

*COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 2013-14 BUDGET REQUEST; TOBACCO TAX UPDATE*

<b>Health Care Expansion Fund: Outlook FY 2008-09 to FY 2014-15</b>								
	FY 2008-09 Actuals	FY 2009-10 Actuals	FY 2010-11 Actuals	FY 2011-12 Actuals	FY 2012-13 Estimate	FY 2013-14 Estimate	FY 2014-15 Estimate	
<b>A. Tobacco Tax Revenues</b>								
Tax Revenue <sup>1</sup>	\$159,334,567	\$148,454,086	\$145,575,930	\$148,404,541	\$147,163,575	\$145,149,542	\$143,164,785	
<b>B. Health Care Expansion Fund</b>								
Transfer (46%)	\$73,293,901	\$68,288,879	\$66,964,928	\$68,266,089	\$67,695,245	\$66,768,789	\$65,855,801	
Interest Earned <sup>2</sup>	\$4,589,248	\$2,788,748	\$1,580,284	\$143,089	\$134,314	\$132,492	\$132,260	
Health Care Expansion Funds Available	\$77,883,149	\$71,077,627	\$68,545,212	\$68,409,177	\$67,829,559	\$66,901,281	\$65,988,061	
General Fund Transfers <sup>3</sup>	\$0	(\$7,377,996)	(\$1,580,284)	(\$143,089)	\$0	\$0	\$0	
<b>Net Health Care Expansion Funds Available to Support Program Expenses</b>	<b>\$77,883,149</b>	<b>\$63,699,631</b>	<b>\$66,964,928</b>	<b>\$68,266,089</b>	<b>\$67,829,559</b>	<b>\$66,901,281</b>	<b>\$65,988,061</b>	
<b>C. Health Care Expansion Fund Reserve Balance</b>								
Previous Year's Reserve Fund Ending Balance	\$130,653,130	\$119,601,623	\$79,234,953	\$100,000	\$99,998	\$99,996	\$232,486	
Beginning Health Care Expansion Fund Reserve Balance	\$135,721,615	\$119,601,623	\$79,234,953	\$100,000	\$99,998	\$99,996	\$232,486	
Fund Required from the Reserve Balance in the Current Year	\$16,119,995	\$40,366,669	\$79,134,953	\$2	\$2	(\$132,490)	(\$132,258)	
<b>Health Care Expansion Fund Year-End Reserve Balance</b>	<b>\$119,601,623</b>	<b>\$79,234,953</b>	<b>\$100,000</b>	<b>\$99,998</b>	<b>\$99,996</b>	<b>\$232,486</b>	<b>\$364,744</b>	
<b>D. Health Care Expansion Fund Expenditures</b>								
(1) Executive Director's Office <sup>4</sup>	\$550,255	\$964,806	\$921,799	\$0	\$0	\$0	\$0	
(2) Medical Service Premiums	\$69,577,006	\$65,813,605	\$65,532,641	\$68,266,089	\$67,829,559	\$66,768,789	\$65,855,801	
(3) Medicaid Mental Health Community Programs	\$5,202,175	\$6,047,643	\$5,680,612	\$0	\$0	\$0	\$0	
(4) Indigent Care Program	\$18,093,822	\$30,037,096	\$25,708,044	\$1	\$1	\$1	\$1	
(6) Department of Human Services Medicaid Funded Programs	\$579,886	\$541,738	\$568,907	\$1	\$1	\$1	\$1	
General Fund Transfers <sup>3</sup>	\$0	\$661,413	\$47,687,878	\$0	\$0	\$0	\$0	
<b>E. Total Health Care Expansion Fund Expenditures/Need<sup>5</sup></b>	<b>\$94,003,144</b>	<b>\$104,066,301</b>	<b>\$146,099,880</b>	<b>\$110,979,136</b>	<b>\$117,226,208</b>	<b>\$114,472,909</b>	<b>\$111,871,301</b>	
<b>F. Total Health Care Expansion Fund Transfers</b>	<b>\$94,003,144</b>	<b>\$104,066,301</b>	<b>\$146,099,880</b>	<b>\$68,266,091</b>	<b>\$67,829,561</b>	<b>\$66,768,791</b>	<b>\$65,855,803</b>	
<b>G. Health Care Expansion Fund Populations Funding Shortfall</b>								
	\$0	\$0	\$0	\$42,613,047	\$49,296,651	\$47,471,632	\$45,650,754	
<b>H. Health Care Expansion Fund Reserve Balance - Increase / (Decrease)</b>								
	(\$16,119,995)	(\$40,366,669)	(\$79,134,953)	(\$42,713,047)	(\$49,396,649)	(\$47,571,628)	(\$45,883,240)	

**Notes for Health Care Expansion Fund: Outlook FY 2008-09 to FY 2014-15**

- <sup>1</sup> Tobacco Tax revenue projections are taken from the June 2012 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 July 2012. 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, 4, and 6 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 the 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.

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Health Care Expansion Fund Populations Expenditure History and Forecast								
		FY 2008-09 Actual <sup>7</sup>	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Estimate	FY 2013-14 Estimate	FY 2014-15 Estimate
<b>Expansion Adults to 60% FPL<sup>1</sup></b>								
1	Total Expansion Adults to 60% FPL Medical Services Premiums Expenditures	\$34,055,796	\$44,317,318	\$60,314,804	\$70,493,330	\$77,128,585	\$84,836,712	\$87,541,334
2	<b>Total Expansion Adults to 60% FPL Expansion Fund Expenditures:</b>	<b>\$14,546,082</b>	<b>\$17,022,282</b>	<b>\$24,360,064</b>	<b>\$35,246,665</b>	<b>\$38,564,292</b>	<b>\$42,418,356</b>	<b>\$43,770,667</b>
3	% Change Over Prior Year	77.59%	30.13%	36.10%	16.88%	9.41%	9.99%	3.19%
4	Total Expansion Adults to 60% FPL Mental Health Expenditures	\$3,111,446	\$4,419,081	\$5,636,127	\$6,806,877	\$8,189,899	\$9,077,124	\$9,670,172
5	<b>Total Expansion Adults to 60% FPL Expansion Fund Expenditures:</b>	<b>\$1,328,976</b>	<b>\$1,697,424</b>	<b>\$2,278,368</b>	<b>\$3,403,438</b>	<b>\$4,094,950</b>	<b>\$4,538,562</b>	<b>\$4,835,086</b>
6	% Change Over Prior Year	46.40%	42.03%	27.54%	20.77%	20.32%	10.83%	6.53%
<b>Presumptive Eligibility<sup>2</sup></b>								
7	Total Presumptive Eligibility Expenditures	\$3,461,490	\$2,769,787	\$3,494,317	\$2,474,819	\$2,293,491	\$2,451,307	\$2,611,433
8	<b>Total Presumptive Eligibility Expansion Fund Expenditures:</b>	<b>\$1,478,489</b>	<b>\$1,063,875</b>	<b>\$1,405,319</b>	<b>\$1,237,410</b>	<b>\$1,146,746</b>	<b>\$1,225,654</b>	<b>\$1,305,716</b>
9	% Change Over Prior Year	-42.15%	-19.98%	26.16%	-29.18%	-7.33%	6.88%	6.53%
<b>HB 05-1086 Optional Legal Immigrants<sup>3</sup></b>								
10	Total Optional Legal Immigrants Medical Services Premiums Expenditures	\$29,261,806	\$31,549,557	\$33,075,468	\$33,894,110	\$34,341,197	\$34,811,490	\$35,618,930
11	<b>Total Optional Legal Immigrants Expansion Fund Expenditures:</b>	<b>\$12,498,449</b>	<b>\$12,118,185</b>	<b>\$13,344,279</b>	<b>\$16,947,055</b>	<b>\$17,170,599</b>	<b>\$17,405,745</b>	<b>\$17,809,465</b>
12	% Change Over Prior Year	135.35%	7.82%	4.84%	2.48%	1.32%	1.37%	2.32%
13	Total Optional Legal Immigrants Mental Health Expenditures	\$1,113,662	\$1,301,623	\$1,454,268	\$1,616,105	\$1,787,657	\$1,954,720	\$2,121,784
14	<b>Total Optional Legal Immigrants Expansion Fund Expenditures:</b>	<b>\$475,673</b>	<b>\$499,953</b>	<b>\$587,774</b>	<b>\$808,053</b>	<b>\$893,829</b>	<b>\$977,360</b>	<b>\$1,060,892</b>
15	% Change Over Prior Year		16.88%	11.73%	11.13%	10.62%	9.35%	8.55%
<b>Asset Test Removal - Adults and Children<sup>4</sup></b>								
16	Total Asset Test Removal Medical Services Premiums Expenditures	\$64,509,474	\$66,400,818	\$38,021,580	\$28,856,493	\$30,156,635	\$32,317,569	\$33,311,237
17	<b>Total Asset Test Removal Expansion Fund Expenditures:</b>	<b>\$27,553,609</b>	<b>\$25,504,554</b>	<b>\$15,225,763</b>	<b>\$14,428,247</b>	<b>\$15,078,318</b>	<b>\$16,158,785</b>	<b>\$16,655,619</b>
18	% Change Over Prior Year	12.66%	2.93%	-42.74%	-24.10%	4.51%	7.17%	3.07%
19	Total Asset Test Removal Mental Health Expenditures	\$5,229,325	\$5,950,880	\$2,768,660	\$2,087,291	\$2,319,517	\$2,657,580	\$2,941,221
20	<b>Total Asset Test Removal Expansion Fund Expenditures:</b>	<b>\$2,233,575</b>	<b>\$2,285,733</b>	<b>\$1,106,433</b>	<b>\$1,043,646</b>	<b>\$1,159,759</b>	<b>\$1,328,790</b>	<b>\$1,470,611</b>
21	% Change Over Prior Year	7.33%	13.80%	-53.47%	-24.61%	11.13%	14.57%	10.67%
<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	\$21,322,871	\$20,552,304	\$21,823,493	\$21,794,736	\$22,232,813	\$23,282,201	\$23,703,612
23	<b>Total Health Care Expansion Fund Expenditures:</b>	<b>\$9,107,531</b>	<b>\$7,894,140</b>	<b>\$8,784,174</b>	<b>\$10,897,368</b>	<b>\$11,116,407</b>	<b>\$11,641,101</b>	<b>\$11,851,806</b>
24	% Change Over Prior Year	36.37%	-3.61%	6.19%	-0.13%	2.01%	4.72%	1.81%
25	Total Children's Home- and Community-Based Services Mental Health Expenditures	\$978,282	\$992,182	\$999,706	\$961,297	\$981,100	\$1,040,554	\$1,100,699
26	<b>Total Health Care Expansion Fund Expenditures:</b>	<b>\$417,849</b>	<b>\$381,097</b>	<b>\$402,637</b>	<b>\$480,648</b>	<b>\$490,550</b>	<b>\$520,277</b>	<b>\$550,350</b>
27	% Change Over Prior Year	70.74%	1.42%	0.76%	-3.84%	2.06%	6.06%	5.78%
<b>Children's Extensive Support (CES)<sup>5</sup></b>								
28	Total Children's Extensive Support Medical Services Premiums Expenditures	\$3,288,883	\$3,329,475	\$3,149,801	\$3,171,621	\$3,235,366	\$3,388,073	\$3,449,377
29	<b>Total Children's Extensive Support Expansion Fund Expenditures:</b>	<b>\$1,404,764</b>	<b>\$1,278,851</b>	<b>\$1,265,650</b>	<b>\$1,585,811</b>	<b>\$1,617,683</b>	<b>\$1,694,037</b>	<b>\$1,724,689</b>
30	% Change Over Prior Year	138.70%	1.23%	-5.40%	0.69%	2.01%	4.72%	1.81%
31	Total Children's Extensive Support Mental Health Expenditures	\$114,920	\$117,669	\$109,070	\$120,703	\$123,189	\$130,655	\$138,207
32	<b>Total Children's Extensive Support Expansion Fund Expenditures:</b>	<b>\$49,085</b>	<b>\$45,197</b>	<b>\$43,915</b>	<b>\$60,352</b>	<b>\$61,595</b>	<b>\$65,327</b>	<b>\$69,103</b>
33	% Change Over Prior Year	35.09%	2.39%	-7.31%	10.67%	2.06%	6.06%	5.78%
34	Total Children's Extensive Support Developmental Disabilities Expenditures	\$1,311,971	\$1,410,409	\$1,419,148	\$1,450,454	\$1,482,451	\$1,515,154	\$1,548,578
35	<b>Total Children's Extensive Support Expansion Fund Expenditures:</b>	<b>\$579,886</b>	<b>\$541,738</b>	<b>\$568,907</b>	<b>\$725,227</b>	<b>\$741,225</b>	<b>\$757,577</b>	<b>\$774,289</b>
36	% Change Over Prior Year	26.74%	7.50%	0.62%	2.21%	2.21%	2.21%	2.21%
<b>Expansion Foster Care<sup>6</sup></b>								
37	Total Expansion Foster Care Medical Services Premiums Expenditures	\$1,095,770	\$2,425,715	\$2,900,970	\$3,548,405	\$3,583,436	\$3,594,910	\$3,625,432
38	<b>Total Foster Care Expansion Fund Expenditures:</b>	<b>\$468,031</b>	<b>\$931,717</b>	<b>\$1,167,964</b>	<b>\$1,774,203</b>	<b>\$1,791,718</b>	<b>\$1,797,455</b>	<b>\$1,812,716</b>
39	% Change Over Prior Year	295.76%	121.37%	19.59%	22.32%	0.99%	0.32%	0.85%
40	Total Expansion Foster Care Mental Health Expenditures	\$1,622,720	\$2,963,392	\$3,138,306	\$3,032,416	\$3,006,996	\$2,963,412	\$2,958,965
41	<b>Total Foster Care Expansion Fund Expenditures:</b>	<b>\$693,104</b>	<b>\$1,138,239</b>	<b>\$1,261,484</b>	<b>\$1,516,208</b>	<b>\$1,503,498</b>	<b>\$1,481,706</b>	<b>\$1,479,483</b>
42	% Change Over Prior Year	71.76%	82.62%	5.90%	-3.37%	-0.84%	-1.45%	-0.15%
<b>Children's Basic Health Plan</b>								
43	Total Children's Basic Health Plan Medical and Dental Expenditures	\$49,698,138	\$84,886,129	\$70,099,006	\$59,499,446	\$62,271,541	\$35,606,221	\$19,145,169
44	<b>Total Children's Basic Health Plan Fund Expenditures:</b>	<b>\$17,394,348</b>	<b>\$29,710,145</b>	<b>\$25,509,652</b>	<b>\$20,824,806</b>	<b>\$21,795,039</b>	<b>\$12,462,177</b>	<b>\$6,700,809</b>
45	% Change Over Prior Year	20.07%	70.80%	-17.42%	-15.12%	4.66%	-42.82%	-46.23%

*COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 2013-14 BUDGET REQUEST; TOBACCO TAX UPDATE*

Total Health Care Expansion Fund Expenditures at Enhanced ARRA FMAP	\$90,229,452	\$102,113,131	\$97,312,384	\$110,979,136	\$117,226,208	\$114,472,909	\$111,871,301
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**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 November 1, 2012 FY 2013-14 R-1 and R-2.

<sup>2</sup> Expenditures for the Presumptive Eligibility population dropped significantly in FY 2011-12. For FY 2012-13 forward, expenditures are projected using an average of the first 24 months of monthly percentage changes for the population trended from the lower FY 2011-12 base level.

<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 2012-13 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 November 1, 2012 FY 2013-14 R-1 and R-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 November 1, 2012 FY 2012-13 R-1 and R-2, respectively, applied to the average per capita cost for these waiver clients.

<sup>6</sup> Foster Care Medical Services Premiums per capita costs are projected using the average of 24 months of year-over-year percentage changes since July of 2010 multiplied by the prior year. 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 2013-14 R-2. Foster Care caseload is projected using the same growth rates as the traditional Foster Care population.

<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.

<sup>8</sup> Children's Basic Health Plan expenditures in this income range are expected to decrease beginning in January 2013 due to the implementation of SB 11-008 and SB 11-250, which increase Medicaid eligibility for children age 6 to 18 up to 133% FPL and pregnant women to 185% FPL, respectively.