>Total</b>	-	317,665	-	-	-
	FTE	-	-	-	-	-
	GF	-	317,665	-	-	-
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	-	-	-	-	-
	FF	-	-	-	-	-

Letternote Text Revision Required? Yes:  No:  If yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and COFRS Fund Number: N/A  
 Reappropriated Funds Source, by Department and Line Item Name: N/A  
 Approval by OIT? Yes:  No:  Not Required:   
 Schedule 13s from Affected Departments: N/A  
 Other Information: N/A



# COLORADO

Department of Health Care Policy  
and Financing

Priority: S-8  
Technical Adjustment for Hospice Rate  
Increase  
FY 2013-14 Supplemental Request

## *Cost and FTE*

- The Department requests an increase of \$317,665 General Fund in FY 2013-14 to account for General Fund only payments to hospice providers from an existing appropriation.

## *Current Program*

- The General Assembly increased the Department's FY 2013-14 appropriation to account for a rate increase for hospice providers.

## *Problem or Opportunity*

- It is unclear whether the Centers for Medicare and Medicaid Services (CMS) will approve the rate increase for hospice providers.
- Should CMS not approve the rate increase, State funds associated with the rate increase would not receive a federal match.
- Statutory authority does not exist to allow the Department to use General Fund on a program that is not authorized in statute.
- Further stipulations in the Long-Bill prevent the use of General Fund moneys without matching federal funds.

## *Consequences of Problem*

- If CMS does not approve the rate increase to hospice providers, the Department would have no avenue through which to enact the General Assembly's previously approved rate increase for hospice providers.

## *Proposed Solution*

- The Department requests a one-time \$317,665 increase to General Fund appropriated for the rate increase for hospice providers to make a one-time General Fund only payment to hospice providers under the assumption that CMS would not approve the rate increase.
- Making one-time General Fund only payments to hospice providers in lieu of a rate increase would require an exception to the federal funding requirement of the Long-Bill (also known as the (M) headnote).
- The Department would require statutory authority to apply General Fund moneys to this rate increase without a federal match.



# COLORADO

Department of Health Care Policy  
and Financing

FY 2014-15 Funding Request | January 2, 2014

John W. Hickenlooper  
Governor

Susan E. Birch  
Executive Director

**Department Priority: S-8**  
**Request Detail: Technical Adjustment for Hospice Rate Increase**

Summary of Incremental Funding Change for FY 2013-14	Total Funds	General Fund
Technical Adjustment for Hospice Rate Increase	\$317,665	\$317,665

### **Problem or Opportunity:**

The General Assembly approved a rate increase for hospice providers in the FY 2013-14 Long Bill; however, it is currently unclear whether the Centers for Medicare and Medicaid Services (CMS) will also approve the rate increase. In the event that CMS does not approve the rate increase, the State would not receive a federal match on its spending for an increase to hospice rates. Because the Department’s appropriation for Medical Services Premiums is subject to the (M) headnote in the Long Bill, the Department does not have the authority to use General Fund moneys without matching federal funds. Further, the Department has no explicit statutory authorization to give hospice providers a General Fund-only payment.

### **Proposed Solution:**

The Department requests one-time funding of \$317,665 General Fund in FY 2013-14 to make supplemental payments to hospice providers in the event that CMS does not approve the rate increase. This request is General Fund neutral in FY 2013-14 as compared to the Department’s base budget; however, there is an offsetting reduction in the Department’s November 1, 2013 R-1 request for Medical Services Premiums. Therefore, this supplemental request reflects a General Fund increase.

The General Assembly’s originally approved rate increase for hospice providers included the assumption of a federal match to General Fund spending. Under the new assumption that CMS does not approve the rate increase, fulfilling the General Assembly’s approval of the rate increase would require General Fund appropriation for this request be removed from a line item under the (M) headnote and transferred to a new line item that would allow General Fund spending without matching federal funds.

### **Anticipated Outcomes:**

Approval of this request would allow the State to provide hospice providers with General Fund funding already appropriated for a rate increase by the General Assembly, regardless of whether CMS approves the rate increase. The Department would provide eligible hospices with a one-time supplemental payment using the available funding. The Department would establish a methodology based on Medicaid utilization, and if necessary, establish a framework for the payments in rule.

***Assumptions and Calculations:***

The Department has used documentation presented to the Joint Budget Committee (JBC) on March 18, 2013 to determine the available amount of General Fund.<sup>1</sup> The documentation shows that the JBC included an appropriation of \$635,331 total funds in FY 2013-14 for rate increases for hospice providers; the General Fund share of that amount would be \$317,665, assuming 50% federal financial participation.

The Department assumes that CMS would not approve the rate increase to hospice providers. If this is the case, then there would be no federal funding available for the rate increase. If CMS subsequently approves the rate increase, the Department would use the standard budget process to account for the available federal financial participation.

***Supplemental, 1331 Supplemental or Budget Amendment Criteria:***

The Department has received new information that CMS might not approve the rate increase to hospice providers.

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<sup>1</sup> See page 105 of the linked PDF file: [http://www.tornado.state.co.us/gov\\_dir/leg\\_dir/jbc/staffcomebacks-03-18-13.pdf](http://www.tornado.state.co.us/gov_dir/leg_dir/jbc/staffcomebacks-03-18-13.pdf)