



COLORADO

Office of State Planning
& Budgeting

111 State Capitol
Denver, Colorado 80203

February 15, 2017

The Honorable Kent Lambert
Chair, Joint Budget Committee
Colorado General Assembly
200 E. 14th Avenue, Third Floor
Legislative Services Building
Denver, CO 80203

Dear Senator Lambert:

With this letter, we submit our update of projected Medicaid caseloads pursuant to the agreement we reached with Joint Budget Committee staff during the 2013 session. These forecasts contain FY 2016-17 and FY 2017-18 caseload adjustments for all of Medicaid including Medical Services Premiums, Behavioral Health, the Children's Basic Health Plan, the Medicare Modernization Act, and the Office of Community Living.

As you will see, in the current year, the new forecast indicates that our November 1, 2016 and January 2, 2017 requests exceed the necessary amounts by \$124.5 million total funds and \$33.5 million General Fund. For FY 2017-18, because Senate Bill 17-162 swept \$4.7 million from the Individuals with Developmental Disabilities Cash Fund as well as other factors, our current request would exceed projected costs by \$119.7 million total funds, but would require a General Fund increase of \$4.5 million.

Separately, new but currently incomplete information indicates that the State may have to repay excess federal match dollars from both FY 2015-16 and FY 2016-17. The Department of Health Care Policy and Financing is in the process of documenting this issue, but believes that the overpayment of federal funds may be as much as \$25.0 million. Once that process is complete we will provide a comprehensive discussion to the Joint Budget Committee. Because the amount is uncertain, we are requesting that \$25.0 million of the FY 2016-17 General Fund excess be diverted to a new cash fund, rather than revert to the General Fund. Subject to future appropriation by the General Assembly, these dollars would thus be used for any repayment. We are including the calculations the Department used to arrive at this estimate as part of the attached Medicaid caseload forecast.

The remaining excess from FY 2016-17 would roll into the beginning General Fund balance for FY 2017-18, and would pay for the increased General Fund need in FY 2017-18.



Thank you for your consideration of this request. As always, if you have questions about this request or the budget in general, please don't hesitate to contact my office at 303-866-3317.

Sincerely,



Henry Sobanet
Director

Cc: Representative Millie Hamner, Joint Budget Committee Vice-Chair
Senator Kevin Lundberg, Joint Budget Committee
Senator Dominick Moreno, Joint Budget Committee
Representative Dave Young, Joint Budget Committee
Representative Bob Rankin, Joint Budget Committee
Senate President Kevin Grantham
Speaker of the House of Representatives Crisanta Duran
Mr. John Ziegler, Joint Budget Committee Staff Director
Lieutenant Governor and Chief Operating Officer Donna Lynne
Mr. Doug Friednash, Chief of Staff, Governor John W. Hickenlooper
Ms. Amy Venturi, Deputy Chief of Staff, Governor John W. Hickenlooper
Mr. David Padrino, Deputy Chief of Staff, Lt. Governor Donna Lynne
Mr. Kurtis Morrison, Director of Legislative Affairs, Governor John W. Hickenlooper
Ms. Lauren Lambert, Deputy Director of Legislative Affairs, Governor John W. Hickenlooper
Mr. Erick Scheminske, Deputy Director, Governor's Office of State Planning and Budgeting



Estimated FY 2015-16 General Fund Impact of Transitional Medicaid Systems Issue			
Row	Item	FY 2015-16	Notes/Calculations
A	Actual Average Annual FY 2015-16 Caseload for Parents/Caretakers to 68% FPL	163,342	From Exhibit B of the FY 2017-18 S-1 "Medical Services Premiums" request
B	Actual Average Annual FY 2015-16 Per Capita for Parents/Caretakers to 68% FPL	\$3,333.77	From Exhibit C of the FY 2017-18 S-1 "Medical Services Premiums" and Exhibit DD of the FY 2017-18 S-2 "Behavioral Health" requests
C	FY 2015-16 Federal Medical Assistance Percentage (FMAP)	50.79%	From Exhibit R of the FY 2017-18 S-1 "Medical Services Premiums" request
D	<i>Methodology 1: Simple Growth Trend</i>		
E	Estimated Average Annual FY 2015-16 Caseload for Parents/Caretakers to 68% FPL	175,987	Applies half of the FY 2014-15 average monthly growth to the June 2015 datapoint, forward
F	Estimated Caseload Impact of the Transitional Medicaid Systems Issue	12,645	Row E - Row A
G	Estimated Total Funds Impact of the Transitional Medicaid Systems Issue	\$42,155,522	Row B * Row F
H	Estimated State Fund Impact of the Transitional Medicaid Systems Issue	\$20,744,732	Row G * (1 - Row C)
I	<i>Methodology 2: Maintain June 2015 Caseload</i>		
J	Estimated Average Annual FY 2015-16 Caseload for Parents/Caretakers to 68% FPL	169,912	June 2015 data point from Exhibit B of the FY 2017-18 S-1 "Medical Services Premiums" request
K	Estimated Caseload Impact of the Transitional Medicaid Systems Issue	6,570	Row J - Row A
L	Estimated Total Funds Impact of the Transitional Medicaid Systems Issue	\$21,902,869	Row B * Row K
M	Estimated State Fund Impact of the Transitional Medicaid Systems Issue	\$10,778,402	Row L * (1 - Row C)
N	Estimated General Fund Impact of Transitional Medicaid Systems Issue (Upper Bound)	\$19,624,698	Methodology 1; Row H - Row O
O	Estimated Cash Funds Impact of Transitional Medicaid Systems Issue (Upper Bound)	\$1,120,034	Methodology 1; Row H * 5.40% (Adult Dental Cash Fund proportion of total expenditure in FY 2015-16 for this population)
P	Estimated General Fund Impact of Transitional Medicaid Systems Issue (Lower Bound)	\$10,196,462	Methodology 2; Row M - Row Q
Q	Estimated Cash Funds Impact of Transitional Medicaid Systems Issue (Lower Bound)	\$581,940	Methodology 2; Row M * 5.40% (Adult Dental Cash Fund proportion of total expenditure in FY 2015-16 for this population)

Estimated FY 2016-17 General Fund Impact of Transitional Medicaid Systems Issue			
Row	Item	FY 2016-17	Notes/Calculations
A	Actual Average YTD FY 2016-17 Caseload for Parents/Caretakers to 68% FPL	154,715	From Exhibit B of the FY 2017-18 S-1 "Medical Services Premiums" request, with forecast data points for January and February 2017
B	Estimated Annual FY 2016-17 Per Capita for Parents/Caretakers to 68% FPL	\$2,219.40	From Exhibit C of the FY 2017-18 S-1 "Medical Services Premiums" and Exhibit DD of the FY 2017-18 S-2 "Behavioral Health" requests, multiplied by 8/12 to account for the number of months affected
C	FY 2016-17 Federal Medical Assistance Percentage (FMAP)	50.28%	From Exhibit R of the FY 2017-18 S-1 "Medical Services Premiums" request, 3/8s of FFY 2015-16 standard FMAP and 5/8s of FFY 2016-17 standard FMAP
D	<i>Methodology 1: Simple Growth Trend</i>		
E	Estimated Average Annual FY 2016-17 Caseload for Parents/Caretakers to 68% FPL	185,692	Applies half of the FY 2014-15 average monthly growth to the June 2015 datapoint, forward
F	Adjustment for Transition off Medicaid	8,238	Estimate of clients no longer eligible for Transitional Medicaid based on Simple Growth Trend
G	Estimated Caseload Impact of the Transitional Medicaid Systems Issue	22,739	Row E - Row A - Row F
H	Estimated Total Funds Impact of the Transitional Medicaid Systems Issue	\$50,466,937	Row B * Row G
I	Estimated State Fund Impact of the Transitional Medicaid Systems Issue	\$25,092,161	Row H * (1 - Row C)
J	<i>Methodology 2: Maintain June 2015 Caseload</i>		
K	Estimated Average Annual FY 2016-17 Caseload for Parents/Caretakers to 68% FPL	169,912	June 2015 data point from Exhibit B of the FY 2017-18 S-1 "Medical Services Premiums" request
L	Adjustment for Transition off Medicaid	4,063	Estimate of clients no longer eligible for Transitional Medicaid based on maintaining the June 2015 caseload data point for estimates
M	Estimated Caseload Impact of the Transitional Medicaid Systems Issue	11,134	Row K - Row A - Row L
N	Estimated Total Funds Impact of the Transitional Medicaid Systems Issue	\$24,710,800	Row B * Row M
O	Estimated State Fund Impact of the Transitional Medicaid Systems Issue	\$12,286,210	Row N * (1 - Row C)
P	Estimated General Fund Impact of Transitional Medicaid Systems Issue (Upper Bound)	\$23,737,403	Methodology 1; Row J - Row Q
Q	Estimated Cash Funds Impact of Transitional Medicaid Systems Issue (Upper Bound)	\$1,354,758	Methodology 1; Row J * 5.40% (Adult Dental Cash Fund proportion of total expenditure in FY 2015-16 for this population)
R	Estimated General Fund Impact of Transitional Medicaid Systems Issue (Lower Bound)	\$11,622,862	Methodology 2; Row O - Row S
S	Estimated Cash Funds Impact of Transitional Medicaid Systems Issue (Lower Bound)	\$663,348	Methodology 2; Row O * 5.40% (Adult Dental Cash Fund proportion of total expenditure in FY 2015-16 for this population)

