





#### ***Cost and FTE***

- The Department requests a \$15,006,316 decrease in its FY 2014-15 appropriations, including an increase of \$23,553,073 General Fund, and seeks release of the accompanying restriction. The Department exceeded its General Fund appropriation for its Medical Services Premiums and Behavioral Health Community Programs Long Bill groups and the Medicare Modernization Act State Contribution Payment in the Other Medical Services long bill group by a total of \$23,553,073 General Fund in FY 2014-15.

#### ***Current Program***

- The Department uses a combination of state and federal funds to provide services to clients enrolled in Colorado's Medicaid, Child Health Plan Plus (CHP+) and other medical programs.
- Pursuant to 24-25-109(1) and (4), C.R.S. (2015), the Department has overexpenditure authority and is allowed to request a supplemental appropriation for overexpenditures in a fiscal year.

#### ***Problem or Opportunity***

- In FY 2014-15, the Department exceeded its General Fund appropriation for its Medical Services Premiums and Behavioral Health Community Programs long bill groups and the Medicare Modernization Act State Contribution Payment in the Other Medical Services long bill group. While there was an underexpenditure of \$15,006,316 total funds, including an underexpenditure of \$35,293,024 federal funds, General Fund overexpenditures amounted to \$23,553,073. As a result, the Department's budget has been restricted by the General Fund amount.

#### ***Consequences of Problem***

- If not funded, the Department's FY 2015-16 appropriation for these Medicaid programs would continue to be restricted. The Department would not have enough funding to provide services to Medicaid clients. Because the State Controller is permitted to allow overexpenditure for Medicaid programs, the Department would likely have an overexpenditure again in FY 2015-16 and the FY 2016-17 appropriations would similarly be restricted.

#### ***Proposed Solution***

- In order for the State Controller to release the restriction, two actions would need to occur. First, funding pursuant to 24-75-109(4), C.R.S. (2015), which requires that the Department receive a supplemental appropriation in the amount of General Fund overexpenditure for the fiscal year in which the overexpenditure occurred, would need to be provided. Second, the Generally Assembly would need to direct the State Controller to release the restriction on the General Fund amount.



# COLORADO

Department of Health Care  
Policy & Financing

FY 2015-16 and FY 2016-17 Funding Request | January 4, 2016

John W. Hickenlooper  
Governor

Susan E. Birch  
Executive Director

**Department Priority:** S-15  
**Request Detail:** FY 2014-15 Overexpenditure

Summary of Incremental Funding Change for FY 2014-15	Total Funds	General Fund
FY 2014-15 Overexpenditure	(\$15,006,316)	\$23,553,073

### Problem or Opportunity:

In FY 2014-15, the Department exceeded its General Fund appropriations for its Medical Services Premiums and Behavioral Health Community Programs Long Bill groups and the Medicare Modernization Act State Contribution Payment in the Other Medical Services Long Bill group by \$23,553,073 General Fund. Overall, there was an underexpenditure in total funds by \$15,006,316, including an underexpenditure of \$35,293,024 federal funds. As a result of the General Fund overexpenditure, the Department's FY 2015-16 budget has been restricted by the General Fund amount.

Summary of Incremental Funding Change for FY 2014-15	Total Funds	General Fund	Cash Funds	Federal Funds
<b>Total Request</b>	(\$15,006,316)	\$23,553,073	(\$3,266,365)	(\$35,293,024)
(2) Medical Services Premiums, Summary	(\$46,865,238)	\$21,482,451	(\$5,506,103)	(\$62,841,586)
(3) Behavioral Health Community Programs, Behavioral Health Capitation Payments	\$30,669,715	\$454,308	\$2,298,290*	\$27,917,117
(3) Behavioral Health Community Programs, Behavioral Health Fee-for-service Payments	\$75,919	\$489,536	(\$58,552)	(\$355,065)
(6) Medicare Modernization Act State Contribution Payment	\$1,113,288	\$1,126,778	\$0	(\$13,490)

\*There was a cash fund overexpenditure of \$2,275,956 in Hospital Provider Fee and \$22,334 in the Breast & Cervical Cancer Program funds for Behavioral Health Capitation Payments. There is sufficient revenue in these cash fund sources to pay for the overexpenditures.

Pursuant to 24-75-109(1) and (4), C.R.S. (2015), the Department is permitted to have overexpenditures and may request that the State Controller approve a supplemental appropriation for the fiscal year in which the

overexpenditure occurred. The supplemental request would then need to be approved by the General Assembly in order for the State Controller to release the restriction on the General Fund amount of the succeeding fiscal year.

***Proposed Solution:***

The Department requests a decrease of \$15,006,316 total funds, including an increase of \$23,553,073 General Fund in FY 2014-15 in order to increase its General Fund appropriation for FY 2014-15, and so that the State Controller may lift the accompanying General Fund restriction. The requested funding would resolve overexpenditures in its Medical Services Premiums and Behavioral Health Community Programs Long Bill groups and the Medicare Modernization Act State Contribution Payment in the Other Medical Services Long Bill group for FY 2014-15, and remove the restrictions on FY 2015-16 funding.

***Anticipated Outcomes:***

Additional funding is required for the Department to continue providing services to Medicaid clients.

***Assumptions and Calculations:***

The Colorado Operations Resource Engine (CORE) was implemented as a replacement for the Colorado Financial Reporting System (COFRS) in July 2014. Under COFRS, the previous fiscal year closed and final expenditure data became final at the beginning of the current fiscal year. Under CORE, the previous fiscal year may not close until March of the current fiscal year. This introduces a small degree of uncertainty regarding FY 2014-15 expenditure data that was not present previously. Actual expenditure data presented in this request is the most up-to-date as of submission. Additionally, the Department's overexpenditures in a fiscal year are allowed by 24-75-109, C.R.S. (2015) to continue funding Medicaid programs, and for the purpose of closing the state's books.

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

This supplemental funding request is being made as a result of new information on the amount of funding that the Department overexpended by in FY 2014-15.