Schedule 13
Change Request for FY 2011-12 Budget Request Cycle

Decision Item FY 2011-12 ☑	Base Reduction Item FY 2011-12 ☐	Supplemental FY 2010-11 ☑	Budget Amendment FY 2011-12 ☐

Request Title: Cash Fund Insolvency Financing
Department: Health Care Policy and Financing
Priority Number: DI-6, S-5

Dept. Approval by: John Bartholomew **Date:** November 1, 2010 10/26
OSPB Approval: **Date:** 10-29-10

	Fund	1 Prior-Year Actual FY 2009-10	2 Appropriation FY 2010-11	3 Supplemental Request FY 2010-11	4 Total Revised Request FY 2010-11	5 Base Request FY 2011-12	6 Decision/ Base Reduction FY 2011-12	7 November 1 Request FY 2011-12	8 Budget Amendment FY 2011-12	9 Total Revised Request FY 2011-12	10 Change from Base (Column 5) FY 2012-13
Total of All Line Items	Total	3 296 467	9,411,482	686,184	10,097,666	0	13,796,996	13,796,996	0	13,796,996	15,760,341
	FTE	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
	GF	2 710 779	9,411,482	686,184	10,097 666	0	13,796,996	13,796,996	0	13,796,996	15,760,341
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	585 688	0	0	0	0	0	0	0	0	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(4) Indigent Care Program; H.B. 97-1304 Children's Basic Health Plan Trust	Total	3 296 467	9,411,482	686,184	10,097,666	0	13,796,996	13,796,996	0	13,796,996	15,760,341
	FTE	0 0	0 0	0.0	0.0	0 0	0 0	0.0	0.0	0.0	0.0
	GF	2 710 779	9 411,482	686,184	10 097,666	0	13,796,996	13,796,996	0	13,796,996	15,760,341
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	585 688	0	0	0	0	0	0	0	0	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0

Non-Line Item Request: FY 2011-12 The Department is requesting a transfer of $41 714 371 to the Health Care Expansion Fund (18K) Of this amount, $15 046,971 is General Fund and $26,667,400 is cash funds from the CHIPRA Enrollment and Retention bonus. Please see narrative for detail.
FY 2012-13. The Department is requesting a transfer of $90,397,911 to the Health Care Expansion Fund (18K). Of this amount, $61,026,270 is General Fund and $29,371,641 is cash funds from the CHIPRA Enrollment and Retention bonus. Please see narrative for detail

Letternote Revised Text: None
Cash or Federal Fund Name and COFRS Fund Number: None
Reappropriated Funds Source, by Department and Line Item Name: None.
Approval by OIT? Yes: ☐ No: ☐ N/A: ☑
Schedule 13s from Affected Departments: None

CHANGE REQUEST for FY 2011-12 BUDGET REQUEST CYCLE

Department:	Health Care Policy and Financing
Priority Number:	DI-6, S-5
Change Request Title:	Cash Fund Insolvency Financing

SELECT ONE (click on box):

☒ Decision Item FY 2011-12
☐ Base Reduction Item FY 2011-12
☒ Supplemental Request FY 2010-11
☐ Budget Request Amendment FY 2011-12

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:

☐ Not a Supplemental or Budget Request Amendment
☐ An emergency
☐ A technical error which has a substantial effect on the operation of the program
☒ New data resulting in substantial changes in funding needs
☐ Unforeseen contingency such as a significant workload change

Short Summary of Request:

The Department requests $686,184 General Fund in FY 2010-11 to balance the Children's Basic Health Plan (CHP+) Trust Fund. The Department's request for FY 2011-12 includes an appropriation of $13,796,996 General Fund to address the CHP+ Trust Fund insolvency. In addition, the Department requests a transfer to the Health Care Expansion Fund in the amount of $41,714,371 total funds, including $15,046,971 General Fund and $26,667,400 cash funds from the CHIPRA bonus payment. These revenue transfers will ensure the solvency of the Health Care Expansion fund in FY 2011-12. Similarly, the Department's request for FY 2012-13 includes $15,760,341 General Fund to address the CHP+ Trust Fund insolvency. In addition, the Department requests a transfer to the Health Care Expansion Fund in the amount of $90,397,911 total funds, including $61,026,270 General Fund and $29,371,641 cash funds from the CHIPRA bonus payment. These revenue transfers will ensure the solvency of the Health Care Expansion fund in FY 2012-13. These amounts assume that all of the Department's other requests are approved as submitted. Legislation would be required in order to deposit the funds received by the Department into the Health Care Expansion Fund.

General Description of Request: The following table summarizes the requested appropriations and transfers.

	FY 2010-11	FY 2011-12	FY 2012-13
Base Health Care Expansion Fund Deficit	$0	$50,020,351	$93,621,923
BRI-2 "Medicaid Payment Timing"	$0	($1,699,936)	($180,855)
BRI-4 "CHP+ Program Reductions": Health Care Expansion Fund	$0	($1,355,622)	($2,096,813)
BRI-5 "Medicaid Reductions": Health Care Expansion Fund	$0	($383,068)	($572,067)
BRI-6, S-6 "Delay Managed Care Payments": Health Care Expansion Fund	$0	($4,867,354)	($374,278)
Net Health Care Expansion Fund Deficit (Requested Total Transfer)	**$0**	**$41,714,371**	**$90,397,911**
CHIPRA Bonus Revenue	$0	($26,667,400)	($29,371,641)
General Fund Need for Health Care Expansion Fund	**$0**	**$15,046,971**	**$61,026,270**
Base CHP+ Trust Fund Deficit	$3,383,178	$15,751,013	$18,149,704
BRI-4 "CHP+ Program Reductions": CHP+ Trust Fund	$0	($1,471,827)	($2,162,644)
BRI-6, S-6 "Delay Managed Care Payments": CHP+ Trust Fund	($2,696,994)	($482,190)	($226,719)
Net CHP+ Trust Fund Deficit (Requested General Fund Appropriation)	**$686,184**	**$13,796,996**	**$15,760,341**

Insolvency of the Health Care Expansion Fund

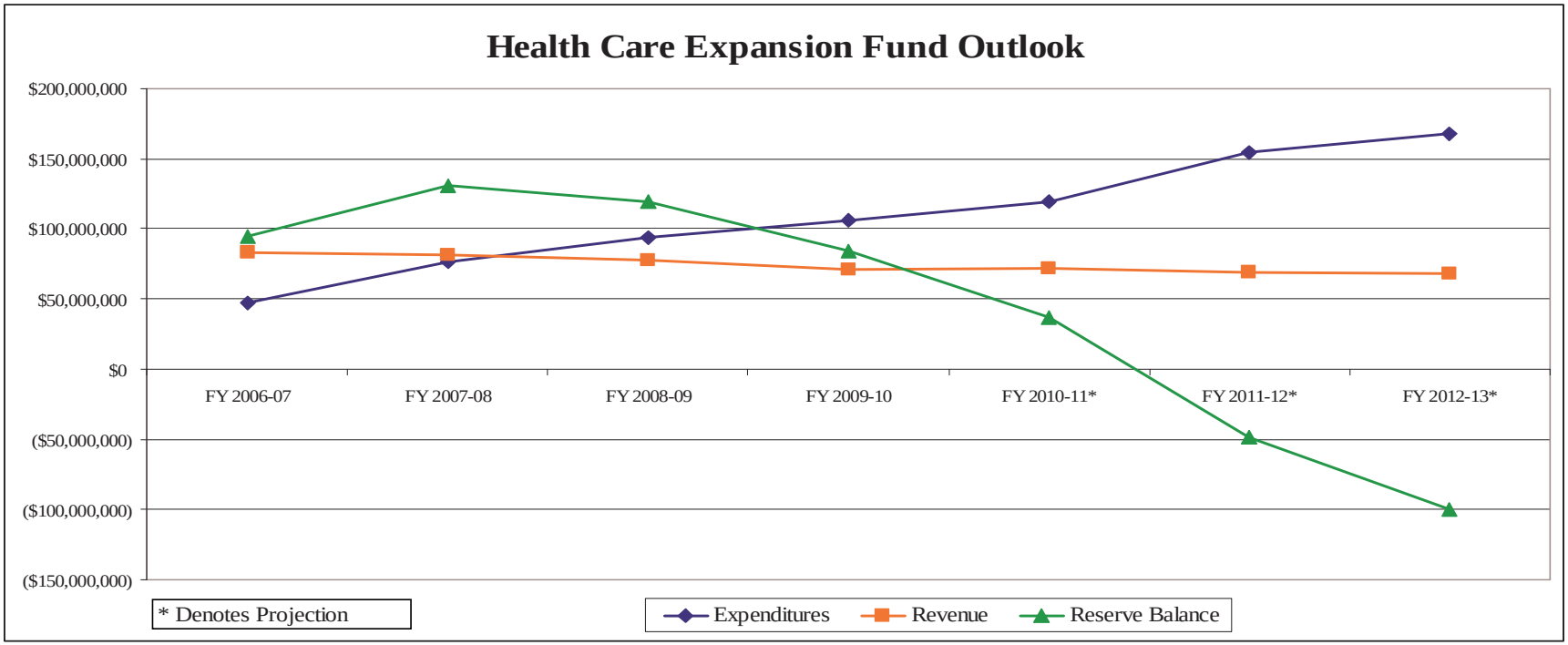
The Health Care Expansion Fund receives 46% of annual Tobacco Tax revenues as stipulated in HB 05-1262, the Tobacco Tax Implementation bill. This legislation requires that Health Care Expansion Fund monies be used to expand eligibility for low-income individuals through Medicaid or the Children's Basic Health Plan. The funds are used to pay for services provided to the following expanded eligibility groups:

- Children's Basic Health Plan (CHP+) eligibility to 200% of the federal poverty level;
- CHP+ enrollment above the FY 2003-04 levels;
- removal of the Medicaid asset test;

- reduction of the Children's Extensive Support and Children's Home and Community Based Services waitlists;
- increase the eligibility of parents of enrolled children to at least 60% of the federal poverty level;
- Medicaid coverage for optional legal immigrants;
- presumptive eligibility for pregnant women on Medicaid;
- expand Medicaid eligibility to age 21 for Foster Care children (SB 07-002 and SB 08-099); and
- CHP+ Outreach.

On average, annual Amendment 35 Tobacco Tax revenues have been declining since the implementation of HB 05-1262, and expenditures out of the Health Care Expansion Fund have been increasing each year. See the chart below which displays revenues into the fund, expenditures, and the reserve fund balance.

As can be seen in the chart below, in FY 2007-08, expenditures began to outpace the revenue coming into the fund and began dipping into the reserve fund balance. Also illustrated, revenue has been continuously trending downward, while the expenditures continue to grow. Projections into the future display the same trends, which will continue to increase the gap between revenue and expenditures, increasing the amount that must be taken from the reserve fund to support the expenditures.



Going forward, assuming equal monthly expenditures in FY 2011-12, it can be expected that the reserve fund balance will be exhausted in early calendar year 2012. The passage of the Patient Protection and Affordable Care Act of 2010 (PPACA) imposed Maintenance of Effort (MOE) provisions on Medicaid. As such, Colorado can not apply more restrictive eligibility standards, methodologies, or procedures than were under the State Plan as of the passage of PPACA on March 23, 2010. The MOE applies to adults until the major components of health reform go into effect on January 1, 2014, and to children (in both Medicaid and CHP+) until September 30, 2019. Due to these MOEs, the Department will not be able to rescind any of the eligibility expansions provided under HB 05-1262 in order to address the Health Care Expansion Fund deficit. However, the Department is considering options on how to contain costs based on the services and benefits that are currently being provided.

While the governing statutes under 24-22-117 C.R.S. (2010) do not necessarily state that the expansion populations funded through the Health Care Expansion Fund must have their expenses paid from the Fund, the Department requests that the General Fund and cash funds needed to fill the deficit be transferred to the Health Care Expansion Fund rather than the Medical Services Premiums line item. This will allow for much greater transparency as it would be much easier to track financing exclusive to these populations through the Fund rather that being intermingled with the already expansive Medical Services Premiums line.

The Department requests a transfer of $41,714,371 total funds in FY 2011-12, comprised of $15,046,971 from the General Fund and $26,667,400 cash funds from the CHIPRA bonus payment, in order to support the Medicaid and CHP+ clients in the same way it currently does and address the Health Care Expansion Fund deficit that will soon occur. This request includes the impacts of all Department requests, including the estimated savings for FY 2010-11 through FY 2012-13 from the Department's FY 2011-12 BRI-2 "Medicaid Fee-For-Service Payment Delay," BRI-4 "CHP+ Program Reductions," and BRI-6, "Delay Managed Care Payments." Similarly, the Department requests $90,397,911 in FY 2012-13, comprised of $61,026,270 General Fund and $29,371,641 cash funds from the CHIPRA bonus payment. These requests are based on the most recent September 2010 Legislative Council revenue forecast for Tobacco Tax collections (page 22) and assume that all of the Department's requests are approved as submitted. Any changes to requests including costs or savings to the Health Care Expansion Fund will result in a change to the General Fund need in this request. Because the Health Care Expansion Fund does not have a line item in the Department's budget, these transfers are requested off-budget and are specified on the Schedule 13 under "Non-Line Item Request."

<u>Insolvency of the Children's Basic Health Plan Trust Fund</u>

Expenditures from the Trust Fund include program expenses from the Children's Basic Health Plan premiums, dental, and administration line items, as well as a portion of the Department's internal administration expenses allocated to the Children's Basic Health

Plan. The program expenses and projection of the Trust Fund balance are presented in DI-3 "Children's Basic Health Plan Medical Premium and Dental Benefits", Exhibit C.1.

The Children's Basic Health Plan Trust Fund is funded primarily through Tobacco Master Settlement appropriations and General Fund (when necessary); however, enrollment fees from clients of the program and interest earnings on the Fund's balance also serve to subsidize the Trust. The Trust Fund has been appropriated General Fund since FY 2004-05, but regularly carried a fund balance at the end of the year. For FY 2009-10, the year-end fund balance is $599,735.

The estimated Tobacco Master Settlement base allocations (Tier 1) to the Trust Fund are $23,095,581 in FY 2010-11 and $22,157,233 in FY 2011-12, which include the annual allocation of accelerated payments from the Strategic Contribution Fund in the Master Settlement Agreement per HB 07-1359. The estimated Tier 2 distributions to the Trust Fund are $1,663,111 in FY 2010-11 and $1,517,551 in FY 2011-12. Pursuant to HB 10-1323, the Trust Fund will receive an additional 8.5% of the Tier 2 funding that was originally allocated to the Comprehensive Primary and Preventive Care Fund beginning in FY 2010-11. These amounts are estimated to be $2,245,000 in FY 2010-11 and $2,579,837 in FY 2011-12. Accounting for the Trust's portion of the State Auditor's Office payment, the current total forecasted Tobacco Master Settlement allocations to the Trust are $26,925,764 in FY 2010-11 and $26,208,640 in FY 2011-12. SB 09-269 caps the amount of Tobacco Settlement revenue allocated to Tobacco Settlement programs at $100 million for FY 2009-10, which decreased the Fund's allocation by $775,395 in FY 2009-10. For FY 2010-11, the forecasted Master Settlement allocations to the Trust decreased by $1,564,843 from that included in the Department's November 6, 2009 DI-3. This is due to Legislative Council's projected collection of total Master Settlement monies decreasing by 6.2% between the January 2009 and January 2010 forecasts. Large declines in Master Settlement revenue are projected to continue in FY 2011-12 and FY 2012-13.

Including year-to-date General Fund appropriations for FY 2010-11, the Trust Fund balance is expected to be insufficient for program costs in both FY 2010-11 and FY 2011-12. Based on total projected program expenses of $41,610,964 for FY 2010-11 and total

revenues of $38,201,397, there would be a Trust Fund deficit of $3,409,567 at the end of FY 2010-11 (see the Department's November 1, 2010 DI-3, Exhibit C.1, line P). Similarly, with total projected program expenses of $43,362,315 and total revenues of $27,488,444, the Trust would have a deficit of $15,873,871 at the end of FY 2011-12. Due to interest earned on revenue deposited in the Fund, the Department is requesting General Fund appropriations of $3,383,178 in FY 2010-11 and $15,751,031 in FY 2011-12 to make the Fund solvent. If savings from the Department's BRI-4 "CHP+ Program Reductions" and BRI-6, ES-3 "Delay Managed Care Payments" are approved as the Department requested, the General Fund need would be reduced to $686,184 in FY 2010-11, $13,796,996 in FY 2011-12, and $15,760,341 in FY 2012-13.

Caseload funded from the Trust Fund for traditional children is maximized because the Department is projecting the traditional caseload for both children and prenatal to exceed the FY 2003-04 enrollment levels of 41,786 and 101, respectively. However, increases in the per capita will continue to drive increasing expenditures for these clients from the Trust Fund. The forecasted increases in the children's, prenatal, and dental per capitas are increasing costs beyond the Tobacco Master Settlement funding, resulting in the forecasted shortfall in the Trust Fund. While the amount of Master Settlement funding varies based on payments received in the prior year, growth in the Tier 1 allocation averaged only 1.16% per year from FY 2005-06 to FY 2009-10, and is currently forecasted to show contractions of an average 7.78% per year in FY 2010-11 and FY 2011-12 (excluding the impacts of HB 07-1359 and SB 09-269). Per capita growth has been significantly higher than that in the Tier 1 allocations, with average annual from growth from FY 2005-06 through FY 2009-10 of 16.85% for children's medical, 7.34% for dental, and an average contraction of 3.68% for prenatal medical. FY 2010-11 and FY 2011-12 per capita costs are forecasted in this request to increase by an average of 5.24% for children's medical, -0.36% for dental, and 18.76% for prenatal medical.

Under the Patient Protection and Affordable Care Act of 2009, there is a Maintenance of Effort provision on CHP+ eligibility until September 31, 2019. As such, CHP+ resembles an entitlement program like Medicaid. If the funding were not appropriated to support the Trust Fund deficit, the entire CHP+ program would have to be eliminated. Additionally,

Colorado would no longer be eligible to receive the 23 percentage point increase in the CHP+ enhanced federal match effective October 1, 2015, which increases Colorado's federal match rate from 65% to 88%.

The Department is requesting appropriations of $686,184 in FY 2010-11, $13,796,996 in FY 2011-12 and $15,760,341 in FY 2012-13, comprised entirely of General Fund. These General Fund appropriations are requested to address the insolvency of the Trust Fund and assume that all of the Department's requests are approved as submitted. Any changes to requests including costs or savings to the Trust Fund will result in a change to the General Fund need in this request.

CHIPRA Bonus Payment

Under the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA), federal funding was made available to states for performance bonuses to support the additional number of enrollees in Medicaid and CHP+ that states attract due to outreach and retention activities.

Bonus payments were made available beginning in federal fiscal year (FFY) 2009. For each year, bonuses will be paid by December 31 following the end of the federal fiscal year (e.g., FFY 2010 bonuses will be paid by December 31, 2010). Five of the eight policies must be in place for at least half of the federal fiscal year for a state to qualify to receive a bonus. The qualifying policies are shown in Table 1, along with Colorado's current status. The Department anticipates submission of a Medicaid State Plan Amendment in FY 2010-11 that will clarify that Colorado's Medicaid Health Insurance Buy-In program meets all of the requirements for the Premium Assistance Subsidy provisions set forth in CHIPRA. This State Plan Amendment will qualify Colorado to receive the CHIPRA bonus payment beginning in FFY 2011.

Once a state has qualified for the performance bonuses through the implementation of five out of the eight specified provisions, the state must exceed an enrollment target. The enrollment target will be set each year by applying the formula set out in CHIPRA to state enrollment data. Specifically, the Centers for Medicare and Medicaid Services will

calculate the target for each state, which is based on the state's child enrollment in Medicaid in 2007 adjusted each year by the state's child population growth and a standard enrollment growth factor that changes over time as specified in CHIPRA. The standard enrollment growth factor, which is the same for all states, is based on national projected caseload growth. Because of the recession, it is pegged at a fairly high rate. The rate starts at 4% but drops to 3.5%, 3%, and ultimately to 2%.

Table 1: 8 Enrollment and Retention Provisions

Provision	Description	Medicaid	CHP+
12-Month Continuous Eligibility under Title XIX and Title XXI *	Establishment of a 12-month continuous eligibility period for children under age 19 in the Medicaid and/or CHIP State Plans.		✓
Elimination of Asset Test under Title XIX and Title XXI*	The State has liberalized asset test requirements for determining eligibility of children for Medicaid or CHIP by either removing asset/resource tests or reducing the documentation requirements for eligibility.	✓	✓
Elimination of In-Person Interview under Title XIX and Title XXI*	The State has eliminated in-person interview requirements for applying for Medicaid or CHIP (with exception for circumstances that justify a face-to-face interview).	✓	✓
Joint Application	The State has established a joint application and verification process for initial enrollment into Medicaid or CHIP and renewals of enrollment.	✓	✓
Auto Renewal under Title XIX and Title XXI	The State's Medicaid or CHIP program utilizes a renewal form with pre-printed eligibility information that is sent to the parent/caretaker relative of the child with notice that the child's eligibility will be automatically renewed unless other information is provided to the State that affects the child's continued eligibility.		
Presumptive Eligibility under Title XIX and Title XXI*	The State has implemented presumptive eligibility for children under the Medicaid and/or CHIP State Plans.	✓	✓
Express Lane under Title XIX and Title XXI*	The State is implementing the option to utilize express lane agencies under the Medicaid and CHIP State Plans.		
Premium Assistance Subsidy under Title XIX and Title XXI	The State has implemented the option of providing premium assistance subsidies under the Medicaid and/or CHIP State Plans.	**	✓

* Both Medicaid and CHIP must implement these provisions.
** Awaiting approval of a State Plan Amendment.

The CHIPRA bonus payment is equal to a percentage of the state's share of the average per capita cost of a Medicaid child, applied to the number of Medicaid children that exceed the enrollment target. The percentage depends on how much enrollment exceeds the enrollment target. A state with enrollment between the target level and 110% of the target level (Tier 1 enrollment) would receive a bonus payment equal to 15% of the state's share of the average per capita cost of a Medicaid child, multiplied by the number of children above the target. The percentage would rise to 62.5% of the state's share of the average cost per child for enrollment above 110% of the target (Tier 2 enrollment).

The Department worked with Georgetown University Centre so an accurate bonus payment could be calculated. Georgetown used per capita costs from the November1, 2010 request, adjusted to meet CMS requirements for the calculation. Based on estimates provided by the Georgetown University Center for Children and Families updated in July 2010, the Department would use $26,667,400 in FY 2011-12 and $29,371,641 in FY 2012-13 from the CHIPRA bonus payment to offset General Fund. The Department assumes that any bonus payment received above and beyond these amounts would be deposited into the Health Care Expansion Fund to help stabilize future solvency of the Fund.

Legislation would be required in order to deposit the funds received by the Department into the Health Care Expansion Fund.

Consequences if Not Funded:

If not funded, the Health Care Expansion Fund and Children's Basic Health Plan Trust Fund will not have enough money to support the expenditures currently forecasted for FY 2011-12 and FY 2012-13. This will result in the Department being in violation of the Patient Protection and Affordable Care Act of 2010 (PPACA) and the imposed Maintenance of Effort (MOE) provisions on Medicaid, as the funds would not be able to support the eligibility standards, methodologies, and procedures that were in effect under the State Plan as of the passage of PPACA on March 23, 2010. Also, as stated above, if the funding were not appropriated to support the Trust Fund deficit, the entire CHP+ program would have to be eliminated. Additionally, Colorado would no longer be eligible

to receive the 23 percentage point increase in the CHP+ enhanced federal match effective October 1, 2015, which would increase Colorado's federal match rate from 65% to 88%.

Calculations for Request:

Summary of Request FY 2010-11	Total Funds	General Fund	Cash Funds
Total Request	**$686,184**	**$686,184**	**$0**
H.B. 97-1304 Children's Basic Health Plan Trust	$686,184	$686,184	$0

Summary of Request FY 2011-12	Total Funds	General Fund	Cash Funds
Total Request	**$55,511,367**	**$28,843,967**	**$26,667,400**
H.B. 97-1304 Children's Basic Health Plan Trust	$13,796,996	$13,796,996	$0
Cash Fund Transfer	$41,714,371	$15,046,971	$26,667,400

Summary of Request FY 2012-13	Total Funds	General Fund	Cash Funds
Total Request	**$106,158,252**	**$76,786 ,611**	**$29,371,641**
H.B. 97-1304 Children's Basic Health Plan Trust	$15,760,341	$15,760,341	$0
Cash Fund Transfer	$90,397,911	$61,026,270	$29,371,641

Cash Funds Projections: Not applicable.

Assumptions for Calculations: The CHIPRA Enrollment and Retention Bonus amount, which is the cash funds the Department is requesting, is based on the statutory formula in CHIPRA. The tables on the following pages, 2a through 2c, display the assumptions behind the bonus payment, which included the enrollment level calculations and per capita calculations. As stated above in the CHIPRA Bonus Payment section, these estimates have been reviewed by the Georgetown University Center for Children and Families, and they are in agreement that they are accurate. Georgetown has also estimated the potential bonus payments for

several other states which are in the Tier 2 enrollment level for FFY 2010, and they are as follows:

- Ohio - $39 million
- Nevada - $14 million
- Washington - $26 million

Table 2a: CHIPRA Bonus Caseload Calculations			
	FFY 2011	FFY 2012	FFY 2013
Baseline Enrollment	261,305	272,489	284,479
Estimated Child Population Growth Factor[1]	4.28%	4.40%	4.07%
Tier 1 Bonus Target Enrollment Estimate[2]	272,489	284,479	296,057
Tier 2 Bonus Target Enrollment Estimate[3]	299,738	312,927	325,663
Projected Enrollment	334,388	350,145	357,672
Projected Tier 1 Bonus Enrollment	27,249	28,448	29,606
Projected Tier 2 Bonus Enrollment	34,650	37,218	32,009

[1] Estimated Child population growth equals estimated population growth for age 0-18, plus 3.5% in FFY 2010 through FFY 2012, and 3.0% in FFY 2013 thereafter.
[2] Tier 1 Bonus target is the Baseline Enrollment increased by the Estimated Child Population Growth Factor.
[3] Tier 2 Bonus target is 10% above the Tier 2 Bonus Enrollment target.
Source: Colorado Department of Health Care Policy and Financing FY2011-12 Budget Request, November 1, 2010.

Table 2b: CHIPRA Bonus Per Capita Calculations			
	FFY 2011	FFY 2012	FFY 2013
Kaiser State Health Facts CO Child Medicaid Cost	$2,071.78	$2,133.93	$2,197.95
Estimated Increase in National Health Expenditures	3.00%	3.00%	3.00%
State FMAP Rate	50.00%	50.00%	50.00%
Projected Tier 1 Per Capita Bonus[4]	$155.38	$160.04	$164.85
Projected Tier 2 Per Capita Bonus[5]	$647.43	$666.85	$686.86

[4] Projected Tier 1 Bonus Per Capita is equal to the estimated base per capita cost for Medicaid children multiplied by the State's FMAP rate multiplied by 15%.
[5] Projected Tier 1 Bonus Per Capita is equal to the estimated base per capita cost for Medicaid.

Table 2c: CHIPRA Bonus Payment Calculation			
	FFY 2011	FFY 2012	FFY 2013
Projected Tier 1 Bonus Enrollment	27,249	28,448	29,606
Projected Tier 1 Per Capita Bonus	$155.38	$160.04	$164.85
Projected Tier 1 Bonus Payment	**$4,233,950**	**$4,552,818**	**$4,880,549**
Projected Tier 2 Bonus Enrollment	34,650	37,218	32,009
Projected Tier 2 Per Capita Bonus	$647.43	$666.85	$686.86
Projected Tier 2 Bonus Payment	**$22,433,450**	**$24,818,823**	**$21,985,702**
Projected Total CHIPRA Bonus Payment	**$26,667,400**	**$29,371,641**	**$26,866,251**

Impact on Other Government Agencies: None.

Cost Benefit Analysis: Not applicable.

Implementation Schedule: The implementation schedule for this request is unknown, as Colorado has not received such payments previously. Because the implementation of this request requires statutory change, the implementation schedule is also dependant upon passage of the required legislation.

Statutory and Federal Authority: 25.5-1-105, C.R.S. (2010) Transfer of functions

(4) The executive director, or a designee of the executive director, may accept, on behalf of and in the name of the state, gifts, donations, and grants for any purpose connected with the work and programs of the state department. Any property so given shall be held by the state treasurer, but the executive director, or the designee therefor, shall have the power to direct the disposition of any property so given for any purpose consistent with the terms and conditions under which such gift was created.

24-22-117, C.R.S. (2010) Tobacco tax cash fund – accounts – creation – legislative declaration – repeal

(2) (a) (I) The health care expansion fund to be administered by the department of health care policy and financing. The state treasurer and the controller shall transfer an amount equal to forty-six percent of the moneys deposited into the cash fund, plus forty-six percent of the interest and income earned on the deposit and investment of moneys in the cash fund, to the health care expansion fund; except that, for fiscal year 2004-05, the state treasurer and the state controller shall transfer an amount equal to forty-six percent of the moneys deposited into the cash fund less the amount of money sufficient to fund the reinstatement of medical assistance benefits for legal immigrants as provided for in House Bill 05-1086, enacted at the first regular session of the sixty-fifth general assembly, and except that, for the 2008-09, 2009-10, 2010-11, and 2011-12 fiscal years, the state treasurer and the controller shall transfer to the health care expansion fund only an amount equal to forty-six percent of the moneys deposited into the cash fund. All interest and income derived from the deposit and investment of moneys in the health care expansion fund shall be credited to the health care expansion fund; except that all interest and income derived from the deposit and investment of moneys in the health care expansion fund during the 2008-09, 2009-10, 2010-11, and 2011-12 fiscal years shall be credited to the general fund. Any unexpended and unencumbered moneys remaining in the health care expansion fund at the end of a fiscal year shall remain in the fund and shall not be credited or transferred to the general fund or any other fund.

II) Except as provided in subparagraphs (III) and (IV) of this paragraph (a), for fiscal year 2005-06 and each fiscal year thereafter, moneys in the health care expansion fund shall be annually appropriated by the general assembly to the department of health care policy and financing for the following purposes:

A) To increase eligibility in the children's basic health plan, article 8 of title 25.5, C.R.S., for children and pregnant women from one hundred eighty-five percent to two hundred percent of the federal poverty level;

(B) To remove the asset test under the medical assistance program, articles 4, 5, and 6 of title 25.5, C.R.S., for children and families;

(C) To expand the number of children that can be enrolled in the children's home- and community-based service waiver program, section 25.5-6-901, C.R.S., and the children's extensive support waiver program;

(D) To increase eligibility in the medical assistance program, articles 4, 5, and 6 of title 25.5, C.R.S., to at least sixty percent of the federal poverty level for a parent of a child who is eligible for the medical assistance program or the children's basic health plan, article 8 of title 25.5, C.R.S.;

(E) To fund medical assistance to legal immigrants pursuant to section 25.5-5-201, C.R.S.;

(F) To pay for enrollment increases above the average enrollment for state fiscal year 2003-04 in the children's basic health plan, article 8 of title 25.5, C.R.S.;

(G) To provide up to five hundred forty thousand dollars for cost-effective marketing to increase the enrollment of eligible children and pregnant women in the children's basic health plan, article 8 of title 25.5, C.R.S.;

(H) To provide presumptive eligibility to pregnant women under the medical assistance program, articles 4, 5, and 6 of title 25.5, C.R.S.; and

(I) To provide funding for extending medicaid eligibility for persons who are in the foster care system immediately prior to emancipation, as set forth in section 25.5-5-201 (1) (n), C.R.S.

(III) Moneys transferred to the health care expansion fund in fiscal year 2004-05, less the amount necessary for the administrative costs of the department of health care policy and financing to facilitate the program expansions specified in subparagraph (II) of this

paragraph (a), shall remain in the health care expansion fund as a reserve. Beginning in fiscal year 2005-06 and for each fiscal year thereafter, ten percent of the moneys transferred in each fiscal year to the health care expansion fund and any unexpended and unencumbered moneys remaining in the health care expansion fund at the end of a fiscal year shall remain in the fund and be added to the reserve until the first time the reserve balance is equal to the amount annually transferred to the health care expansion fund. Moneys in the health care expansion fund that are designated as reserve moneys, up to one-half of the amount annually transferred to the health care expansion fund, may be expended only if the appropriations necessary to sustain the populations specified in subparagraph (II) of this paragraph (a) exceed the annual transfer of moneys to the health care expansion fund.

Children's Health Insurance Program is established in federal law in the Social Security Act, Title XXI (42 U.S.C. 1397aa through 1397jj). SEC. 2101. [42 U.S.C. 1397aa] (a) PURPOSE-*The purpose of this title is to provide funds to States to enable them to initiate and expand the provision of child health assistance to uninsured, low-income children in an effective and efficient manner that is coordinated with other sources of health benefits coverage for children. Such assistance shall be provided primarily for obtaining health benefits coverage…*

25.5-8-105 C.R.S. (2010) (1) *A fund to be known as the Children's Basic Health Plan Trust is hereby created… all monies deposited in the trust and all interest earned on the moneys in the Trust shall remain in the Trust for the purposes set forth…*

Performance Measures: Not applicable.