



Department of Health Care Policy and Financing
Medicaid Caseload
FY 07-08 and FY 08-09

Budget Request

FEBRUARY 15, 2008

MEDICAID CASELOAD

INTRODUCTION

Biannually, the Department of Health Care Policy and Financing submits its estimated funding need for the Medical Services Premiums line item. The first step in generating the November and February submissions is to project the Medicaid caseload. The Medicaid caseload does not represent the number of uninsured individuals in Colorado, nor does it represent the number of Colorado residents living in poverty. Caseload figures only represent individuals that the Department expects will enroll in Medicaid because they meet specific eligibility requirements in one of three groups: 1) Families, Pregnant Women, and Children; 2) Aged and Disabled; or 3) Other.

Federal Medicaid statute defines over 50 groups of individuals that may qualify for Medicaid. Some groups are mandatory, while others are optional and each state decides which of the optional groups it will cover. From the inception of Medicaid in 1965 (Public Law 89-97) to the 1980s, the program was targeted at low-income families, elderly, and the disabled. During the 1980s, Medicaid expanded to include pregnant women and children with greater income levels, as well as some optional elderly and disabled groups. In 2000, Medicaid coverage was extended to women with breast and cervical cancer. From the 1990s to the present, other Medicaid categories have been added through State initiated demonstration waivers. All eligibility categories have specific income limits and some have additional criteria such as age, resources or disability status. For budgetary purposes, the Department groups clients with similar characteristics and costs together. For example, clients grouped in the Eligible Children category have similar characteristics and costs, but might have gained Medicaid eligibility through different criteria. Since each category of eligibility is affected by unique factors, the Department projects each category separately. Projecting an aggregate caseload would be easier, but could be less precise.

Historic caseload data are used in conjunction with economic data to project caseload in each category. To make a projection, the Department uses several different statistical techniques (as described in the Methodology section below), and chooses the projection that best fits the data. After projections are chosen for each category, the Department presents its recommendations to the Office of State Planning and Budgeting. Independently, the Office of State Planning and Budgeting develops its own categorical caseload projections. The Department then meets with the Office of State Planning and Budgeting, and the two agencies agree on an Executive caseload proposal. It is important to note that the methodology the Department uses to generate its projections is not wholly reflected by the Executive caseload proposal presented in this document since those figures are often the result of compromises with the Office of State Planning and Budgeting. In addition, the Department is not privy to the methodologies used by the Office of State Planning and Budgeting, so information in this document refers only to methods used by the Department.

In 2003, the process of projecting the Medicaid caseload was drastically affected by SB 03-196, which mandated that the Department transition from accrual to cash based accounting. From that point forward, caseload numbers no longer incorporated retroactivity. Retroactivity caused historical adjustments to caseload to account for clients who were found to be eligible for Medicaid for past months, thus increasing the count of persons eligible for Medicaid. Since most clients are eligible back to the date of their application, retroactivity adjustments assured that all months were accounted for. However, this caused variability in the caseload reports, as monthly caseload was adjusted for months, even years, after the month had ended. It also required special manually run reports to make these adjustments. Under the cash accounting system, a monthly caseload report is created from the Medicaid Management Information System and that caseload is considered final.

If the Department had only applied the accounting conversion to the FY 03-04 caseload projection, this would have produced a synthetic drop in caseload relative to the prior year when retroactivity was still applicable. To control for this manufactured decrease in caseload, and to develop a more accurate portrayal of history, the Department recreated ten years of Medicaid caseload history without retroactivity. By rebuilding the caseload without retroactivity, the Department was able to put the FY 03-04 projection in perspective, and test the historical data for accuracy. Medicaid eligibility, retroactive back to the date of application, is still in effect, though it is no longer reported in caseload. For a complete explanation of how the historical data was rebuilt and tested, refer to the November 3, 2003 Budget Request, pages K-98 and K-99.

In addition to estimating the funding need for the Medical Services Premiums line item, Medicaid caseload is used to determine the funding need for the Medicaid Mental Health Community Programs. Comprehensive mental health services are available to eligible Medicaid clients. Thus, the Medicaid Mental Health caseload is the Medicaid caseload less Partial Dual Eligibles and Non-Citizens, which are not eligible for full Medicaid benefits. The following table displays a comparison of historical caseloads in Medicaid Medical Services Premiums and Mental Health.

Fiscal Year	Medical Services Premiums Caseload	Less: Mental Health Ineligible Categories	Mental Health Caseload
FY 02-03	327,395	(13,050)	314,345
FY 03-04	362,531	(14,391)	348,140
FY 04-05	402,802	(14,548)	388,254
FY 05-06	399,705	(16,971)	382,734
FY 06-07	393,077	(18,032)	375,045

Recent Caseload History

Exhibit B tabulates actual caseload figures and growth rates by eligibility category from FY 95-96 to FY 06-07. Projections for FY 07-08 and FY 08-09 are also presented in the table and will be discussed in the Categorical Projections section of this document. A graphical representation of aggregate Medicaid caseload history for the same period can be found in Exhibit Q, page EQ-1. Aggregate growth from FY 93-94 to FY 99-00 was

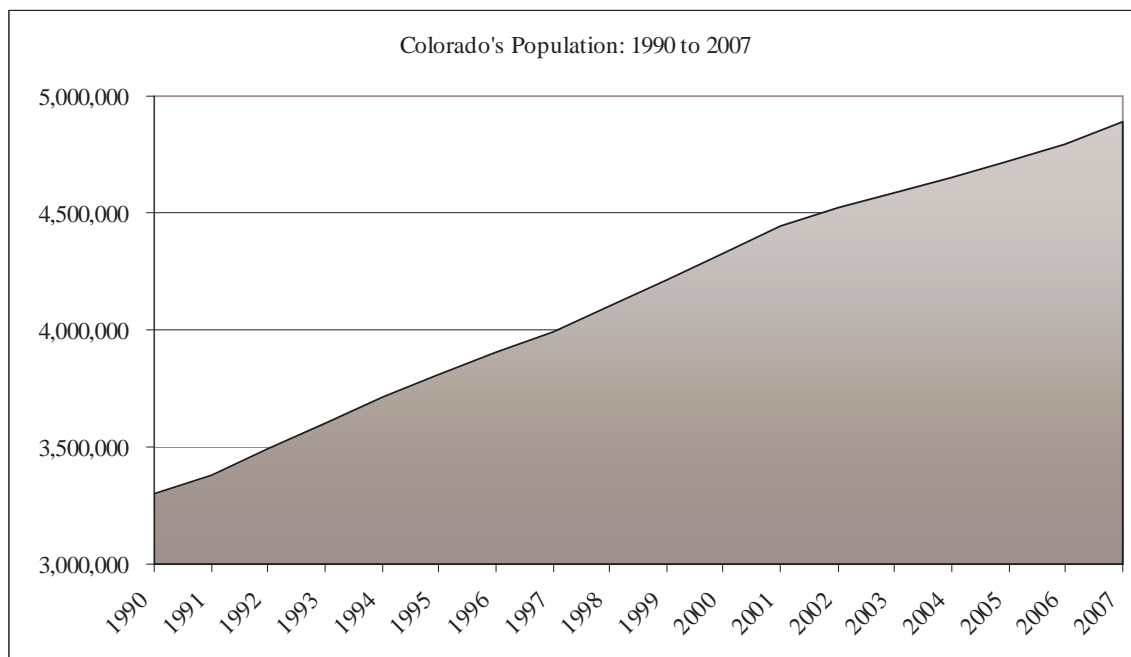
stable, and in some years even declined. From FY 99-00 to FY 04-05, the State sustained positive and significant growth in caseload ranging from 6.6% to 11.1%. Even more notable is the fact that Medicaid in Colorado had double-digit growth rates in FY 02-03, FY 03-04 and FY 04-05 of 10.8%, 10.7% and 11.1%, respectively. These unprecedented growth rates ceased in FY 05-06, and caseload declined by 0.77% in FY 05-06 and by a further 1.66% in FY 06-07. Reasons for these recent growth rates will be discussed below.

The charts found in Exhibit Q, page EQ-2, show a side-by-side comparison of the Medicaid caseload by category as a percentage of the overall caseload for FY 96-97 and FY 06-07. As a percentage of the entire Medicaid caseload, Eligible Children have increased by nine percentage points, the largest gain when compared with all other categories. The percentage of overall caseload in the Disabled Individuals to 59 (AND/AB) category has declined six percentage points, and Baby Care Adults and Non-Citizens have each declined by one percentage point. This change in case mix implies that increases in a less expensive category (Eligible Children) has been coupled with decreases in more expensive categories (Disabled Individuals to 59 (AND/AB), Baby Care Adults, and Non-Citizens) over the last ten years.

Medicaid caseload trends are influenced by a number of factors including: population trends, in-State migration, age of the population, length of stay, economic conditions, and State and federal policy changes. Projecting annual caseload is complicated by the fact that each of these factors can contribute to categorical changes, some of which may be contradictory. For example, the State may enact legislation that removes clients from a Medicaid category who are aged 65 and older, while the population of adults aged 65 and older is increasing. Therefore, projections represent the *net effect* of what the Department expects will happen. Each factor and its expected impact on the Medicaid caseload are discussed below.

Population - Colorado's total population increased 22.7% from July of 1997 to July of 2007. The Department of Local Affairs forecasts that Colorado's population will increase a further 4.2% from July of 2007 to July of 2009. As the overall population has grown, so too has the Medicaid caseload. This positive correlation implies that if population is projected to grow in the future, Medicaid caseload may also increase.

When using population data to project caseload, the Department marries population subgroups to their appropriate Medicaid category. For example, when projecting caseload for Eligible Children, the Department uses population statistics for Colorado residents aged 0 to 18. By using subgroups instead of total population figures, the Department is able to capture subgroup specific trends.



Source: Department of Local Affairs, Demography Division

In-State Migration - Like population, in-State migration is positively correlated with Medicaid caseload. As more individuals move to Colorado from other states, Medicaid caseloads will increase. During economic downturns, people usually move from states with worse economic conditions to states with better conditions in search of jobs. Although most experts agree that Colorado experienced some of the worst economic conditions in the United States during the recent recession, net migration remained positive in 2003 at 26,048¹. An increase of 26,048 persons in a population of over 4 million may not be significant, but a positive migration rate means more people who could conceivably be eligible for Medicaid. Conversely, as the economy recovers, in-state migration is expected to increase. Net migration grew to an estimated 32,000 in 2006, and is projected to overtake natural increase (births minus deaths) as the major component of population growth in 2007.

Age - The age of the population can provide some insight as to why Medicaid caseloads have been increasing. As the population ages, the demand for medical care is expected to increase. Generally, as individuals age their health becomes more fragile and the more likely they are to seek health care. From 1997 to 2007, Colorado's median age increased by 2.1 years.² This may be the result of retirees moving to the State, increased longevity, or fewer births. Regardless of the reason, an aging population has a direct effect on the demand for medical services, though not necessarily Medicaid. A July 2004 study at Georgetown University estimated the future impact of an aging population for each state. Population estimates from the U.S. Census Bureau are used to calculate the ratio of elderly to working aged adults for 2001 to 2025. Colorado ranked first in the study with the highest percent change in this ratio, implying that Colorado will have the fastest aging

¹ Source: Department of Local Affairs, Demography Division.

² Source: Department of Local Affairs, Demography Division.

population of the States.³ This suggests that Colorado will have more elderly adults per one working adult in 2025 than any other state. As of 2007, Colorado has not yet felt significant impacts from an aging population in the Medicaid caseload, particularly in the categories that include Long-Term Care. This may be the result of demographic factors, such as the elderly population working longer and the baby-boom generation not yet reaching retirement age.

Length of Stay- The severity and length of the recent economic downturn has prolonged the average amount of time clients remain on the Medicaid caseload. The table below shows that the average number of months of eligibility for adults and children on Medicaid increased by 15.6% and 8.4% respectively from FY 99-00 to FY 03-04. The average number of months on Medicaid dropped by 10.6% for adults and 8.5% for children in FY 04-05, and in FY 05-06 increased to levels near those for FY 03-04. As caseload declined in FY 06-07, the average length of stay has also dropped from FY 05-06.

Average Number of Months on Medicaid

Fiscal Year	Categorically Eligible Low-Income Adults	Eligible Children
FY 99-00	6.78	8.29
FY 00-01	6.87	8.29
FY 01-02	7.20	8.51
FY 02-03	7.66	8.71
FY 03-04	7.84	8.99
FY 04-05	7.01	8.23
FY 05-06	7.85	8.72
FY 06-07	7.73	8.57

Economic Conditions - Economic indicators help partially explain why some Medicaid caseload trends occur. Since Medicaid is a needs-based program where clients must meet income and resource limits, it follows that caseload for families and children should be countercyclical to economic conditions. For example, as the state experiences recessionary conditions, the Medicaid caseload will increase. After the recession that ended in the early 1990s, Colorado enjoyed almost ten years of economic expansion. The terror attacks on the United States in 2001 combined with the bursting of the stock market bubble in late 2000 brought that expansion to a halt. For the first time in more than a decade, Colorado experienced significant job losses coupled with falling wages. In mid-2003, the Colorado economy hit bottom after the decline that started in early 2001. Due to seasonal fluctuations and wide confidence intervals for over the month changes, employment data is best analyzed by comparing the same month for different years. The first post-recession over the year gain in non-agricultural employment occurred in March of 2004. The State officially entered an expansionary period in early 2006, as employment surpassed the late 2000 peak. The recovery period lasted thirty months, one of the longest on record. As of December 2007, the over the year gain was

³ Source: "Medicaid an Aging Population." Georgetown University Long Term Care Financing Project. July 2004. <<http://www.ltc.georgetown.edu>>

estimated to be 45,100, or 2.0%. Job growth is projected to be approximately 1.8% throughout the forecast period.

The table that follows shows historical and projected unemployment rates, non-agricultural employment, and job growth statistics.⁴

Year	Wage and Salary Income (billions)	Non- Agricultural Employment	Non-Agricultural Employment Growth	Unemployment Rate
2001	\$88.3	2,226,900	0.60%	3.8%
2002	\$86.9	2,184,200	-1.9%	5.7%
2003	\$88.0	2,152,800	-1.4%	6.1%
2004	\$92.1	2,179,600	1.2%	5.6%
2005	\$97.4	2,226,000	2.1%	5.1%
2006	\$104.0	2,278,800	2.4%	4.3%
2007	\$110.9	2,322,900	1.9%	3.7%
2008	\$118.1	2,367,300	1.9%	3.9%
2009	\$125.1	2,402,800	1.5%	4.1%

While this is promising for the State as a whole, it is less encouraging for Medicaid for several reasons. First, the timing of business cycles is important in estimating the impact on the Medicaid caseload. As the economy recovers from a downturn, workers need to find jobs in order to withdraw from the Medicaid rolls. Jobs that primarily affect family and children Medicaid populations⁵ are hourly and concentrated in the service industry. These employment types are often the last to benefit from improving economic conditions. Therefore, any economic impact on the Medicaid caseload will have a lagged effect. Second, as workers find jobs they do not instantaneously lose their Medicaid eligibility. Since 1990, states have been federally required to provide Transitional Medicaid benefits up to one year to families who lost eligibility because of increased income due to employment. This policy was directed at clients who potentially might turn down employment for fear of losing their Medicaid benefits. To be eligible for Transitional Medicaid, a client must have been eligible in at least three of the preceding six months. Clients may receive Transitional Medicaid as long as their income is below 185% of the federal poverty level. Another small group of clients are eligible for Transitional Medicaid services that would otherwise lose their Medicaid benefits due to child or spousal support payments. Families in this group receive a four-month extension. Although this program has been set to expire many times, it has been renewed regularly, most recently through June 30, 2008. For the purposes of projecting caseload, the Department assumed that the federal Transitional Medicaid program would continue throughout FY 07-08 and FY 08-09. As illustrated in the following table, the average number of adults and children on Transitional Medicaid increased dramatically in FY 04-05. The Department suspects that the high growth in FY 04-05 and FY 05-06 may be partially related to large monthly increases that occurred around the implementation of

⁴ Source: Office of State Planning and Budgeting, December 2007 *Colorado Economic Perspective*.

⁵ Projecting elderly and disabled client populations does not prioritize economic variables.

the Colorado Benefits Management System. Monthly caseload has been declining since December 2005, and the Department expects that the declines will continue in FY 07-08 and FY 08-09 with the improved economy.

Fiscal Year	Average Number of Adults on Transitional Medicaid	Average Number of Eligible Children on Transitional Medicaid
FY 01-02	3,866	6,638
FY 02-03	4,689	7,645
FY 03-04	4,709	7,349
FY 04-05	6,586	10,776
FY 05-06	10,745	16,749
FY 06-07	9,968	16,065

Policy Changes - State and federal policy decisions can alter the Medicaid caseload. The following list briefly describes major federal policy changes that have affected Medicaid eligibility, and therefore caseload. This list is not meant to be comprehensive in nature, but a summary of major changes affecting eligibility since 2000.

- Breast and Cervical Cancer Prevention and Treatment Act of 2000, Public Law 106-354: Established a new group of eligibility for women under 65 who have been screened under the Centers for Disease Control and Prevention Board and need treatment for either diagnosis.
- Medicare Prescription Drug, Improvement, and Modernization Act of 2003: This act causes more potential beneficiaries to be screened for Medicaid when they apply for this Medicare benefit.
- Presumptive eligibility for Medicaid pregnant women was abolished on September 1, 2004. It was re-established by HB 05-1262 on July 1, 2005.
- HB 05-1262, the Tobacco Tax bill: This bill provided funding for the removal of the Medicaid asset test, the expansion of the income guideline used to establish eligibility for parents of children eligible for either Medicaid or the Children's Basic Health Plan to 60% of the federal poverty level (known as Expansion Adults), and to expand the number of children that can be enrolled in the Home and Community Based Services and the Children's Extensive Support Waiver programs.
- Deficit Reduction Act of 2005: This Act contains provisions related to premiums and cost sharing, benefits, and asset transfers that will have implications for Medicaid beneficiaries. In addition, the Deficit Reduction Act contains a provision requiring States to obtain satisfactory documentary evidence of citizenship and identity for all Medicaid applicants who have declared that they are citizens or nationals of the United States. The section exempts individuals that are eligible for Medicaid and entitled to or enrolled in Medicare, and those eligible for Medicaid by virtue of receiving Supplemental Security Income benefits, from the identification requirement.

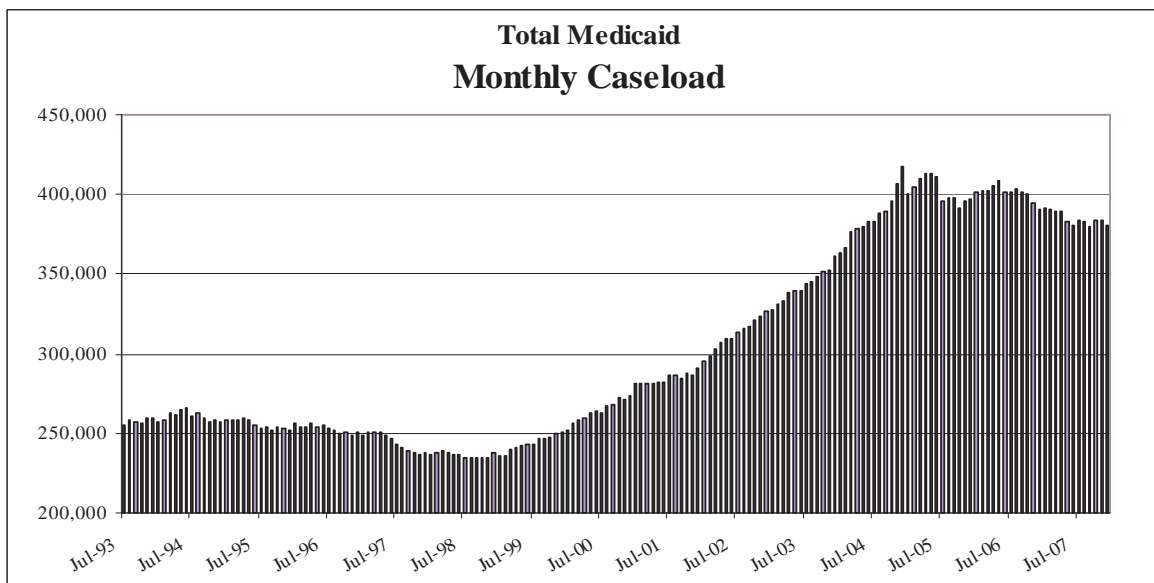
Oftentimes, a forecast cannot instantaneously incorporate policy changes even with the use of dummy or indicator variables. When this occurs, adjustments are made to the forecast off-line. Off-line adjustments were made to the Eligible Children forecasts to

account for the implementation of HB 06-1270 (*Public School Eligibility Determinations*). This bill directs the Department to establish medical assistance sites in public schools to allow qualified personnel to make Medicaid eligibility determinations. Based on the fiscal note for HB 06-1270, which assumes the participation of three school districts, estimates for the Eligible Children category were increased by 230 clients in FY 07-08 and 306 in FY 08-09. Off-line adjustments were also made to the FY 07-08 and FY 08-09 Foster Care forecasts to account for the recent passage of SB 07-002 (*Foster Care Eligibility*). This bill expands Medicaid eligibility through age 20 for children whom adoption assistance or foster care maintenance payments are made under Title IV-E of the Social Security Act. Based on the fiscal note for SB 07-002, estimates for the Foster Care category were increased by 368 clients in FY 07-08 and 1,259 in FY 08-09. Detailed accountings of off-line adjustments are in Exhibit B, page EB-2.

The combination of the aforementioned factors led to significant growth in the Medicaid caseload between FY 99-00 and FY 04-05. During this time, Medicaid caseload increased by 149,548 clients, growth of 59.1%. Caseload decreased in the subsequent years, resulting in a decline of 9,725, or 2.4%, between FY 04-05 and FY 06-07. The Department believes that the improving economic conditions are the driving factor in this decrease, as consistent monthly declines have occurred in Categorically Eligible Low-Income Adults and Eligible Children, which are expected to be most affected by the economy. Given the recent trends, the Department is forecasting total Medicaid caseload to decrease by 2.71% in FY 07-08 to 382,433. This forecasted annual decline is largely a function of the monthly decreases experienced in FY 06-07, which is leaving the caseload at a lower point at the beginning of FY 07-08. In FY 08-09, the trend is projected to moderate, and caseload is forecasted to decrease by 0.48% and reach 380,588. The following table shows actual and projected aggregate Medicaid caseload from FY 02-03 through FY 08-09.

Fiscal Year	Medicaid Caseload	Level Growth	Growth Rate
FY 02-03	327,395	31,982	10.83%
FY 03-04 ⁶	362,531	35,136	10.73%
FY 04-05	402,802	40,271	11.11%
FY 05-06	399,705	(3,097)	-0.77%
FY 06-07	393,077	(6,628)	-1.66%
FY 07-08 projection	382,433	(10,644)	-2.71%
FY 08-09 projection	380,588	(1,845)	-0.48%

⁶ Aggregate average fiscal year caseload does not equal the Department's monthly Medicaid caseload report for June 2004 due to rounding. However, all fiscal year averages by category for FY 03-04 discussed in this document match the June 2004 report.



METHODOLOGY

The Department's caseload projections utilize statistical forecasting methodologies to predict the Medicaid caseload by eligibility category. Historical monthly caseload data from July 1993 to June 2007 and historical and forecasted economic and demographic data that were revised in June 2007 were used. Two forecasting methodologies were used: trend and regression. The software used by the Department for developing trend and regression forecasts is *Forecast Pro XE*.

Trend Models

Trend models have been very successful in forecasting Medicaid caseloads. There are two types of trend models used to forecast caseload: Box Jenkins and Exponential Smoothing. Each model employs a different mathematical algorithm that uses only the trend history of the variable itself to predict future values. The choice of algorithm varies depending on the statistical properties of the time-series. For example, if a time-series exhibits seasonal patterns, the algorithm adjusts for those variations. *Forecast Pro XE* is programmed to recommend logarithmic and other exponential transformations to the data series when appropriate, and will recommend whether an Exponential Smoothing technique or the Box-Jenkins methodology is best for the particular series. Generally, both trend techniques are used to forecast caseload for each eligibility category. This allows for a greater choice of projections for the Department to consider.

Exponential Smoothing

For over thirty years, Exponential Smoothing models have been used to forecast data within a variety of applications. Considered simplistic, Exponential Smoothing models extract trend and seasonal patterns from a time-series to predict a future stream of values. One advantage of this model is that it produces robust results with limited data sets. This becomes invaluable for Medicaid eligibility categories that have not been in existence for very long, such as the Breast and Cervical Cancer Program category. There are two types

of Exponential Smoothing models that address trend and seasonality in time-series data: Holt and Winters. The Holt Exponential Smoothing model adjusts for long-term linear trend in data, while the Winters Exponential Smoothing model adjusts for both trend and seasonal components of data. Both Holt and Winters use recursive equations to determine the estimated parameters of the model, giving more weight to recent observations and exponentially smaller weight to historically distant observations.

Box Jenkins

As compared to Exponential Smoothing models, Box-Jenkins models are more complex, but often produce results that are more accurate with a time-series that is longer and stable. Box-Jenkins models identify Autoregressive Integrated Moving Average processes that provide a good fit to a stationary time-series. The optimal model can contain numerous autoregressive terms, moving average terms, or combinations thereof, causing the Box-Jenkins models to be much more complex than their Exponential Smoothing counterparts. A minimum of 50 observations is recommended to perform a Box-Jenkins forecast.

Regression Models

Regression analysis, unlike trend analysis, incorporates independent variables when making projections. For example, a regression equation may include the unemployment rate if the forecaster expects that it has an effect on the caseload for Categorically Eligible Low-Income Adults. Statistically, the forecaster can test whether or not there is a relationship between independent variables and the caseload by constructing a correlation matrix. Variables that are highly correlated with the caseload are more likely to be causally related. Regression equations are useful in that they provide some insight into why the trend projection is increasing, decreasing, or static. Although regression equations help explain why trends occur, their value depends on the quality of the independent variables used. In order to project caseload, historical and forecasted values of the independent variables must be used. Therefore, the accuracy of the caseload forecast depends on the accuracy of the forecasted independent variables.

In December 2007, the Office of State Planning and Budgeting and the Colorado Department of Local Affairs' Demography Division supplied actual and forecasted values of the following independent variables, which were used in the regression models:

- Employment - level of employment, this variable is measured in thousands;
- Employment in the Service Industry - level of employment in the service industry, this variable is measured in thousands;
- Unemployment Rate - the number of unemployed divided by the number in the labor force, this variable is measured as a percent;
- Total Wage and Salary Income - level of total wages, this variable is measured in billions;
- Wages in the Service Industry - level of wages in the service industry, this variable is measured in billions;
- Population by Age Group - level of population broken into specific age groupings;
- Births - number of births per thousand women; and,

- Migration - net increases or decreases in the State population adjusted for births and deaths.

Trend vs. Regression Models

After several different forecasts are produced, the Department normally chooses one for each category. In most eligibility categories, trend and regression projections are considered. In the case of the Expansion Adults category, a statistical model could not be applied and the estimate was based on the growth experienced in FY 06-07.

To determine which model is the best, the Department evaluates each model's forecast on two criteria: goodness of fit and expected growth patterns. *Forecast Pro XE* performs several statistical tests that evaluate the goodness of fit. These tests include: serial correlation of first and multiple orders, heteroskedasticity, robustness of error terms, and collinearity. Each model is judged on its statistical soundness, and models that perform poorly are eliminated. Elimination is subjective, and directly related to the model's statistical performance. Finally, the Department is left with a reduced menu of forecasts to consider. Historical patterns, along with economic and policy expectations are considered, and one model is chosen to be the best. In some cases, the forecasts that are produced by the models are adjusted upward or downward based on information that is not internal to the model.

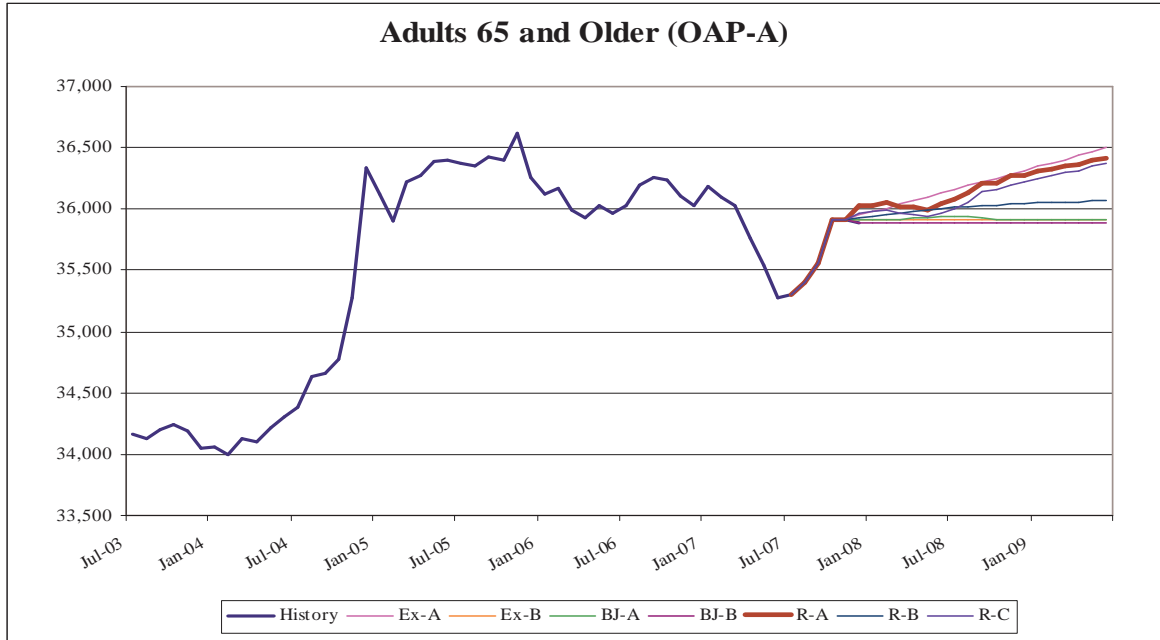
CATEGORICAL PROJECTIONS

This section details the caseload projections by eligibility category. For each category, the following are presented: a discussion of the category, model results, rationale for the forecast, statutory authority, and historical caseload and forecasts. FY 09-10 projections are included for informational purposes. For a graphical representation of caseload history by category, see Exhibit Q, pages EQ-3 to EQ-12.

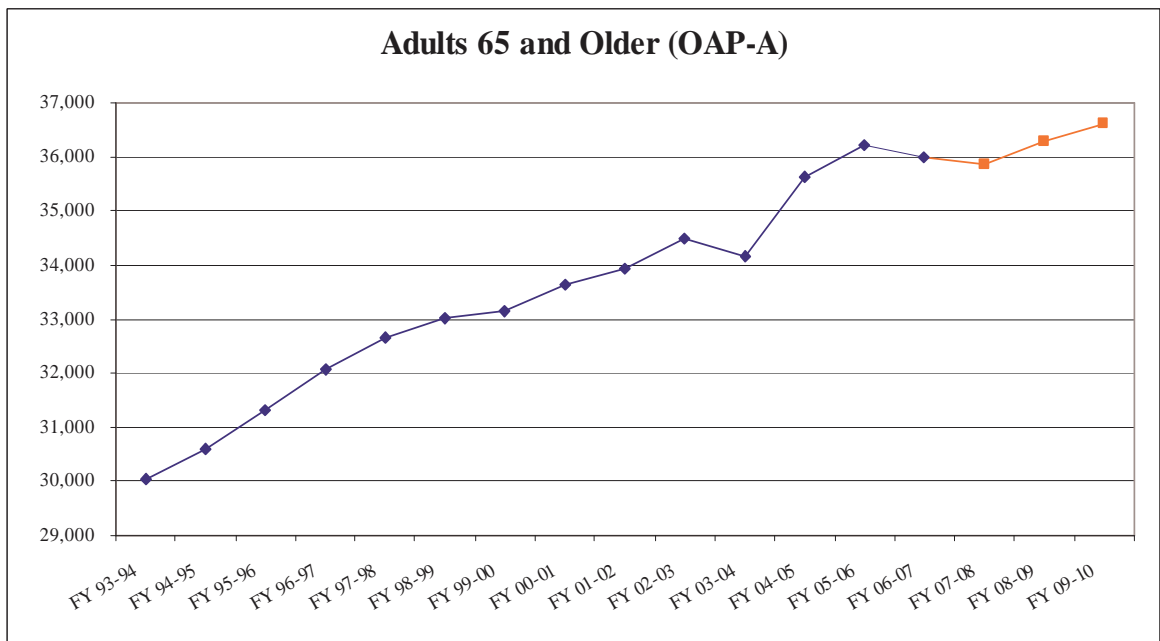
Adults 65 and Older

Colorado automatically provides Medicaid coverage to individuals who receive Supplemental Security Income. Supplemental Security Income, authorized under Title XVI of the Social Security Act of 1965, is a federal cash assistance program for persons aged 65 and older, blind, or disabled. An individual must have income below the federal monthly maximum Supplemental Security Income limit and limited resources. The Supplemental Security Income adults aged 65 and older are included in this category. Also included are individuals aged 65 and older who meet the Medicaid resource and income requirements, but are not receiving Supplemental Security Income. In addition, states may extend coverage to individuals with incomes above the Supplemental Security Income limit, and who meet the nursing home level of care. Referred to as Three-hundred Percenters, these clients have incomes no more than three times the Supplemental Security Income maximum limit, and they meet the nursing home level of care. Three-hundred Percenters constitute greater than half of the enrollees in the Home and Community Based Services, Elderly, Blind, and Disabled waiver program.

Adults 65 and Older: Model Results



	Adjusted R ²	Notes
Exponential Smoothing A	0.9940	
Exponential Smoothing B	0.9860	
Box-Jenkins A*	0.9945	
Box-Jenkins B*	0.9712	
Regression A	0.9931	OAP-A [-1], OAP-A [-2], CBMS Dummy, Auto [-11]
Regression B	0.9942	OAP-A [-1], Population 65+, CBMS Dummy
Regression C	0.9930	OAP-A [-1], Total Population, CBMS Dummy, Trend, Auto [-11]



COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET
REQUEST: MEDICAID CASELOAD

FY 07-08	FY 05-06	FY 06-07	Projected Growth Rate	Projected FY 07-08 Caseload	Level Change	Average Monthly Change ¹
Exponential Smoothing A	36,219	35,977	-0.32%	35,862	(115)	71
Exponential Smoothing B	36,219	35,977	-0.51%	35,794	(183)	54
Box Jenkins A*	36,219	35,977	-0.51%	35,794	(183)	56
Box Jenkins B*	36,219	35,977	-0.57%	35,772	(205)	51
Regression A	36,219	35,977	-0.33%	35,858	(119)	64
Regression B	36,219	35,977	-0.43%	35,822	(155)	61
Regression C	36,219	35,977	-0.44%	35,819	(158)	58

* Denotes Expert Selection, Bold denotes Trend Selection

FY 08-09	FY 06-07	FY 07-08 Projected Caseload	Projected Growth Rate	Projected FY 08-09 Caseload	Level Change	Average Monthly Change ¹
Exponential Smoothing A	35,977	35,858	1.30%	36,324	466	30
Exponential Smoothing B	35,977	35,858	0.35%	35,984	126	0
Box Jenkins A*	35,977	35,858	0.36%	35,987	129	(2)
Box Jenkins B*	35,977	35,858	0.31%	35,969	111	0
Regression A	35,977	35,858	1.17%	36,278	420	31
Regression B	35,977	35,858	0.62%	36,080	222	5
Regression C	35,977	35,858	1.11%	36,256	398	34

FY 09-10	FY 07-08 Projected Caseload	FY 08-09 Projected Caseload	Projected Growth Rate	Projected FY 09-10 Caseload	Level Change	Average Monthly Change ¹
Exponential Smoothing A	35,858	36,278	1.01%	36,644	366	30
Exponential Smoothing B	35,858	36,278	0.00%	36,278	0	0
Box Jenkins A*	35,858	36,278	-0.01%	36,274	(4)	0
Box Jenkins B*	35,858	36,278	0.00%	36,278	0	0
Regression A	35,858	36,278	0.89%	36,601	323	27
Regression B	35,858	36,278	-0.02%	36,271	(7)	(5)
Regression C	35,858	36,278	1.00%	36,641	363	31

¹ Average monthly change is calculated as that between June of the respective fiscal year and June of the prior fiscal year. This is not directly comparable to the annual level change, which is calculated as the difference between the annual average caseload.

Adults 65 and Older: Trend Selections

FY 07-08: -0.33%

FY 08-09: 1.17%

FY 09-10: 0.89%

Adults 65 and Older: Justifications

- This population is not affected by the “baby boomers”, defined by the U.S. Census Bureau as the generation born between 1946 and 1964, until approximately CY 2011.
- Regression analysis indicates that the caseload for this population is not significantly correlated with the size of the over-65 population in general. In FY 06-07, approximately 30.8% of this eligibility type received Supplemental Security Income and were automatically eligible for Medicaid (Source: Medicaid Management Information System query).
- This population may be effected by provisions in the Deficit Reduction Act of 2005, notably sections 6011 (lengthening of look-back period), 6012 (treatment of annuities), 6014 (disqualification of individuals with substantial home equity), 6015

(reform of asset test rules). These provisions may decrease the long-term growth rates as fewer people may now be eligible due to these provisions.

- The graph on Exhibit Q, page EQ-3 shows that historically, this category has displayed relatively flat growth. Over the past ten years, the caseload has increased by an average of 24 clients per month. Historical growth rates are stable and tend to fluctuate between 1% and 2%. The Department suspects that the high growth rate in FY 04-05 is due to the court order regarding the Colorado Benefits Management System, and that growth returned to its long-term trend in FY 05-06. The Department speculates that the decline in FY 06-07 may be indicative that the effects of the asset and annuities provisions in the Deficit Reduction Act may be stronger than expected. The Department believes that the large increase experienced in October 2007 was a one-time result of a systems update regarding Medicare Savings Programs.
- Growth in FY 07-08 has been much higher than the Department's November 2007 forecast, in which the caseload was projected to be 35,272 (average monthly growth of 0). The selected trend for FY 07-08 is higher than that from the November 2007 forecast, and would yield average growth of 45 clients per month for the remainder of FY 07-08. This higher forecasted growth rate reflects the growth experienced at the beginning of FY 07-08, and a return to longer-term monthly growth trends. The negative annual growth reflects the large declines at the end of FY 06-07, which resulted in caseload starting at a lower point for FY 07-08.
- Out-year trends are moderately positive to reflect the aging population, and are slightly lower than long-term trends to reflect a relatively good economy and the Deficit Reduction Provisions, which may negatively affect caseload.

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- (f) Individuals receiving supplemental security income;*
- (g) Individuals receiving mandatory state supplement, including but not limited to individuals receiving old age pensions;*
- (h) Institutionalized individuals who were eligible for medical assistance in December 1973;*
- (i) Individuals who would be eligible except for the increase in old-age, survivors, and disability insurance under P.L. 92-336;*
- (j) Individuals who become ineligible for cash assistance as a result of old-age, survivors, and disability insurance cost-of-living increases after April 1977;*

25.5-5-201 (1), C.R.S. (2007)

- (b) Individuals who would be eligible for cash assistance except for their institutionalized status;*
- (c) Individuals receiving home-and community-based services as specified in part 6 of this article;*
- (f) Individuals receiving only optional state supplement;*
- (g) Individuals in institutions who are eligible under a special income level. Colorado's program for citizens sixty-five years of age or older or physically disabled or blind, whose gross income does not exceed three hundred percent of the current federal supplemental security income benefit level, qualifies for federal funding under this provision;*

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(j) Individuals who are qualified aliens and were or would have been eligible for supplemental security income as a result of a disability but are not eligible for such supplemental security income as a result of the passage of the federal "Personal Responsibility and Work Opportunity Reconciliation Act of 1996", Public Law 104-193;

Adults 65 and Older: Historical Caseload and Forecasts

	Actuals	Monthly Change	% Change
Nov-05	36,612	-	-
Dec-05	36,256	(356)	-0.97%
Jan-06	36,116	(140)	-0.39%
Feb-06	36,176	60	0.17%
Mar-06	35,997	(179)	-0.49%
Apr-06	35,925	(72)	-0.20%
May-06	36,032	107	0.30%
Jun-06	35,959	(73)	-0.20%
Jul-06	36,033	74	0.21%
Aug-06	36,190	157	0.44%
Sep-06	36,258	68	0.19%
Oct-06	36,233	(25)	-0.07%
Nov-06	36,105	(128)	-0.35%
Dec-06	36,029	(76)	-0.21%
Jan-07	36,182	153	0.42%
Feb-07	36,095	(87)	-0.24%
Mar-07	36,028	(67)	-0.19%
Apr-07	35,758	(270)	-0.75%
May-07	35,545	(213)	-0.60%
Jun-07	35,272	(273)	-0.77%
Jul-07	35,303	31	0.09%
Aug-07	35,397	94	0.27%
Sep-07	35,557	160	0.45%
Oct-07	35,916	359	1.01%
Nov-07	35,916	0	0.00%
Dec-07	35,894	(22)	-0.06%
Jan-08	35,939	45	0.13%
Feb-08	35,984	45	0.13%
Mar-08	36,029	45	0.13%
Apr-08	36,074	45	0.12%
May-08	36,119	45	0.12%
Jun-08	36,164	45	0.12%

* Bold denotes forecast

	Caseload	% Change	Level Change
FY 93-94	30,051	-	-
FY 94-95	30,587	1.78%	536
FY 95-96	31,321	2.40%	734
FY 96-97	32,080	2.42%	759
FY 97-98	32,664	1.82%	584
FY 98-99	33,007	1.05%	343
FY 99-00	33,135	0.39%	128
FY 00-01	33,649	1.55%	514
FY 01-02	33,916	0.79%	267
FY 02-03	34,485	1.68%	569
FY 03-04	34,149	-0.97%	(336)
FY 04-05	35,615	4.29%	1,466
FY 05-06	36,219	1.70%	604
FY 06-07	35,977	-0.67%	(242)
FY 07-08	35,858	-0.33%	(119)
FY 08-09	36,278	1.17%	420
FY 09-10	36,601	0.89%	323

November 2007 Trend Selections			
FY 07-08	35,272	-1.96%	(705)
FY 08-09	35,498	0.64%	226

Actuals		
	Monthly Change	% Change
6-month average	104	0.29%
12-month average	(11)	-0.03%
18-month average	(4)	-0.01%
24-month average	(10)	-0.04%
FY 07-08 Year-to-date	35,664	-0.87%

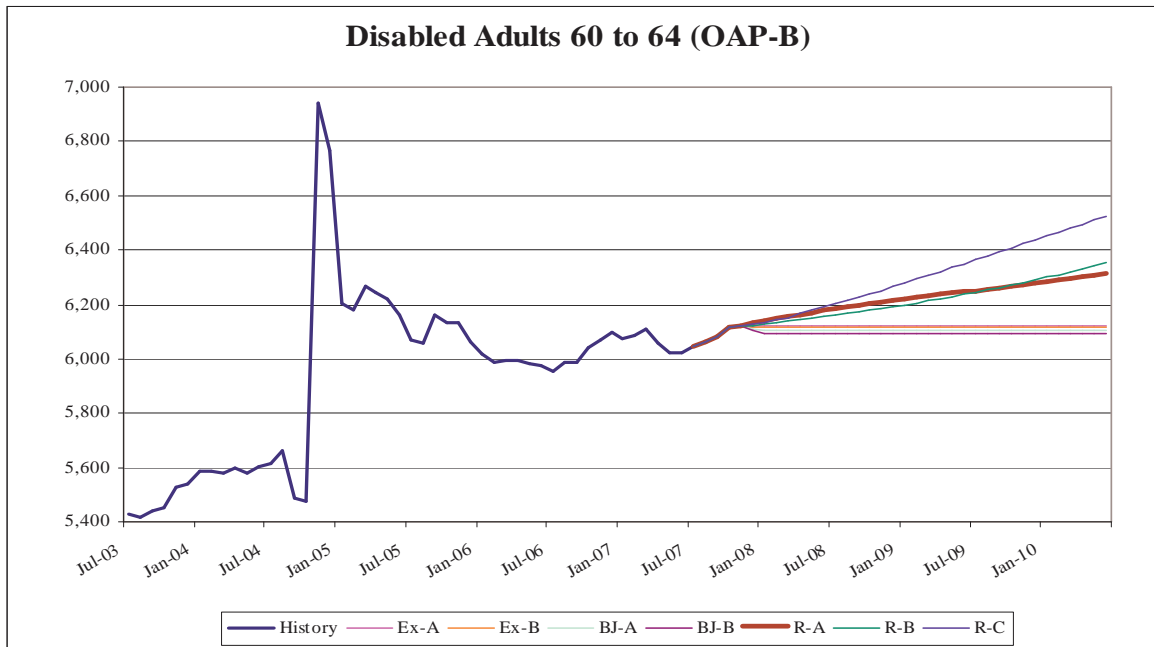
Disabled Adults 60 to 64

Colorado automatically provides Medicaid coverage to individuals who receive Supplemental Security Income. Supplemental Security Income, authorized under Title XVI of the Social Security Act of 1965, is a federal cash assistance program for persons aged 65 and older, blind, or disabled. An individual must have income below the federal monthly maximum Supplemental Security Income limit and limited resources. Disabled adults aged 60 to 64 who are eligible for Supplemental Security Income are included in this category. In addition, states may extend coverage to individuals with incomes above

the Supplemental Security Income limit, and who meet the nursing home level of care. Referred to as Three-hundred Percenters, these clients have incomes no more than three times the Supplemental Security Income maximum limit, and they meet the nursing home level of care.

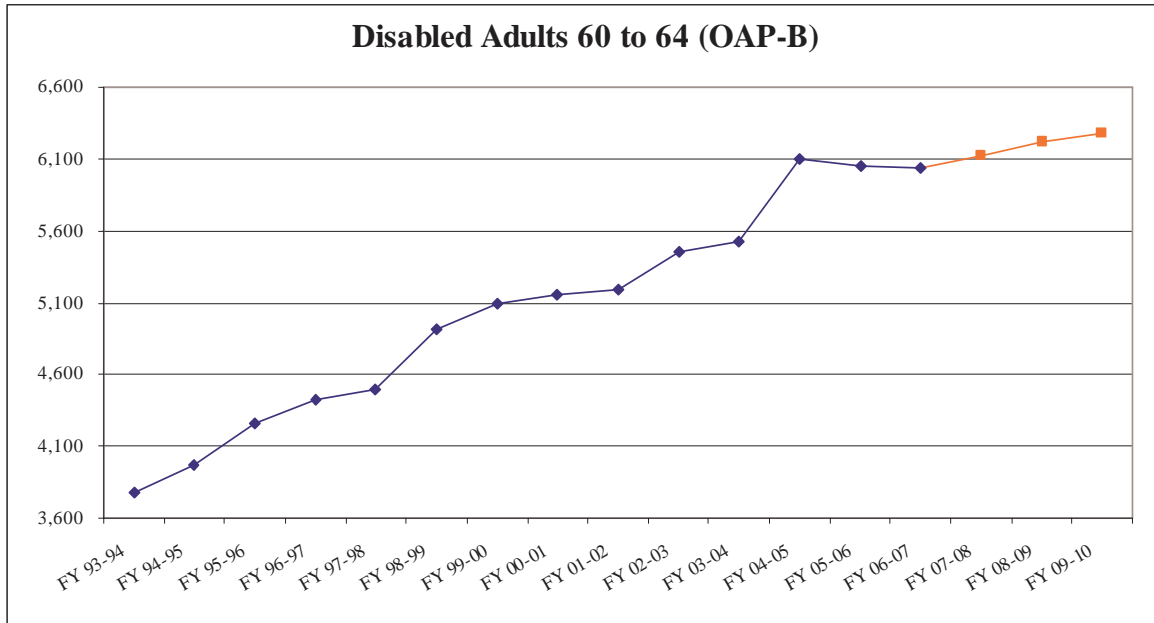
Quality control checks are completed from time to time to look for eligibility coding errors that commonly result in clients being misclassified between this Medicaid category and the Old Age Pension State Medical Program (non-Medicaid) category. Historical miscoding can make it difficult to forecast this Medicaid category as groups of individuals identified through this process may be abruptly moved in and out of this category.

Disabled Adults 60 to 64: Model Results



	Adjusted R ²	Notes
Exponential Smoothing A	0.9713	
Exponential Smoothing B	0.8366	
Box-Jenkins A*	0.9753	
Box-Jenkins B*	0.8629	
Regression A	0.9951	OAP-B [-1], OAP-B [-3], CBMS Dummy
Regression B	0.9955	OAP-B [-1], OAP-B [-3], Population 60-64, CBMS Dummy, Constant, Auto [-5]
Regression C	0.9946	OAP-B [-1], Total Population, CBMS Dummy, Constant, Auto [-12]

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FY 07-08	FY 05-06	FY 06-07	Projected Growth Rate	Projected FY 07-08 Caseload	Level Change	Average Monthly Change ¹
Exponential Smoothing A	6,048	6,042	1.08%	6,107	65	9
Exponential Smoothing B	6,048	6,042	1.03%	6,104	62	8
Box Jenkins A*	6,048	6,042	0.89%	6,096	54	7
Box Jenkins B*	6,048	6,042	0.81%	6,091	49	6
Regression A	6,048	6,042	1.41%	6,127	85	13
Regression B	6,048	6,042	1.24%	6,117	75	11
Regression C	6,048	6,042	1.41%	6,127	85	14

* Denotes Expert Selection, Bold denotes Trend Selection

FY 08-09	FY 06-07	FY 07-08 Projected Caseload	Projected Growth Rate	Projected FY 08-09 Caseload	Level Change	Average Monthly Change ¹
Exponential Smoothing A	6,042	6,127	0.25%	6,142	15	0
Exponential Smoothing B	6,042	6,127	0.21%	6,140	13	0
Box Jenkins A*	6,042	6,127	0.10%	6,133	6	0
Box Jenkins B*	6,042	6,127	0.05%	6,130	3	0
Regression A	6,042	6,127	1.45%	6,216	89	6
Regression B	6,042	6,127	1.29%	6,206	79	7
Regression C	6,042	6,127	2.40%	6,274	147	13

FY 09-10	FY 07-08 Projected Caseload	FY 08-09 Projected Caseload	Projected Growth Rate	Projected FY 09-10 Caseload	Level Change	Average Monthly Change ¹
Exponential Smoothing A	6,127	6,216	0.00%	6,216	0	0
Exponential Smoothing B	6,127	6,216	0.00%	6,216	0	0
Box Jenkins A*	6,127	6,216	0.00%	6,216	0	0
Box Jenkins B*	6,127	6,216	0.00%	6,216	0	0
Regression A	6,127	6,216	1.08%	6,283	67	6
Regression B	6,127	6,216	1.61%	6,316	100	10
Regression C	6,127	6,216	2.73%	6,386	170	15

¹ Average monthly change is calculated as that between June of the respective fiscal year and June of the prior fiscal year. This is not directly comparable to the annual level change, which is calculated as the difference between the annual average caseload.

Disabled Adults 60 to 64: Trend Selections

FY 07-08: 1.41%

FY 08-09: 1.45%

FY 09-10: 1.08%

Disabled Adults 60 to 64: Justifications

- Growth in FY 01-02 was unusually low, partially due to the movement of approximately 400 clients out of this category into the Old Age Pension State Medical Program and due to the elimination of the “Med-9” disability determination process for those under age 65 (see the Disabled Individuals to 59 (AND/AB) section for a complete description of the Med-9).
- The 1,615 client caseload spike in November 2004 is directly related to the court order regarding the Colorado Benefits Management System. Of this group, 1,166 clients came from the Disabled Adults (AND/AB) population, while the remainder (449 clients) came from the OAP-A population. This has been corrected for in regressions.
- Historically, this category has displayed consistently slow growth, with caseload increasing by an average of 14 clients per month over the last 10 years. This population, like the Adults 65 and Older category, may be affected by the asset and annuities provisions in the Deficit Reduction Act of 2005, which would promote low growth. This category will begin to be affected by the baby-boom generation, defined by the U.S. Census Bureau as the generation born between 1946 and 1964, beginning in CY 2006, which may support higher growth.
- However, because this population is disabled, the effects of both the baby boom generation and the Deficit Reduction Act are likely to be mitigated. In addition, in FY 06-07, 56.0% of this population received Supplemental Security Income, and are therefore automatically Medicaid eligible (Source: Medicaid Management Information System query). The effect of the Deficit Reduction Act is expected to be smaller in this population than in Adults 65 and Older, where 30.8% of the population received Supplemental Security Income in FY 06-07.
- FY 05-06 recorded the first ever caseload decline in this category. In FY 06-07, the caseload increased by an average of 5 clients per month during the year. This growth was not strong enough to register positive annual growth from FY 05-06, as caseload started from a relatively low level in July 2006. The Department does not expect the negative trend in this eligibility type to continue, as the population aged 60 to 64 is anticipated to be the fastest growing group in the state during the forecast period, with projected increases of approximately 8.2% per year. The Department believes that the large increase experienced in October 2007 was a one-time result of a systems update regarding Medicare Savings Programs.
- Growth in FY 07-08 has been higher than the Department’s November 2007 forecast, in which caseload was projected to be 6,050 (average monthly growth of 5). The selected trend for FY 07-08 is higher than that from the November 2007 forecast, and would yield average growth of 11 clients per month for the remainder of FY 07-08. This higher forecasted growth rate reflects the growth experienced at the beginning of FY 07-08, and a return to longer-term monthly growth trends.

- Out-year trends are slightly higher, as this population may become affected by a larger portion of the baby boom generation over the next 5 years.

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- (f) *Individuals receiving supplemental security income;*
- (g) *Individuals receiving mandatory state supplement, including but not limited to individuals receiving old age pensions;*
- (h) *Institutionalized individuals who were eligible for medical assistance in December 1973;*
- (i) *Individuals who would be eligible except for the increase in old-age, survivors, and disability insurance under P.L. 92-336;*
- (j) *Individuals who become ineligible for cash assistance as a result of old-age, survivors, and disability insurance cost-of-living increases after April 1977;*

25.5-5-201 (1), C.R.S. (2007)

- (b) *Individuals who would be eligible for cash assistance except for their institutionalized status;*
- (c) *Individuals receiving home-and community-based services as specified in part 6 of this article;*
- (f) *Individuals receiving only optional state supplement;*
- (g) *Individuals in institutions who are eligible under a special income level. Colorado's program for citizens sixty-five years of age or older or physically disabled or blind, whose gross income does not exceed three hundred percent of the current federal supplemental security income benefit level, qualifies for federal funding under this provision;*
- (j) *Individuals who are qualified aliens and were or would have been eligible for supplemental security income as a result of a disability but are not eligible for such supplemental security income as a result of the passage of the federal "Personal Responsibility and Work Opportunity Reconciliation Act of 1996", Public Law 104-193;*

Disabled Adults 60 to 64: Historical Caseload and Forecasts

	Actuals	Monthly Change	% Change
Nov-05	6,134	-	-
Dec-05	6,061	(73)	-1.19%
Jan-06	6,016	(45)	-0.74%
Feb-06	5,990	(26)	-0.43%
Mar-06	5,996	6	0.10%
Apr-06	5,995	(1)	-0.02%
May-06	5,979	(16)	-0.27%
Jun-06	5,975	(4)	-0.07%
Jul-06	5,953	(22)	-0.37%
Aug-06	5,985	32	0.54%
Sep-06	5,990	5	0.08%
Oct-06	6,040	50	0.83%
Nov-06	6,070	30	0.50%
Dec-06	6,098	28	0.46%
Jan-07	6,074	(24)	-0.39%
Feb-07	6,088	14	0.23%
Mar-07	6,107	19	0.31%
Apr-07	6,059	(48)	-0.79%
May-07	6,024	(35)	-0.58%
Jun-07	6,020	(4)	-0.07%
Jul-07	6,046	26	0.43%
Aug-07	6,062	16	0.26%
Sep-07	6,081	19	0.31%
Oct-07	6,117	36	0.59%
Nov-07	6,123	6	0.10%
Dec-07	6,122	(1)	-0.02%
Jan-08	6,133	11	0.18%
Feb-08	6,144	11	0.18%
Mar-08	6,155	11	0.18%
Apr-08	6,166	11	0.18%
May-08	6,177	11	0.18%
Jun-08	6,188	11	0.18%

* Bold denotes forecast

	Caseload	% Change	Level Change
FY 93-94	3,776	-	-
FY 94-95	3,970	5.14%	194
FY 95-96	4,261	7.33%	291
FY 96-97	4,429	3.94%	168
FY 97-98	4,496	1.51%	67
FY 98-99	4,909	9.19%	413
FY 99-00	5,092	3.73%	183
FY 00-01	5,157	1.28%	65
FY 01-02	5,184	0.52%	27
FY 02-03	5,456	5.25%	272
FY 03-04	5,528	1.32%	72
FY 04-05	6,103	10.40%	575
FY 05-06	6,048	-0.90%	(55)
FY 06-07	6,042	-0.10%	(6)
FY 07-08	6,127	1.41%	85
FY 08-09	6,216	1.45%	89
FY 09-10	6,283	1.08%	67

November 2007 Trend Selections			
FY 07-08	6,050	0.13%	8
FY 08-09	6,106	0.93%	56

Actuals		
	Monthly Change	% Change
6-month average	17	0.28%
12-month average	2	0.03%
18-month average	8	0.14%
24-month average	5	0.04%
FY 07-08 Year-to-date	6,092	0.83%

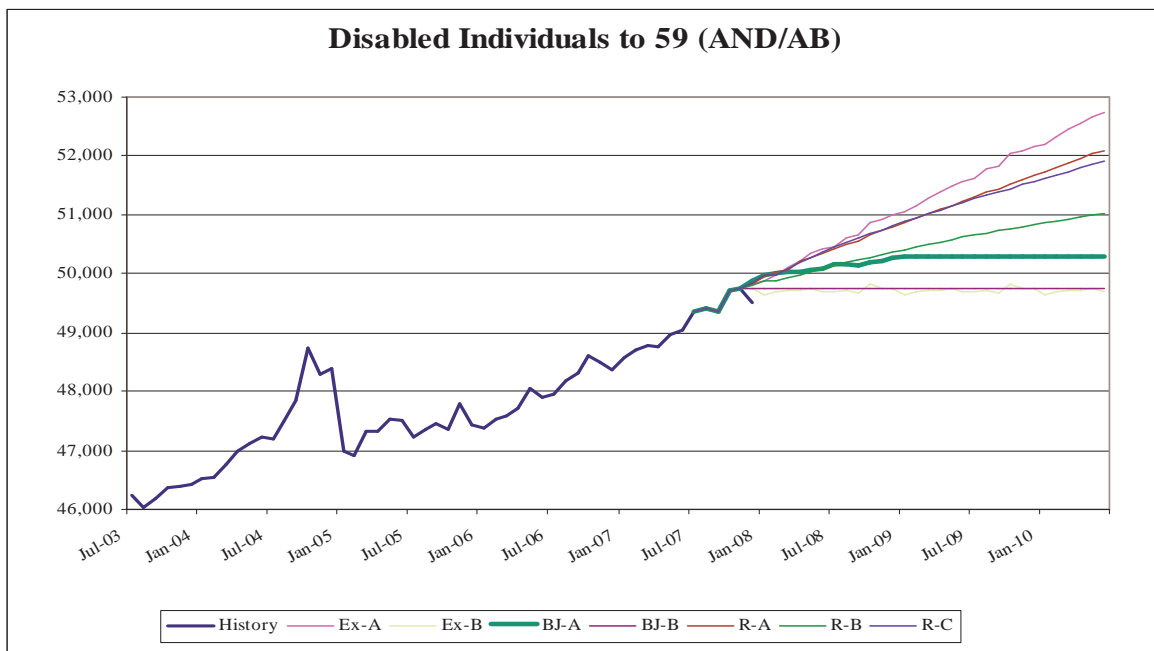
Disabled Individuals to 59

Colorado automatically provides Medicaid coverage to individuals who receive Supplemental Security Income. Supplemental Security Income, authorized under Title XVI of the Social Security Act of 1965, is a federal cash assistance program for persons aged 65 and older, blind, or disabled. An individual must have income below the federal monthly maximum Supplemental Security Income limit and limited resources. This category includes the disabled portion of this group to age 59. These individuals: are blind, have a physical or mental impairment that keeps them from performing substantial work expected to last 12 months or result in death, or are children who have a marked and severe functional limitation expected to last 12 months or until death. Children were added to the Title XVI Act in 1972. In addition, states may extend coverage to individuals with incomes too high for Supplemental Security Income, and who meet the

nursing facility level of care. Referred to as Three-hundred Percenters, these clients have incomes no more than three times the Supplemental Security Income maximum limit, and they meet the nursing home level of care. Often, Three-hundred Percenters are enrolled in a Home and Community Based waiver program.

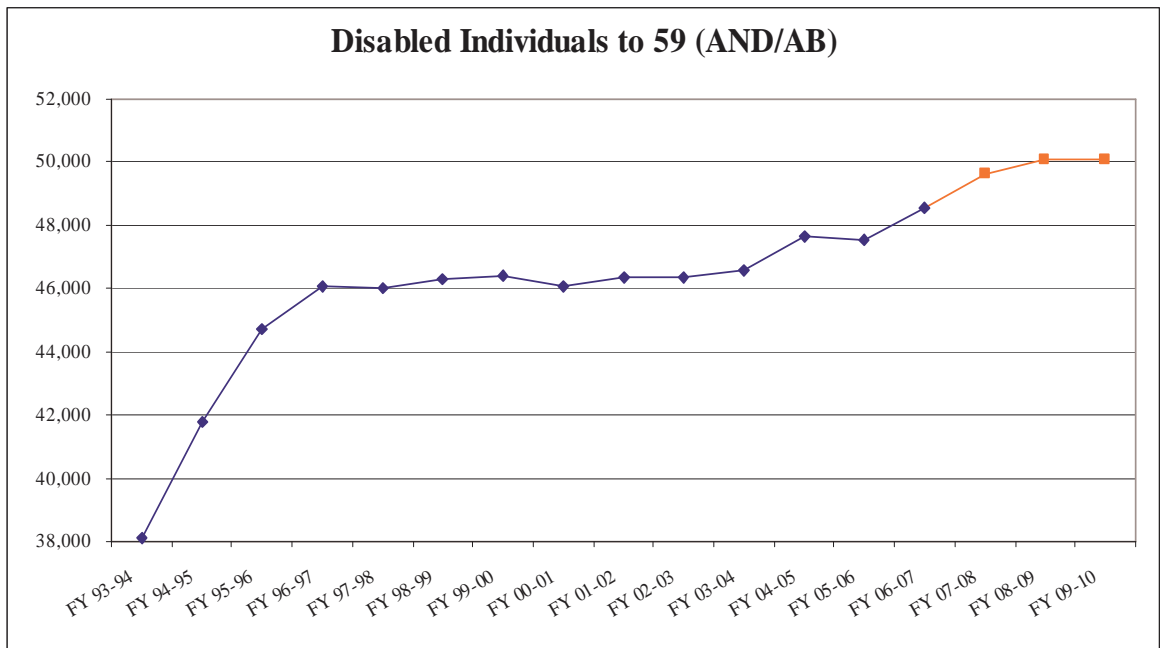
From 1990 to 1996, this category exhibited unprecedented growth rates. Factors contributing to this surge were: intensified outreach efforts to those with substance abuse problems; catching up a backlog of disability determination applications; and the outcome of the *Zebley v. Sullivan* lawsuit. The 1990 outcome of the *Zebley v. Sullivan* lawsuit found that children could not be held to higher standard of disability than adults. *Zebley* required that children's disability be measured using child appropriate activities. As a result, the number of children determined to be disabled significantly increased until 1996. Welfare reform in 1996 tightened the disability criteria for children. An Individual Evaluation Plan from the public school system was no longer sufficient to verify disability, and children were required to have a physician document their level of functional impairment. However, any child receiving Supplemental Security Income before 1996 who lost his/her Supplemental Security Income benefits due to the new rules is still eligible for Medicaid. This category also includes disabled adult children age 18 and older who lost their Supplemental Security Income eligibility due to their parents receiving Social Security Administration benefits and disabled widows and widowers aged 50 to 64 who lost Supplemental Security Income due to the receipt of Social Security Administration benefits.

Disabled Individuals to 59: Model Results



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	Adjusted R ²	Notes
Exponential Smoothing A*	0.9931	
Exponential Smoothing B*	0.9501	
Box-Jenkins A	0.9926	
Box-Jenkins B	0.9479	
Regression A	0.9876	AND/AB [-1], Auto [-6]
Regression B	0.9587	AND/AB [-1], AND/AB [-24], Migration, Auto [-4]
Regression C	0.9789	AND/AB [-1], AND/AB [-12], Auto [-4]



FY 07-08	FY 05-06	FY 06-07	Projected Growth Rate	Projected FY 07-08 Caseload	Level Change	Average Monthly Change ¹
Exponential Smoothing A*	47,565	48,567	2.67%	49,864	1,297	113
Exponential Smoothing B*	47,565	48,567	2.18%	49,626	1,059	54
Box Jenkins A	47,565	48,567	2.55%	49,805	1,238	86
Box Jenkins B	47,565	48,567	2.23%	49,650	1,083	58
Regression A	47,565	48,567	2.65%	49,854	1,287	107
Regression B	47,565	48,567	2.46%	49,762	1,195	86
Regression C	47,565	48,567	2.66%	49,859	1,292	110

* Denotes Expert Selection, Bold denotes Trend Selection

FY 08-09	FY 06-07	FY 07-08 Projected Caseload	Projected Growth Rate	Projected FY 08-09 Caseload	Level Change	Average Monthly Change ¹
Exponential Smoothing A*	48,567	49,626	2.35%	50,792	1,166	97
Exponential Smoothing B*	48,567	49,626	0.18%	49,715	89	0
Box Jenkins A	48,567	49,626	0.87%	50,058	432	17
Box Jenkins B	48,567	49,626	0.20%	49,725	99	0
Regression A	48,567	49,626	1.96%	50,599	973	74
Regression B	48,567	49,626	1.25%	50,246	620	44
Regression C	48,567	49,626	1.97%	50,604	978	70

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FY 09-10	FY 07-08 Projected Caseload	FY 08-09 Projected Caseload	Projected Growth Rate	Projected FY 09-10 Caseload	Level Change	Average Monthly Change ¹
Exponential Smoothing A*	49,626	50,058	2.28%	51,199	1,141	97
Exponential Smoothing B*	49,626	50,058	0.00%	50,058	0	0
Box Jenkins A	49,626	50,058	0.10%	50,108	50	0
Box Jenkins B	49,626	50,058	0.00%	50,058	0	0
Regression A	49,626	50,058	1.71%	50,914	856	72
Regression B	49,626	50,058	0.92%	50,519	461	34
Regression C	49,626	50,058	1.48%	50,799	741	58

¹ Average monthly change is calculated as that between June of the respective fiscal year and June of the prior fiscal year. This is not directly comparable to the annual level change, which is calculated as the difference between the annual average caseload.

Disabled Individuals to 59: Trend Selections

FY 07-08: 2.18%
 FY 08-09: 0.87%
 FY 09-10: 0.10%

Disabled Individuals to 59: Justifications

- As the graph in Exhibit Q, page EQ-5 shows, high rates of growth continued through FY 96-97, and then dropped dramatically. From FY 97-98 to FY 03-04, caseload remained relatively constant, with absolute changes less than 1%. The elimination of the Med-9 disability determination has also contributed to slower growth. In July 2001, the Med-9 disability determination application process was disbanded due to federal requirements. This process let individuals under 65 who were seeking Medicaid coverage because of a disability experience an expeditious application process as compared to other applicants. By discontinuing the Med-9, clients underwent a more rigorous eligibility determination, and caseload fell slightly.
- As this category is disabled, economic conditions have a small impact on this group. Only a small segment of the population has the ability to shift on-and-off Medicaid, which leads to a relatively stable population.
- HB 05-1262 expanded the number of children that can be enrolled in the Children’s Home and Community Based Service Waiver Program and the Children’s Extensive Support Waiver Program. The original expansion was 527 slots, which began to be filled in FY 05-06. During the March 13, 2006 Figure Setting, the number of expansion slots funded under the Tobacco Tax bill was increased by 200 in the Children’s Home and Community Based Service Waiver Program and 30 in the Children’s Extensive Support Waiver Program. The Department received approval for the additional expansions from the Centers for Medicare and Medicaid Services in December 2006. To date, all new Children’s Home and Community Based Service and Children’s Extensive Support expansion slots have been filled.
- Although the last 24 months have shown an upward trend, this is largely due to Tobacco Tax expansion, and history indicates that this effect is temporary and will likely be mitigated in the future.
- Growth in FY 07-08 has been much higher than the November 2007 forecast, in which the caseload was projected to be approximately 49,354 (average monthly growth of 35). The selected trend for FY 07-08 is higher than that from the November 2007 forecast, and would yield average growth of 65 clients per month for

the remainder of FY 07-08. This higher forecasted growth rate reflects the monthly growth experienced at the beginning of FY 07-08, and is in line with monthly trends from FY 06-07.

- Out-year growth is projected to return to long-term trend as all expansion clients have been in the caseload for at least a full year.

25.5-5-101 (1), C.R.S. (2007)

- (f) *Individuals receiving supplemental security income;*
- (g) *Individuals receiving mandatory state supplement, including but not limited to individuals receiving old age pensions;*
- (h) *Institutionalized individuals who were eligible for medical assistance in December 1973;*
- (i) *Individuals who would be eligible except for the increase in old-age, survivors, and disability insurance under P.L. 92-336;*
- (j) *Individuals who become ineligible for cash assistance as a result of old-age, survivors, and disability insurance cost-of-living increases after April 1977;*
- (k) *Disabled widows or widowers fifty through sixty years of age who have become ineligible for federal supplemental security income or state supplementation as a result of becoming eligible for federal social security survivor's benefits, in accordance with the social security act, 42 U.S.C. sec. 1383c;*

25.5-5-201 (1), C.R.S. (2007)

- (b) *Individuals who would be eligible for cash assistance except for their institutionalized status;*
- (c) *Individuals receiving home-and community-based services as specified in part 6 of this article;*
- (f) *Individuals receiving only optional state supplement;*
- (g) *Individuals in institutions who are eligible under a special income level. Colorado's program for citizens sixty-five years of age or older or physically disabled or blind, whose gross income does not exceed three hundred percent of the current federal supplemental security income benefit level, qualifies for federal funding under this provision;*
- (j) *Individuals who are qualified aliens and were or would have been eligible for supplemental security income as a result of a disability but are not eligible for such supplemental security income as a result of the passage of the federal "Personal Responsibility and Work Opportunity Reconciliation Act of 1996", Public Law 104-193;*

Disabled Individuals to 59: Historical Caseload and Forecasts

	Actuals	Monthly Change	% Change
Nov-05	47,783	-	-
Dec-05	47,429	(354)	-0.74%
Jan-06	47,373	(56)	-0.12%
Feb-06	47,541	168	0.35%
Mar-06	47,579	38	0.08%
Apr-06	47,705	126	0.26%
May-06	48,055	350	0.73%
Jun-06	47,912	(143)	-0.30%
Jul-06	47,946	34	0.07%
Aug-06	48,192	246	0.51%
Sep-06	48,320	128	0.27%
Oct-06	48,611	291	0.60%
Nov-06	48,503	(108)	-0.22%
Dec-06	48,363	(140)	-0.29%
Jan-07	48,576	213	0.44%
Feb-07	48,714	138	0.28%
Mar-07	48,785	71	0.15%
Apr-07	48,766	(19)	-0.04%
May-07	48,975	209	0.43%
Jun-07	49,057	82	0.17%
Jul-07	49,353	296	0.60%
Aug-07	49,402	49	0.10%
Sep-07	49,348	(54)	-0.11%
Oct-07	49,714	366	0.74%
Nov-07	49,750	36	0.07%
Dec-07	49,512	(238)	-0.48%
Jan-08	49,577	65	0.13%
Feb-08	49,642	65	0.13%
Mar-08	49,706	65	0.13%
Apr-08	49,771	65	0.13%
May-08	49,836	65	0.13%
Jun-08	49,901	65	0.13%

* Bold denotes forecast

	Caseload	% Change	Level Change
FY 93-94	38,140	-	-
FY 94-95	41,773	9.53%	3,633
FY 95-96	44,736	7.09%	2,963
FY 96-97	46,090	3.03%	1,354
FY 97-98	46,003	-0.19%	(87)
FY 98-99	46,310	0.67%	307
FY 99-00	46,386	0.16%	76
FY 00-01	46,046	-0.73%	(340)
FY 01-02	46,349	0.66%	303
FY 02-03	46,378	0.06%	29
FY 03-04	46,565	0.40%	187
FY 04-05	47,626	2.28%	1,061
FY 05-06	47,565	-0.13%	(61)
FY 06-07	48,567	2.11%	1,002
FY 07-08	49,626	2.18%	1,059
FY 08-09	50,058	0.87%	432
FY 09-10	50,108	0.10%	50

November 2007 Trend Selections			
FY 07-08	49,354	1.62%	787
FY 08-09	49,556	0.41%	202

Actuals		
	Monthly Change	% Change
6-month average	76	0.15%
12-month average	96	0.20%
18-month average	89	0.18%
24-month average	93	0.18%
FY 07-08 Year-to-date	49,513	1.95%

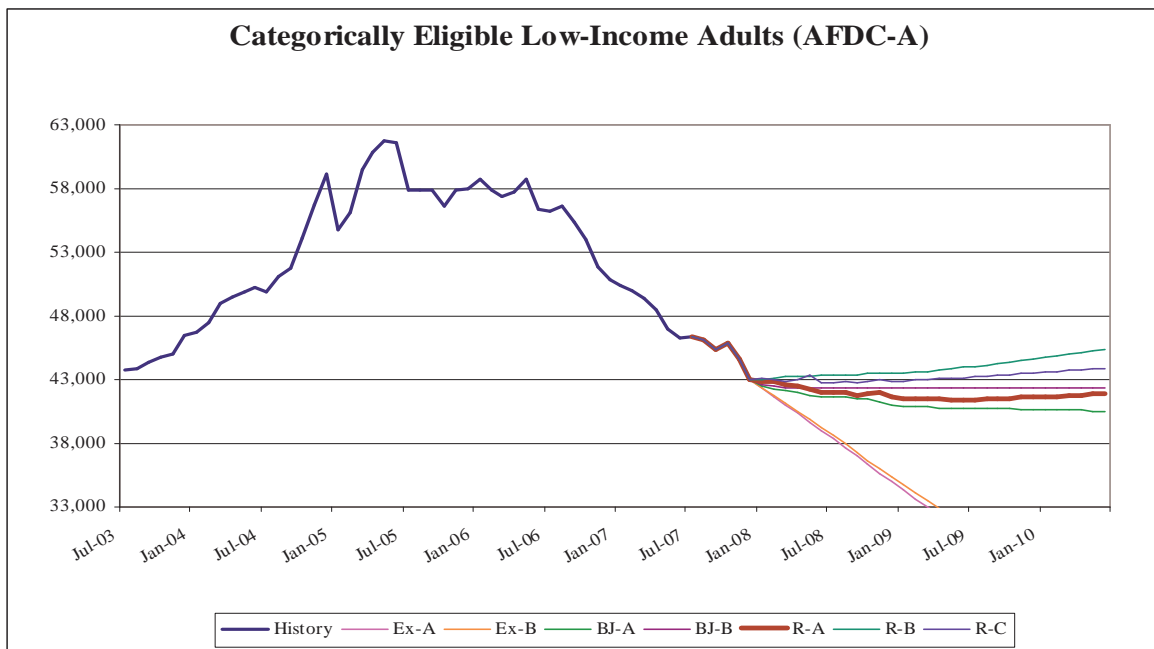
Categorically Eligible Low-Income Adults

One of the primary ways that adults qualify for Medicaid is through Section 1931 of the federal Medicaid statute. Under Section 1931, families who were eligible for cash welfare assistance under the Aid to Families with Dependent Children program are still eligible for Medicaid even after the Aid to Families with Dependent Children program was replaced by the Temporary Assistance to Needy Families program (referred to as Colorado Works) on July 16, 1996. Clients enrolled in the Temporary Assistance for Needy Families program are no longer automatically eligible for Medicaid. Therefore, the Categorically Eligible Low-Income Adults category includes adults who receive Medicaid under Section 1931 and those families who receive Temporary Aid to Needy Families financial assistance coupled with Medicaid. Also included in this category are

adults receiving Transitional Medicaid. Transitional Medicaid is available to adults in families who have received 1931 Medicaid in three of the past six months and become ineligible due to an increase in earned income. Adults may receive Transitional Medicaid benefits for up to one year. In FY 06-07, there were an average of 9,968 adults in this program. Transitional Medicaid benefits have been extended through June 30, 2008, and the Department's forecast assumes that the program will continue through FY 08-09.

The graph in Exhibit Q, page EQ-6, shows that before 1999, caseload in this category was falling. Decreases in caseload can be attributed to economic expansion and effects of the Personal Responsibility Work and Opportunity Reconciliation Act, known as welfare reform. When welfare reform was instituted in Colorado in 1997, the link between cash assistance for welfare and Medicaid was broken. When the Department implemented this change into the Client Oriented Information Network eligibility data system, it was estimated that 46,006⁷ clients had their cases closed in error. In reaction, the Tatum lawsuit was brought against the State. Starting in May 2001, the Department began to reinstate clients who inadvertently lost their Medicaid eligibility. This may help to explain why from 1997 to 1999 caseload fell, and may have contributed to a spike in caseload in FY 01-02. For a complete explanation of the Tatum lawsuit, see the November 1, 2001 Budget Request, pages A-37 to A-38.

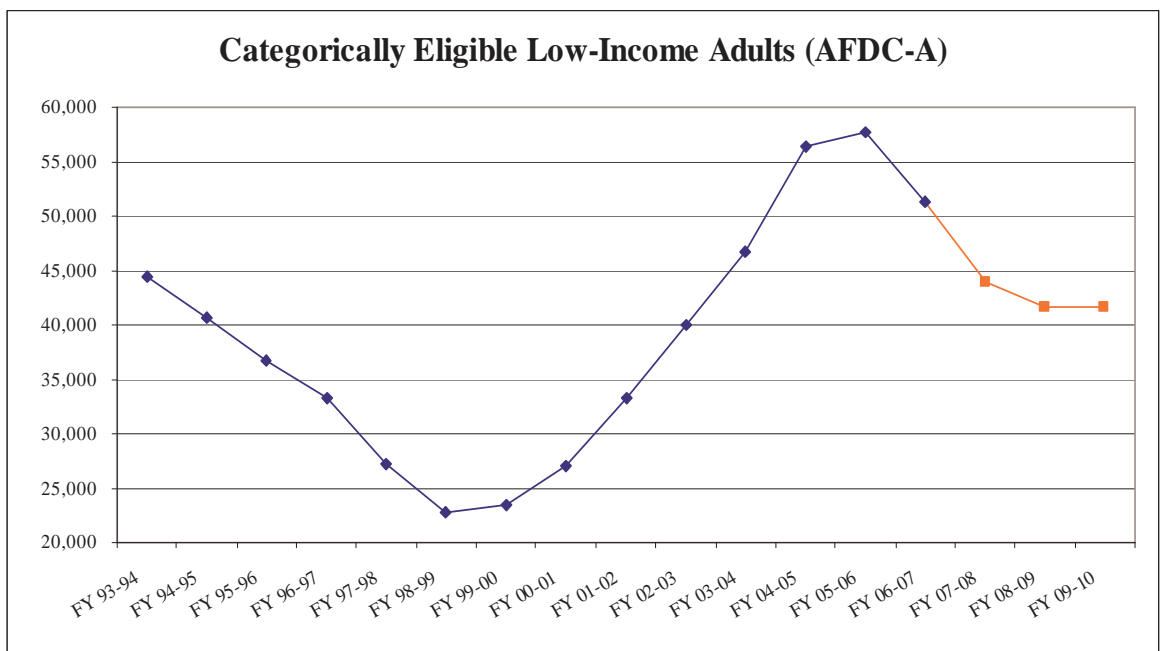
Categorically Eligible Low-Income Adults: Model Results



⁷ Source: November 1, 2001 Budget Request, page A-37

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET
REQUEST: MEDICAID CASELOAD

	Adjusted R ²	Notes
Exponential Smoothing A*	0.9941	
Exponential Smoothing B*	0.9890	
Box-Jenkins A	0.9956	
Box-Jenkins B	0.9885	
Regression A	0.9951	AFDC-A [-1], Unemployment Rate, CBMS Dummy, Systems Dummy, Auto [-12]
Regression B	0.9948	AFDC-A [-1], Unemployment Rate, Services Wages, CBMS Dummy, Systems Dummy
Regression C	0.9952	AFDC-A [-1], Population 19-59, CBMS Dummy, Systems Dummy, Auto [-6]



FY 07-08	FY 05-06	FY 06-07	Projected Growth Rate	Projected FY 07-08 Caseload	Level Change	Average Monthly Change ¹
Exponential Smoothing A*	57,754	51,361	-16.36%	42,958	(8,403)	(601)
Exponential Smoothing B*	57,754	51,361	-16.25%	43,015	(8,346)	(584)
Box Jenkins A	57,754	51,361	-15.03%	43,641	(7,720)	(386)
Box Jenkins B	57,754	51,361	-14.64%	43,842	(7,519)	(318)
Regression A	57,754	51,361	-14.57%	43,878	(7,483)	(352)
Regression B	57,754	51,361	-13.89%	44,227	(7,134)	(242)
Regression C	57,754	51,361	-14.08%	44,129	(7,232)	(292)

* Denotes Expert Selection, Bold denotes Trend Selection

FY 08-09	FY 06-07	FY 07-08 Projected Caseload	Projected Growth Rate	Projected FY 08-09 Caseload	Level Change	Average Monthly Change ¹
Exponential Smoothing A*	51,361	43,878	-19.29%	35,414	(8,464)	(667)
Exponential Smoothing B*	51,361	43,878	-18.43%	35,791	(8,087)	(634)
Box Jenkins A	51,361	43,878	-5.81%	41,329	(2,549)	(72)
Box Jenkins B	51,361	43,878	-3.28%	42,439	(1,439)	0
Regression A	51,361	43,878	-5.04%	41,667	(2,211)	(51)
Regression B	51,361	43,878	-1.47%	43,233	(645)	52
Regression C	51,361	43,878	-2.67%	42,706	(1,172)	35

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET
 REQUEST: MEDICAID CASELOAD

FY 09-10	FY 07-08 Projected Caseload	FY 08-09 Projected Caseload	Projected Growth Rate	Projected FY 09-10 Caseload	Level Change	Average Monthly Change ¹
Exponential Smoothing A*	43,878	41,667	-23.08%	32,050	(9,617)	(667)
Exponential Smoothing B*	43,878	41,667	-21.67%	32,638	(9,029)	(634)
Box Jenkins A	43,878	41,667	-1.17%	41,179	(488)	(14)
Box Jenkins B	43,878	41,667	0.00%	41,667	0	0
Regression A	43,878	41,667	-0.07%	41,638	(29)	40
Regression B	43,878	41,667	2.60%	42,750	1,083	123
Regression C	43,878	41,667	1.37%	42,238	571	62

¹ Average monthly change is calculated as that between June of the respective fiscal year and June of the prior fiscal year. This is not directly comparable to the annual level change, which is calculated as the difference between the annual average caseload.

Categorically Eligible Low-Income Adults: Trend Selections

FY 07-08: -14.57%

FY 08-09: -5.04%

FY 09-10: -0.07%

Categorically Eligible Low-Income Adults: Justifications

- Growth rates in this category were unprecedented between FY 00-01 and FY 04-05. During this time, caseload grew by an average of 19.2% per year, which the Department believes is largely due to the state of the economy. The rate of growth fell to 2.3% in FY 05-06.
- Caseload trends in this category are highly affected by economic conditions, and tend to be positively correlated with the population of adults aged 18 to 59. Growth in the 19 to 59 population dropped from approximately 2.6% per year from FY 95-96 to FY 01-02 to 1.4% per year from FY 02-03 to FY 06-07. The growth in this population is projected to rebound to an average of 1.5% over the forecast period⁸. Projections from the Office of State Planning and Budgeting indicate that the economy will continue to improve, though at a moderating pace, throughout the forecast period, with nonagricultural employment to grow by approximately 1.8% per year. Similarly, unemployment is expected to remain relatively stable, and wage and salary income is projected to grow by an average of 6.4% per year.
- There have been a number of large declines in the last two years, which the Department believes indicates that the improving economy is having the expected effect on caseload, however it is not known with certainty at this time. There is evidence that some of the clients that are leaving this eligibility category are going to the Expansion Adults, from both 1931 and Transitional Medicaid, due to increased income.
- The caseload declines in FY 07-08 have been larger than the Department's November 2007 forecast, in which caseload was projected to be 45,228 (average monthly declines of 155). The selected trend for FY 07-08 is lower than that from the November 2007 forecast, and would yield average declines of 142 clients per month for the remainder of FY 07-08. This lower forecast is reflective of the larger than forecasted monthly declines in the first half of FY 07-08. The Department believes

⁸ Source: Department of Local Affairs, Demography Division.

that the economy is the most important factor in this change, however it is not known at this time. Because of this, the Department sees no compelling evidence that caseload declines will not continue.

- Out-year trend selections are expected to moderate, reflecting the positive but moderating growth in the economy.

25.5-5-101 (1), C.R.S. (2007)

(a) *Individuals who meet the eligibility criteria for the aid to families with dependent children program pursuant to rules that were in effect on July 16, 1996;*

(b) *Families who meet the eligibility criteria for the aid to families with dependent children program established in rules that were in effect on July 16, 1996, and who subsequently would have become ineligible under such eligibility criteria because of increased earnings or increased hours of employment whose eligibility is specified for a period of time by the federal government;*

(c) *Qualified pregnant women . . . who meet the income resource requirements of the state's aid to families with dependent children program pursuant to rules that were in effect on July 16, 1996;*

25.5-5-201 (1), C.R.S. (2007)

(a) *Individuals who would be eligible for but are not receiving cash assistance;*

(d) *Individuals who would be eligible for aid to families with dependent children if child care were paid from earnings;*

(h) *Persons who are eligible for cash assistance under the works program pursuant to section 26-2-706;*

Categorically Eligible Low-Income Adults: Historical Caseload and Forecasts

	Actuals	Monthly Change	% Change
Nov-05	57,923	-	-
Dec-05	57,944	21	0.04%
Jan-06	58,721	777	1.34%
Feb-06	57,872	(849)	-1.45%
Mar-06	57,354	(518)	-0.90%
Apr-06	57,730	376	0.66%
May-06	58,748	1,018	1.76%
Jun-06	56,416	(2,332)	-3.97%
Jul-06	56,253	(163)	-0.29%
Aug-06	56,565	312	0.55%
Sep-06	55,341	(1,224)	-2.16%
Oct-06	53,950	(1,391)	-2.51%
Nov-06	51,838	(2,112)	-3.91%
Dec-06	50,857	(981)	-1.89%
Jan-07	50,395	(462)	-0.91%
Feb-07	50,058	(337)	-0.67%
Mar-07	49,325	(733)	-1.46%
Apr-07	48,513	(812)	-1.65%
May-07	47,016	(1,497)	-3.09%
Jun-07	46,219	(797)	-1.70%
Jul-07	46,376	157	0.34%
Aug-07	46,119	(257)	-0.55%
Sep-07	45,434	(685)	-1.49%
Oct-07	45,837	403	0.89%
Nov-07	44,682	(1,155)	-2.52%
Dec-07	43,009	(1,673)	-3.74%
Jan-08	42,867	(142)	-0.33%
Feb-08	42,725	(142)	-0.33%
Mar-08	42,583	(142)	-0.33%
Apr-08	42,441	(142)	-0.33%
May-08	42,299	(142)	-0.33%
Jun-08	42,157	(142)	-0.34%

* Bold denotes forecast

	Caseload	% Change	Level Change
FY 93-94	44,394	-	-
FY 94-95	40,602	-8.54%	(3,792)
FY 95-96	36,690	-9.63%	(3,912)
FY 96-97	33,250	-9.38%	(3,440)
FY 97-98	27,179	-18.26%	(6,071)
FY 98-99	22,852	-15.92%	(4,327)
FY 99-00	23,515	2.90%	663
FY 00-01	27,081	15.16%	3,566
FY 01-02	33,347	23.14%	6,266
FY 02-03	40,021	20.01%	6,674
FY 03-04	46,756	16.83%	6,735
FY 04-05	56,453	20.74%	9,697
FY 05-06	57,754	2.30%	1,301
FY 06-07	51,361	-11.07%	(6,393)
FY 07-08	43,878	-14.57%	(7,483)
FY 08-09	41,667	-5.04%	(2,211)
FY 09-10	41,638	-0.07%	(29)

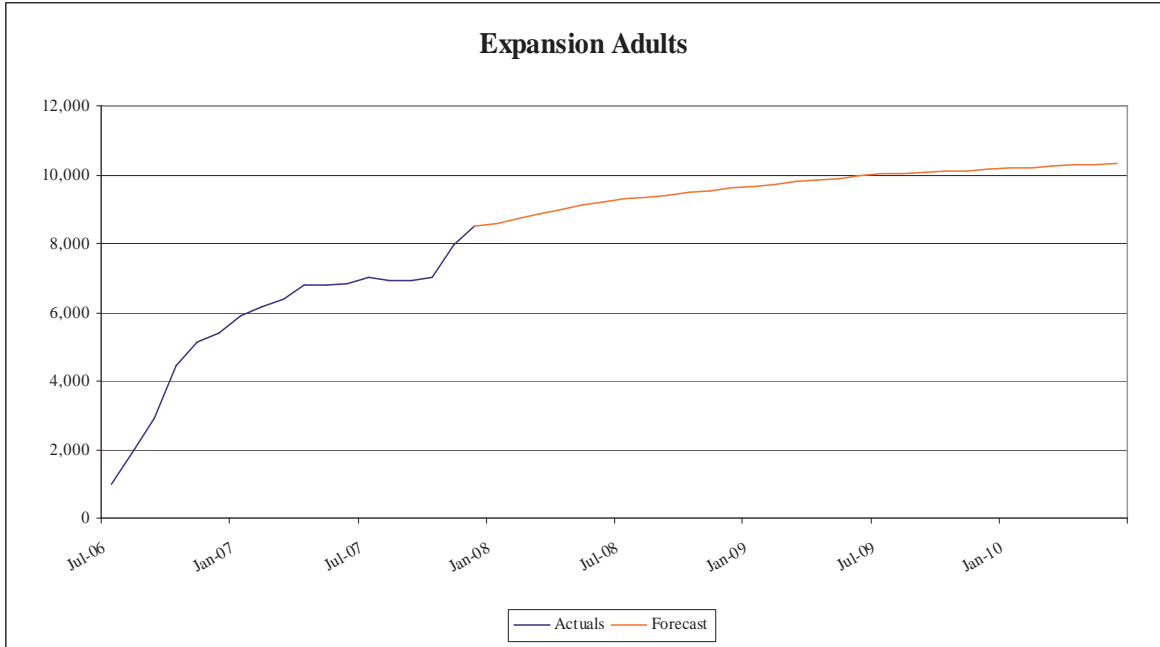
November 2007 Trend Selections			
FY 07-08	45,228	-11.94%	(6,133)
FY 08-09	44,183	-2.31%	(1,045)

Actuals		
	Monthly Change	% Change
6-month average	(535)	-1.18%
12-month average	(654)	-1.38%
18-month average	(745)	-1.49%
24-month average	(683)	-1.22%
FY 07-08 Year-to-date	45,243	-11.91%

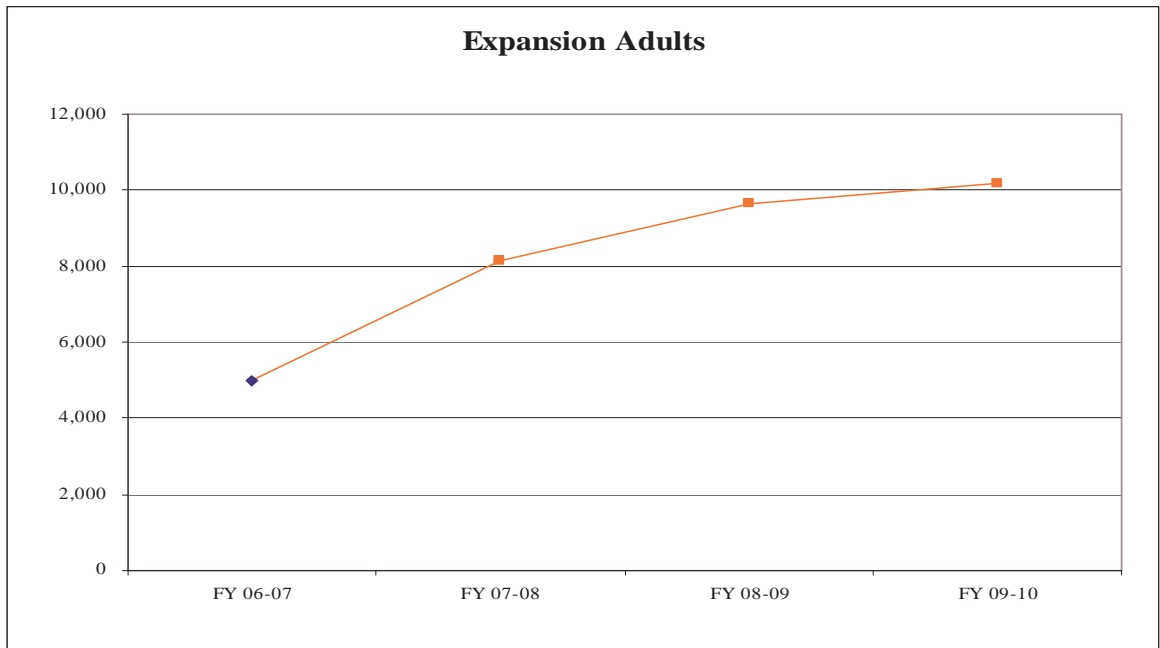
Expansion Adults

HB 05-1262 (Tobacco Tax bill) allows for expanding Medicaid eligibility to parents of children enrolled in either Medicaid or the Children's Basic Health Plan up to 60% of the federal poverty level. The increase in the percentage of allowable federal poverty level was implemented on July 1, 2006. The Department has created a new category to track these clients, known as the Expansion Adults.

Expansion Adults: Model Results



	Projected Level	Growth Rate
FY 06-07	4,974	-
FY 07-08	8,151	63.87%
FY 08-09	9,629	18.13%
FY 09-10	10,172	5.64%



*COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET
REQUEST: MEDICAID CASELOAD*

Growth in FY 07-08 has been higher than the November 2007 forecast, in which the caseload was projected to be approximately 7,886 (average monthly growth of 160). The selected trend for FY 07-08 is higher than that from the November 2007 forecast, and would yield average growth of 124 clients per month for the remainder of FY 07-08. This forecast is based on the average monthly change experienced between February and October 2007. During this time, caseload increased by an average of 124 clients per month. This timeframe is used for comparison because the caseload increases at the beginning of FY 06-07 are reflective of a new population, and are assumed to not be representative of future caseload growth. In addition, the Department speculates that a Colorado Benefits Management System update caused the November 2007 increase. The FY 08-09 forecast assumes that this growth will decrease by one-half to 62 clients per month. Similarly, the FY 09-10 forecast assumes that growth will decrease by one-half from that in FY 08-09 to 31 clients per month.

Expansion Adults Actuals			
	Actuals	Monthly Change	% Change
Jul-06	971	-	-
Aug-06	1,976	1,005	103.50%
Sep-06	2,940	964	48.79%
Oct-06	4,452	1,512	51.43%
Nov-06	5,131	679	15.25%
Dec-06	5,388	257	5.01%
Jan-07	5,901	513	9.52%
Feb-07	6,162	261	4.42%
Mar-07	6,366	204	3.31%
Apr-07	6,774	408	6.41%
May-07	6,786	12	0.18%
Jun-07	6,846	60	0.88%
FY 06-07 Average	4,974	534	22.61%
Jul-07	7,009	163	2.38%
Aug-07	6,926	(83)	-1.18%
Sep-07	6,900	(26)	-0.38%
Oct-07	7,021	121	1.75%
Nov-07	7,975	954	13.59%
Dec-07	8,482	507	6.36%
FY 07-08 Year-to-Date Average	7,386	273	3.75%

As seen in the table below, the Year 1 growth rate, calculated as the growth from July to June, is in line with the similar growth rate experienced in other expansion populations in Medicaid and the Children's Basic Health Plan. However, the previous expansion populations did not display the slowing growth that Expansion Adults has seen over the course of the first year. These other populations continued to display strong monthly growth rates through their first years, into the second years. The Department believes that the strengthening economy is weakening the pattern of strong growth at the beginning of an expansion that occurred with prior expansion populations.

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET
 REQUEST: MEDICAID CASELOAD

	Year 1*	Year 2	Year 3
Breast & Cervical Cancer Program	1800.00%	123.91%	48.54%
Children's Basic Health Plan Children	209.92%	118.00%	54.10%
Children's Basic Health Plan Prenatal	560.71%	168.33%	40.92%
Average	856.88%	136.75%	47.85%

* Growth in Year 1 is calculated as that experienced from July to June's caseload in the first year.

Expansion Adults: Justification and Monthly Projections

- This population would be expected to have a high penetration rate, as these are parents of children in either CHP+ or Medicaid, which have high penetration rates.
- This population would be expected to be effected by the economy in similar ways as the AFDC adults and Children populations, although the effects are mitigated given that these clients are up to 60% of the federal poverty level. This would support relatively slower growth rates than previous expansions.
- The Department expects that once this expansion has been in place for two to three years, this group will be able to be combined with the Categorically Eligible Low-Income Adults for caseload forecasting purposes. These groups are currently displaying different growth rates due to the newness of the expansion population.
- The Department is in the process of implementing certain Centers for Medicare and Medicaid Services eligibility policy decisions that may affect this eligibility type, which the Department will need to monitor for the next 6 to 18 months.

25.5-5-201 (1), C.R.S. (2007)

(m) (I) Parents of children who are eligible for the medical assistance program or the children's basic health plan, article 8 of this title, whose family income does not exceed a specified percent of the federal poverty level, adjusted for family size, as set by the state board by rule, which percentage shall be not less than sixty percent;

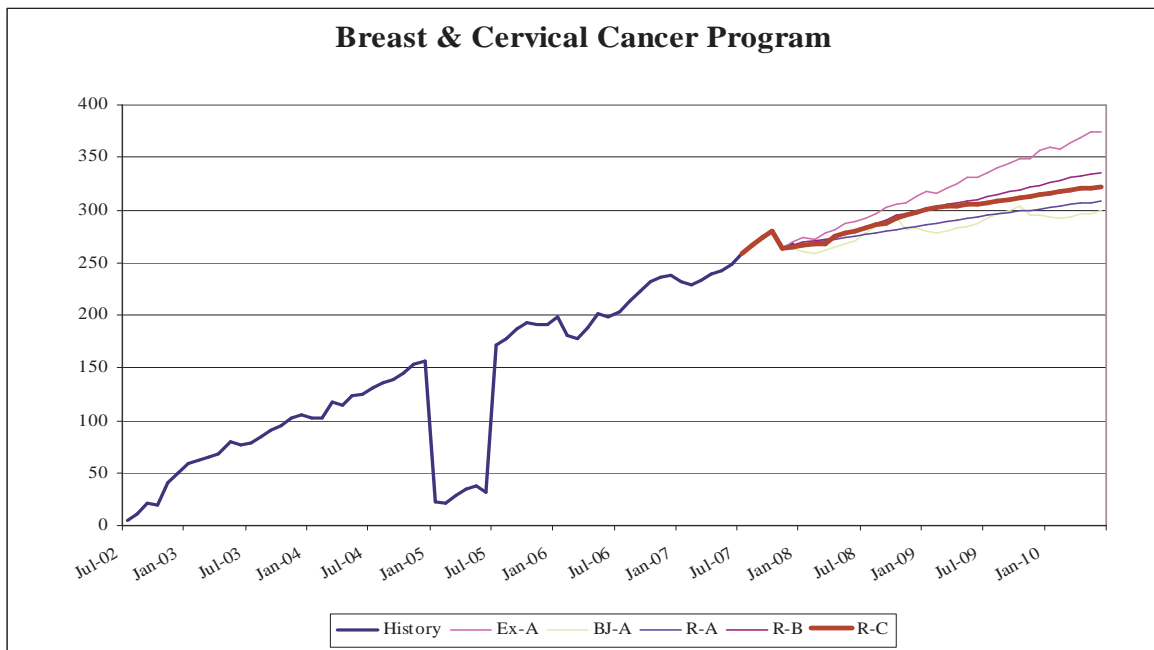
	FY 06-07	FY 07-08	FY 08-09	FY 09-10
July	971	7,009	9,288	10,001
August	1,976	6,926	9,350	10,032
September	2,940	6,900	9,412	10,063
October	4,452	7,021	9,474	10,094
November	5,131	7,975	9,536	10,125
December	5,388	8,482	9,598	10,156
January	5,901	8,606	9,660	10,187
February	6,162	8,730	9,722	10,218
March	6,366	8,854	9,784	10,249
April	6,774	8,978	9,846	10,280
May	6,786	9,102	9,908	10,311
June	6,846	9,226	9,970	10,342
Annual Average	4,974	8,151	9,629	10,172
Annual Growth Rate*	605.05%	63.87%	18.13%	5.64%
Average Monthly Growth	534	198	62	31

* Growth in Year 1 is calculated as that experienced from July to June's caseload in the first year.

Breast and Cervical Cancer Program

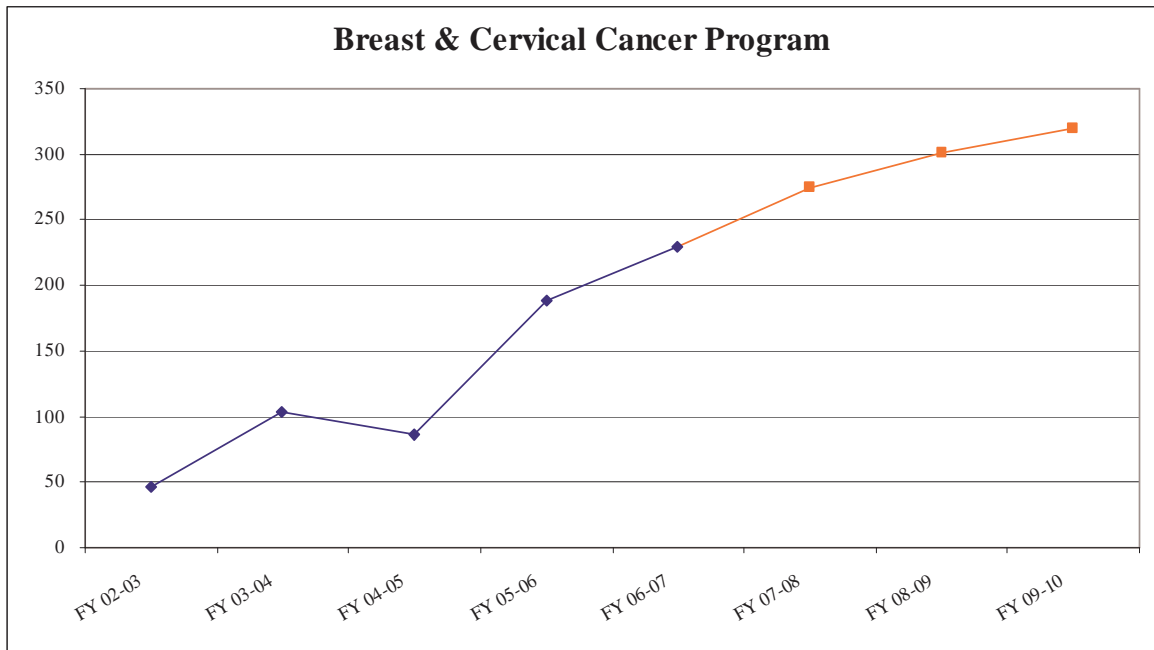
The Breast and Cervical Cancer Treatment program was authorized under SB 01S2-012 and began enrolling eligible women in July 2002. Women under this optional coverage group were screened using the Centers for Disease Control’s national breast and cervical cancer early detection and prevention guidelines, and found to have breast or cervical cancer. These women are under the age of 65, uninsured, and otherwise not eligible for Medicaid. The Colorado Medical Services Board establishes the income and resource eligibility requirements for this program. To date, all 50 states have approved the option of covering these women under Medicaid.

Breast and Cervical Cancer Program: Model Results



	Adjusted R ²	Notes
Exponential Smoothing A	0.9935	
Box-Jenkins A*	0.9928	
Regression A	0.9927	BCCP [-1], Female Population 19-59
Regression B	0.9888	BCCP [-1], BCCP [-12], Trend
Regression C	0.9927	BCCP [-1], Total Wages, Unemployment Rate, Auto [-5]

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET
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FY 07-08	FY 05-06	FY 06-07	Projected Growth Rate	Projected FY 07-08 Caseload	Level Change	Average Monthly Change ¹
Exponential Smoothing	188	230	19.13%	274	44	3
Box Jenkins *	188	230	15.65%	266	36	2
Regression A	188	230	16.96%	269	39	2
Regression B	188	230	17.83%	271	41	3
Regression C	188	230	17.39%	270	40	3

* Denotes Expert Selection, Bold denotes Trend Selection

FY 08-09	FY 06-07	FY 07-08 Projected Caseload	Projected Growth Rate	Projected FY 08-09 Caseload	Level Change	Average Monthly Change ¹
Exponential Smoothing	230	274	14.23%	313	39	4
Box Jenkins *	230	274	6.77%	293	19	1
Regression A	230	274	5.95%	290	16	2
Regression B	230	274	10.33%	302	28	3
Regression C	230	274	10.00%	301	27	2

FY 09-10	FY 07-08 Projected Caseload	FY 08-09 Projected Caseload	Projected Growth Rate	Projected FY 09-10 Caseload	Level Change	Average Monthly Change ¹
Exponential Smoothing	274	301	16.67%	351	50	4
Box Jenkins *	274	301	4.23%	314	13	1
Regression A	274	301	5.96%	319	18	1
Regression B	274	301	8.36%	326	25	2
Regression C	274	301	6.06%	319	18	1

¹ Average monthly change is calculated as that between June of the respective fiscal year and June of the prior fiscal year. This is not directly comparable to the annual level change, which is calculated as the difference between the annual average caseload.

Breast and Cervical Cancer Program: Trend Selections

FY 07-08: 19.13%

FY 08-09: 10.00%

FY 09-10: 6.06%

Breast and Cervical Cancer Program: Justifications

- Clients in this eligibility type exceed Medicaid income guidelines, so it is reasonable to expect that the caseload will continue to grow, as they are not affected by the economy as much as low-income adults and children, and they do not have alternative insurance to utilize.
- This program receives ongoing Tobacco Tax funding to subcontract with clinics that provide screenings. The Department knows of no new clinics coming into the program in FY 07-08, and believes that the leveling off in the number of new clinics providing screenings is reflected in the decreasing annual growth in caseload.
- The graph in Exhibit Q, page EQ-8 shows caseload steadily increasing from July of 2002 to December of 2004. At that time, the reported caseload decreased dramatically because of an issue within the Medicaid Management Information System that was used to report the data. Because of this issue within the Medicaid Management Information System, a more reliable source was utilized to create caseload figures. Until the problem was resolved, the Department obtained a caseload report directly from raw data in the Colorado Benefits Management System. This report was used from July 2005 through March 2006, when the reports from the Medicaid Management Information System and the Colorado Benefits Management System were synchronized. All subsequent monthly caseload data are obtained from the Medicaid Management Information System report that is used to report all other categories of Medicaid caseload. The caseload counts for the six months from January through June 2005 were left as originally reported. This explains the six months of unusually low figures that are shown in the graph in Exhibit Q, page EQ-8.
- Growth in FY 07-08 has been higher than the Department's November 2007 forecast, in which caseload was projected to be 260 (average monthly growth of 2). The selected trend for FY 07-08 is higher than that from the November 2007 forecast, and would yield average growth of 4 clients per month for the remainder of FY 07-08.
- Out-year growth rates are projected to continue to moderate. As a program matures, growth is expected to slow. The Department believes that the Breast and Cervical Cancer program is approaching a level of maturity where, barring unforeseen circumstances, growth of more than 15% per year should no longer be expected.

25.5-5-201 (1), C.R.S. (2007)

(i) Persons who are eligible for the breast and cervical cancer prevention and treatment program pursuant to section 25.5-5-308;

Breast and Cervical Cancer Program: Historical Caseload and Forecasts

	Actuals	Monthly Change	% Change
Nov-05	191	-	-
Dec-05	191	0	0.00%
Jan-06	198	7	3.66%
Feb-06	181	(17)	-8.59%
Mar-06	178	(3)	-1.66%
Apr-06	188	10	5.62%
May-06	201	13	6.91%
Jun-06	198	(3)	-1.49%
Jul-06	203	5	2.53%
Aug-06	213	10	4.93%
Sep-06	222	9	4.23%
Oct-06	231	9	4.05%
Nov-06	236	5	2.16%
Dec-06	237	1	0.42%
Jan-07	232	(5)	-2.11%
Feb-07	229	(3)	-1.29%
Mar-07	233	4	1.75%
Apr-07	239	6	2.58%
May-07	242	3	1.26%
Jun-07	248	6	2.48%
Jul-07	258	10	4.03%
Aug-07	266	8	3.10%
Sep-07	273	7	2.63%
Oct-07	280	7	2.56%
Nov-07	263	(17)	-6.07%
Dec-07	267	4	1.52%
Jan-08	271	4	1.50%
Feb-08	275	4	1.48%
Mar-08	279	4	1.45%
Apr-08	283	4	1.43%
May-08	287	4	1.41%
Jun-08	291	4	1.39%

* Bold denotes forecast

	Caseload	% Change	Level Change
FY 02-03	46	-	-
FY 03-04	103	123.91%	57
FY 04-05	86	-16.50%	(17)
FY 05-06	188	118.60%	102
FY 06-07	230	22.34%	42
FY 07-08	274	19.13%	44
FY 08-09	301	10.00%	27
FY 09-10	319	6.06%	18

November 2007 Trend Selections			
FY 07-08	260	13.04%	30
FY 08-09	278	6.92%	18

Actuals		
	Monthly Change	% Change
6-month average	3	1.30%
12-month average	3	1.04%
23-month average	3	1.66%
FY 07-08 Year-to-date	268	16.52%

Eligible Children

One of the primary ways that children qualify for Medicaid is through Section 1931 of the federal Medicaid statute. Under Section 1931, families who were eligible for cash welfare assistance under the Aid to Families with Dependent Children program are still eligible for Medicaid even after the Aid to Families with Dependent Children program was discontinued. Aid to Families with Dependent Children was replaced by the Temporary Assistance for Needy Families welfare program (referred to as Colorado Works) on July 16, 1996, and clients under the Temporary Assistance for Needy Families program were no longer automatically eligible for Medicaid.

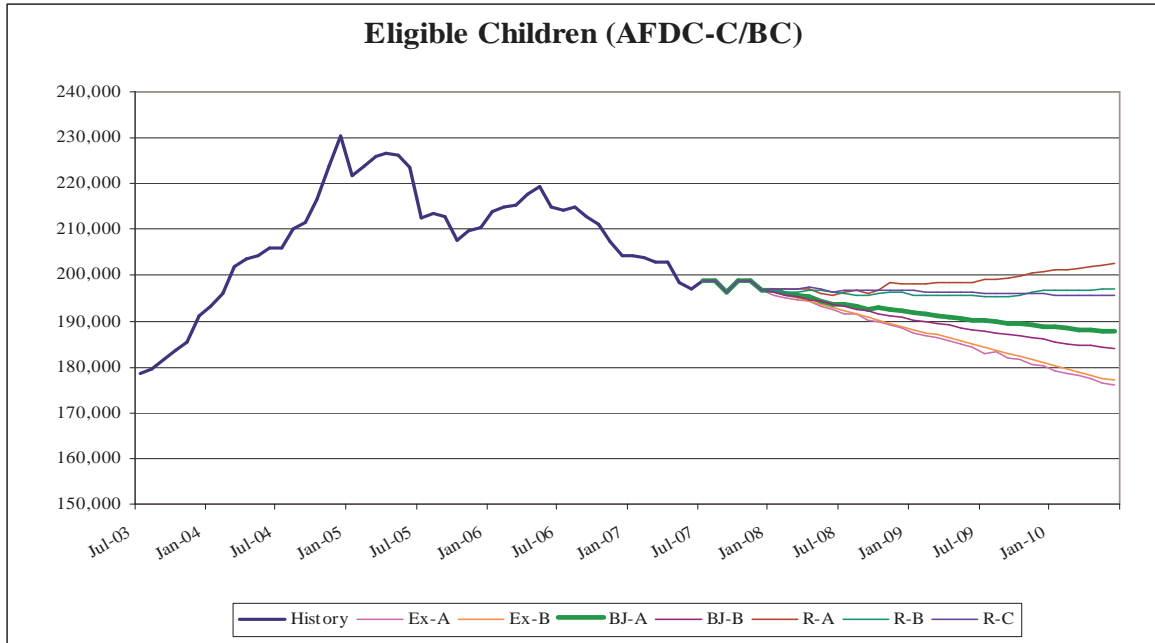
This category also includes children on Transitional Medicaid. Transitional Medicaid is available to children in families who have received 1931 Medicaid three of the past six months and become ineligible due to an increase in earned income. Children may receive Transitional Medicaid benefits for up to one year. In FY 06-07, there were an average of 16,065 children on Transitional Medicaid. Authorization for Transitional Medicaid benefits was extended through June 30, 2008, and the Department's forecast assumes that the program will continue in FY 07-08.

Children who are born to women enrolled in the Baby and Kid Care program are also included in this category. Between 1986 and 1991, Congress extended Medicaid to new groups of pregnant women and children. Referred to as Baby and Kid Care in Colorado, this program was authorized through the Medicare Catastrophic Coverage Act of 1988. The program enrolls Baby Care women (see the Baby Care Adults section of this document for information on women) and Kid Care children. Kid Care children are born to women with incomes up to 133% of the federal poverty level, and are covered up to age six. The Baby and Kid Care Program serves a much higher income level than the 1931 Families program, and pregnant mothers are not subject to resource or asset limitations to qualify for the program. Moreover, the Baby and Kid Care Program has never had a cash-assistance component and was unaffected by welfare reform in 1996.

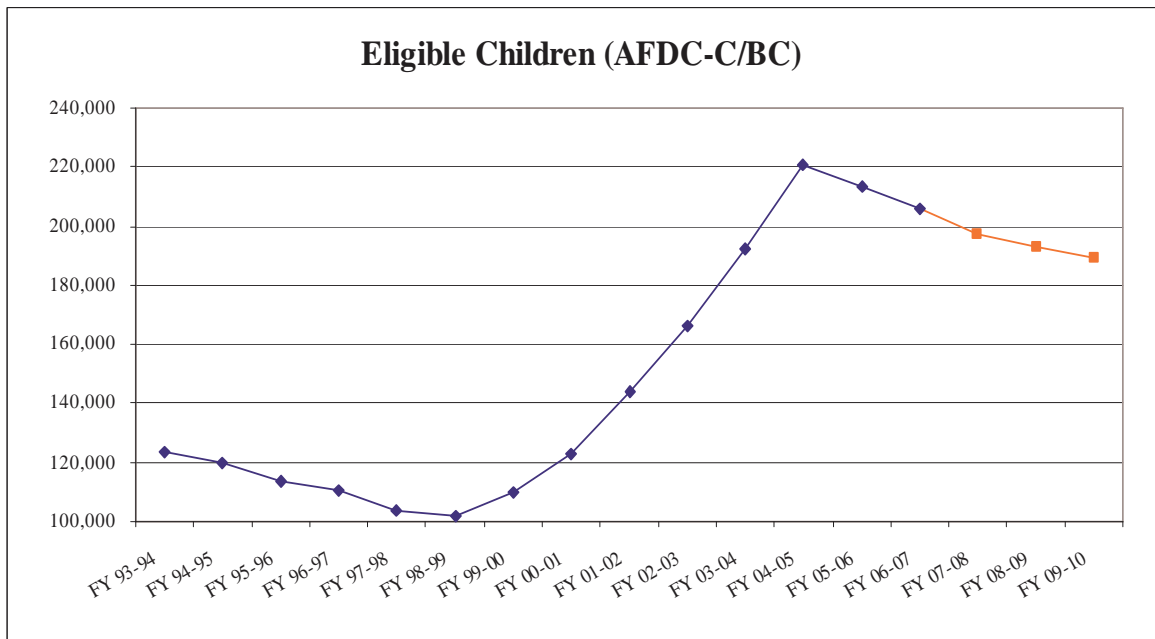
In previous years, this caseload was adjusted to include Ribicoff children. Ribicoff children were children aged six to 19, with incomes up to 100% of the federal poverty level with resources limited to \$1,000 who were born after September 30, 1983. Beginning with age six, a new age cohort was phased-in each year. Caseload was adjusted upwards to include these children. However, the final cohort of children was phased-in during FY 02-03, so no further caseload adjustments are needed. Therefore, the Eligible Children category includes: children in families who receive Medicaid under Section 1931, children in families who receive Temporary Aid to Needy Families financial assistance coupled with Medicaid, children who are eligible for Kid Care, Ribicoff children, and children who receive Transitional Medicaid.

Eligible Children: Model Results

**COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET
REQUEST: MEDICAID CASELOAD**



	Adjusted R ²	Notes
Exponential Smoothing A*	0.9978	
Exponential Smoothing B	0.9939	
Box-Jenkins A	0.9983	
Box-Jenkins B	0.9940	
Regression A	0.9982	KIDS [-1], Unemployment Rate, CBMS Dummy, Systems Dummy, Auto [-12]
Regression B	0.9984	KIDS [-1], Services Employment, Female Population 19-59, CBMS Dummy, Systems Dummy, Trend, Auto [-12]
Regression C	0.9984	KIDS [-1], Birth Rate, Female Population 19-59, CBMS Dummy, Systems Dummy, Trend, Auto [-7]



COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET
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FY 07-08	FY 05-06	FY 06-07	Projected Growth Rate	Projected FY 07-08 Caseload	Level Change	Average Monthly Change ¹
Exponential Smoothing A*	213,600	206,170	-4.86%	196,150	(10,020)	(377)
Exponential Smoothing B	213,600	206,170	-4.79%	196,294	(9,876)	(355)
Box Jenkins A	213,600	206,170	-4.62%	196,645	(9,525)	(288)
Box Jenkins B*	213,600	206,170	-4.69%	196,501	(9,669)	(294)
Regression A	213,600	206,170	-4.28%	197,346	(8,824)	(110)
Regression B	213,600	206,170	-4.30%	197,305	(8,865)	(58)
Regression C	213,600	206,170	-4.19%	197,531	(8,639)	(58)

* Denotes Expert Selection, Bold denotes Trend Selection

FY 08-09	FY 06-07	FY 07-08 Projected Caseload	Projected Growth Rate	Projected FY 08-09 Caseload	Level Change	Average Monthly Change ¹
Exponential Smoothing A*	206,170	197,305	-4.13%	189,156	(8,149)	(692)
Exponential Smoothing B	206,170	197,305	-3.92%	189,571	(7,734)	(664)
Box Jenkins A	206,170	197,305	-2.36%	192,649	(4,656)	(288)
Box Jenkins B*	206,170	197,305	-3.01%	191,366	(5,939)	(454)
Regression A	206,170	197,305	0.17%	197,640	335	227
Regression B	206,170	197,305	-0.74%	195,845	(1,460)	(63)
Regression C	206,170	197,305	-0.51%	196,299	(1,006)	(18)

FY 09-10	FY 07-08 Projected Caseload	FY 08-09 Projected Caseload	Projected Growth Rate	Projected FY 09-10 Caseload	Level Change	Average Monthly Change ¹
Exponential Smoothing A*	197,305	192,649	-4.42%	184,134	(8,515)	(692)
Exponential Smoothing B	197,305	192,649	-4.22%	184,519	(8,130)	(664)
Box Jenkins A	197,305	192,649	-1.65%	189,470	(3,179)	(215)
Box Jenkins B*	197,305	192,649	-2.52%	187,794	(4,855)	(359)
Regression A	197,305	192,649	1.55%	195,635	2,986	324
Regression B	197,305	192,649	0.25%	193,131	482	110
Regression C	197,305	192,649	-0.33%	192,013	(636)	(46)

¹ Average monthly change is calculated as that between June of the respective fiscal year and June of the prior fiscal year. This is not directly comparable to the annual level change, which is calculated as the difference between the annual average caseload.

Eligible Children: Trend Selections

FY 07-08: -4.30%

FY 08-09: -2.36%

FY 09-10: -1.65%

Eligible Children: Justifications

- This population is affected by economic conditions in similar ways as the Categorically Eligible Low-Income Adults and Baby Care Adults, as children on Medicaid have eligibility granted as a function of a parent or guardian in most cases. Caseload trends in this category are highly affected by economic conditions, and tend to be positively correlated with the population of children aged 0 to 18. Growth in the 0-18 population dropped from around 2.3% per year from FY 95-96 to FY 01-02 to about 1.2% per year from FY 02-03 to FY 06-07. The expansion in this age group is projected to rebound to an average of 1.7% throughout the forecast period.⁹ Forecasts from the Office of State Planning and Budgeting indicate that the economy

⁹ Department of Local Affairs, Demography Division.

will continue to improve throughout the forecast period, with nonagricultural employment projected to grow by approximately 1.8% per year. Similarly, unemployment is expected to remain relatively stable, and wage and salary income is projected to grow by an average of 6.4% per year.

- The graph in Exhibit Q, page EQ-9, shows that from 1993 to 1999 caseload in this category fell. This can be attributed to economic expansion and effects from the Tatum lawsuit (see Categorically Eligible Low-Income Adults section for more information on the lawsuit). When the Children's Basic Health Plan program was enacted in 1998, it required that children be screened for Medicaid before conferring Children's Basic Health Plan eligibility. As more children applied, many were found to be Medicaid eligible and were enrolled in Medicaid. From FY 00-01 to FY 04-05, caseload in this category grew by an average of 14.98% per year, which the Department believes is largely due to the state of the economy. The rate of growth fell drastically in FY 05-06, and the caseload actually contracted by 3.17%.
- The declines continued through FY 06-07, which the Department believes indicates that the improving economy is having the expected effect on caseload, however it is not known at this time.
- In December 2007, the Department implemented rules regarding citizenship and identification requirements to comply with the Deficit Reduction Act of 2005. For children in Medicaid, the reasonable opportunity period to provide proper documentation is now 14 calendar days.
- The monthly declines in FY 07-08 have been smaller than the Department's November 2007 forecast, in which the caseload was projected to be 192,604 (average monthly declines of 468). The selected trend for FY 07-08 is higher than that from the November 2007 forecast, and would yield average declines of 85 clients per month for the remainder of FY 07-08. The Department believes that the economy is the most important factor in this change, however it is not known at this time. Because of this, the Department sees no compelling evidence that small caseload declines will not continue. The declines, however, appear to have moderated significantly at the beginning FY 07-08.
- Similar to the pattern seen in AFDC adults, out-year trend selections are expected to moderate, reflecting the positive but moderating growth in the economy.
- There is a bottom-line adjustment for HB 06-1270, which establishes medical assistance sites in public schools to allow qualified personnel to make Medicaid eligibility determinations.

25.5-5-101 (1), C.R.S. (2007)

(a) Individuals who meet the eligibility criteria for the aid to families with dependent children program pursuant to rules that were in effect on July 16, 1996;

(b) Families who meet the eligibility criteria for the aid to families with dependent children program established in rules that were in effect on July 16, 1996, and who subsequently would have become ineligible under such eligibility criteria because of increased earnings or increased hours of employment whose eligibility is specified for a period of time by the federal government;

(c) Qualified pregnant women, and children under the age of seven, who meet the income resource requirements of the state's aid to families with dependent children program pursuant to rules that were in effect on July 16, 1996;

(d) A newborn child born of a woman who is categorically needy. Such child is deemed Medicaid-eligible on the date of birth and remains eligible for one year so long as the woman remains categorically needy and the child is a member of her household;

(m) Low-income pregnant women, and children through the age of six, whose income is at or below a certain percentage of the federal poverty level as determined by the federal government;

25.5-5-201 (1), C.R.S. (2007)

(a) Individuals who would be eligible for but are not receiving cash assistance;

(d) Individuals who would be eligible for aid to families with dependent children if child care were paid from earnings;

(e) Individuals under the age of twenty-one who would be eligible for aid to families with dependent children but do not qualify as dependent children;

(h) Persons who are eligible for cash assistance under the works program pursuant to section 26-2-706, C.R.S.;

25.5-5-205 (3), C.R.S. (2007)

(a) On and after April 1, 1990, children under the age of six years and pregnant women shall be eligible for benefits under the baby and kid care program... (b) The percentage level of the federal poverty line, as defined pursuant to 42 U.S.C. sec. 9902 (2), used to determine eligibility under this subsection (3) shall be one hundred thirty-three percent...;

(c) (I) On and after July 1, 1991, children born after September 30, 1983, who have attained age six but have not attained age nineteen shall be eligible for benefits under the baby and kid care program... (II) The percentage level of the federal poverty line, as defined pursuant to 42 U.S.C. sec. 9902 (2), used to determine eligibility under this paragraph (c) shall be one hundred percent;

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET
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Eligible Children: Historical Caseload and Forecasts

	Actuals	Monthly Change	% Change
Nov-05	209,732	-	-
Dec-05	210,394	662	0.32%
Jan-06	213,996	3,602	1.71%
Feb-06	215,042	1,046	0.49%
Mar-06	215,429	387	0.18%
Apr-06	217,685	2,256	1.05%
May-06	219,252	1,567	0.72%
Jun-06	215,060	(4,192)	-1.91%
Jul-06	214,085	(975)	-0.45%
Aug-06	214,766	681	0.32%
Sep-06	212,808	(1,958)	-0.91%
Oct-06	211,000	(1,808)	-0.85%
Nov-06	207,366	(3,634)	-1.72%
Dec-06	204,273	(3,093)	-1.49%
Jan-07	204,363	90	0.04%
Feb-07	204,054	(309)	-0.15%
Mar-07	202,939	(1,115)	-0.55%
Apr-07	202,831	(108)	-0.05%
May-07	198,384	(4,447)	-2.19%
Jun-07	197,166	(1,218)	-0.61%
Jul-07	198,772	1,606	0.81%
Aug-07	198,677	(95)	-0.05%
Sep-07	196,285	(2,392)	-1.20%
Oct-07	198,859	2,574	1.31%
Nov-07	198,660	(199)	-0.10%
Dec-07	196,886	(1,774)	-0.89%
Jan-08	196,801	(85)	-0.04%
Feb-08	196,715	(85)	-0.04%
Mar-08	196,630	(85)	-0.04%
Apr-08	196,544	(85)	-0.04%
May-08	196,459	(85)	-0.04%
Jun-08	196,373	(85)	-0.04%

* Bold denotes forecast

November 2007 Base Trend Selections (Before Adjustments)			
FY 07-08	192,604	-6.58%	(13,566)
FY 08-09	192,411	-0.10%	(193)

	Caseload	% Change	Level Change
FY 93-94	123,653	-	-
FY 94-95	120,034	-2.93%	(3,619)
FY 95-96	113,439	-5.49%	(6,595)
FY 96-97	110,586	-2.52%	(2,853)
FY 97-98	103,912	-6.04%	(6,674)
FY 98-99	102,074	-1.77%	(1,838)
FY 99-00	109,816	7.58%	7,742
FY 00-01	123,221	12.21%	13,405
FY 01-02	143,909	16.79%	20,688
FY 02-03	166,537	15.72%	22,628
FY 03-04	192,048	15.32%	25,511
FY 04-05	220,592	14.86%	28,544
FY 05-06	213,600	-3.17%	(6,992)
FY 06-07	206,170	-3.48%	(7,430)
FY 07-08	197,305	-4.30%	(8,865)
FY 08-09	192,649	-2.36%	(4,656)
FY 09-10	189,470	-1.65%	(3,179)

HB 06-1270 Adjustments	
FY 07-08	230
FY 08-09	299
FY 09-10	294

Projections After HB 06-1270 Adjustments			
FY 07-08	197,535	-4.19%	(8,635)
FY 08-09	192,948	-2.32%	(4,587)
FY 09-10	189,764	-1.65%	(3,184)

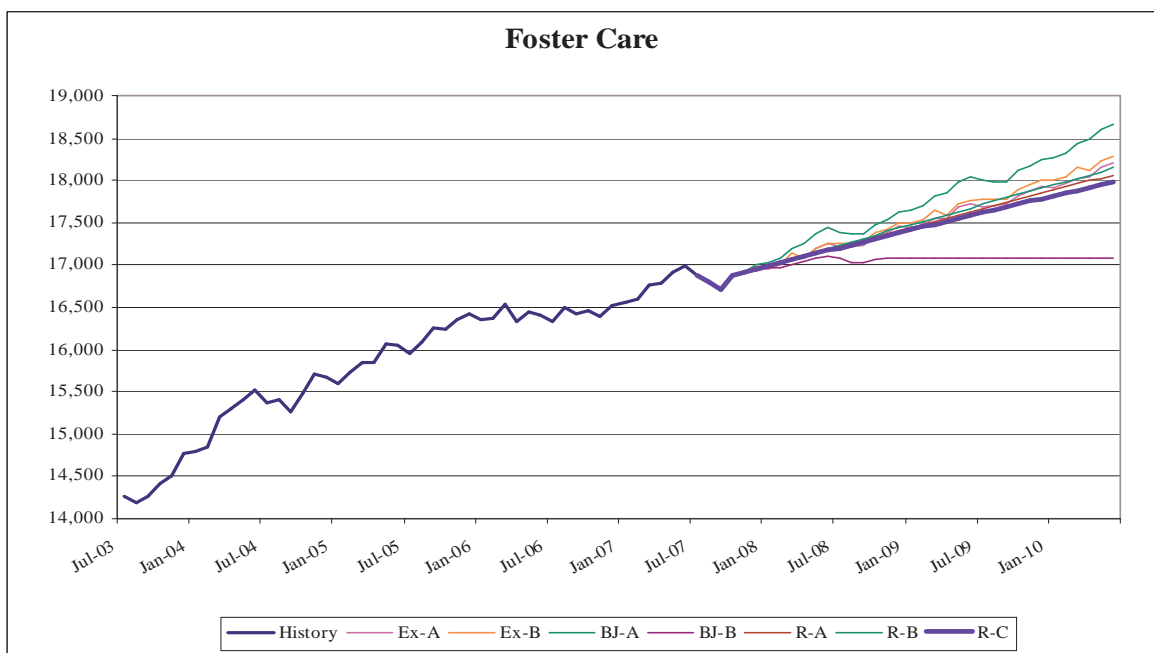
Actuals		
	Monthly Change	% Change
6-month average	(47)	-0.02%
12-month average	(616)	-0.30%
18-month average	(1,010)	-0.49%
24-month average	(563)	-0.27%
FY 07-08 Year-to-date	198,023	-3.95%

Foster Care

Federal law mandates that states provide Medicaid to individuals under Title IV-E of the Social Security Act (42 U.S.C. 470-479A) for adoption assistance and foster care. Title IV-E is a subpart of Title IV, Child Welfare, of the federal Social Security Act. Title IV-E provides federal reimbursement to states for the room and board costs of children placed in foster homes and other out-of-home placements. This is an entitlement program for children who are eligible and for whom the state can seek reimbursement. Eligibility is determined on family circumstances at the time when the child was removed

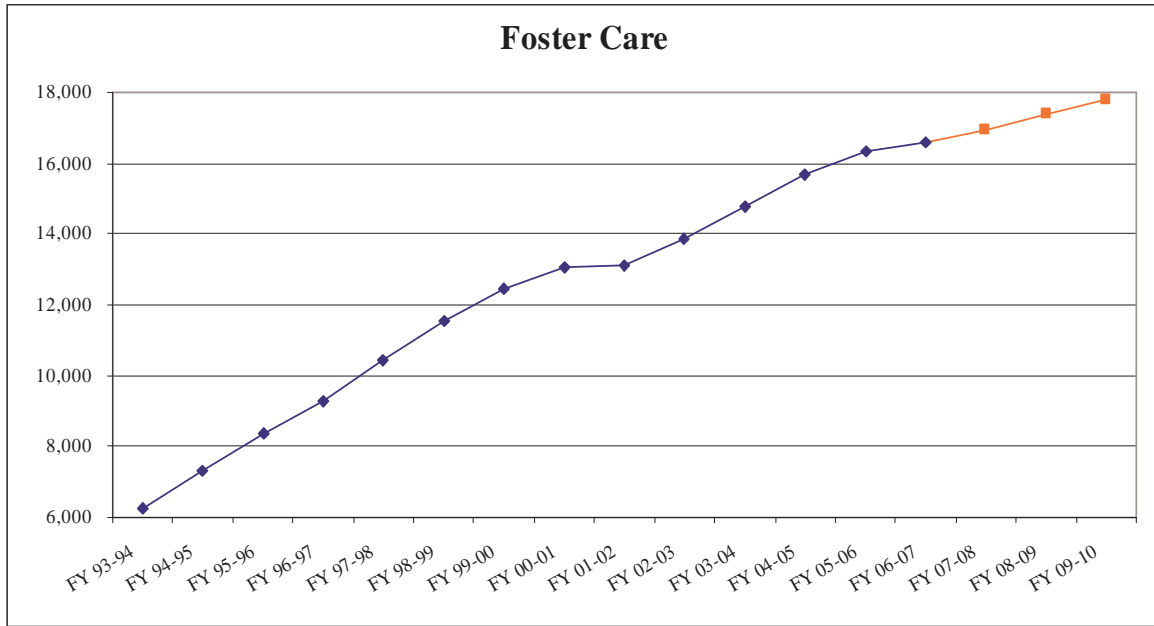
from the home. Once eligible, the state determines if it can claim reimbursement for maintenance costs for the child. Adoption assistance is available for children with special health care needs who meet the same requirements. States have the option to extend Medicaid to former foster care children aged 18 to 20 years who were eligible for Title IV-E prior to their 18th birthday. During the 2007 legislative session, SB 07-002 was passed extending Medicaid eligibility through age 20 for children for whom adoption assistance or foster care maintenance payments are made under Title IV-E of the Social Security Act.

Foster Care: Model Results



	Adjusted R ²	Notes
Exponential Smoothing A*	0.9986	
Exponential Smoothing B*	0.9904	
Box-Jenkins A	0.9985	
Box-Jenkins B	0.9889	
Regression A	0.9984	FOSTER [-1], Population Under 19, Auto [-1]
Regression B	0.9984	FOSTER [-1], Total Population, Auto [-1]
Regression C	0.9984	FOSTER [-1], Trend, Auto [-1]

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FY 07-08	FY 05-06	FY 06-07	Projected Growth Rate	Projected FY 07-08 Caseload	Level Change	Average Monthly Change ¹
Exponential Smoothing A*	16,311	16,601	2.25%	16,975	374	22
Exponential Smoothing B*	16,311	16,601	2.31%	16,984	383	22
Box Jenkins A	16,311	16,601	2.66%	17,043	442	37
Box Jenkins B	16,311	16,601	2.04%	16,940	339	10
Regression A	16,311	16,601	2.21%	16,968	367	16
Regression B	16,311	16,601	2.24%	16,973	372	18
Regression C	16,311	16,601	2.19%	16,965	364	16

* Denotes Expert Selection, Bold denotes Trend Selection

FY 08-09	FY 06-07	FY 07-08 Projected Caseload	Projected Growth Rate	Projected FY 08-09 Caseload	Level Change	Average Monthly Change ¹
Exponential Smoothing A*	16,601	16,965	2.74%	17,430	465	40
Exponential Smoothing B*	16,601	16,965	2.96%	17,467	502	43
Box Jenkins A	16,601	16,965	3.56%	17,569	604	51
Box Jenkins B	16,601	16,965	0.80%	17,101	136	(1)
Regression A	16,601	16,965	2.68%	17,420	455	38
Regression B	16,601	16,965	2.83%	17,445	480	40
Regression C	16,601	16,965	2.55%	17,398	433	35

FY 09-10	FY 07-08 Projected Caseload	FY 08-09 Projected Caseload	Projected Growth Rate	Projected FY 09-10 Caseload	Level Change	Average Monthly Change ¹
Exponential Smoothing A*	16,965	17,398	2.74%	17,875	477	40
Exponential Smoothing B*	16,965	17,398	2.95%	17,911	513	43
Box Jenkins A	16,965	17,398	3.55%	18,016	618	52
Box Jenkins B	16,965	17,398	0.08%	17,412	14	0
Regression A	16,965	17,398	2.55%	17,842	444	37
Regression B	16,965	17,398	2.73%	17,873	475	39
Regression C	16,965	17,398	2.31%	17,800	402	33

¹ Average monthly change is calculated as that between June of the respective fiscal year and June of the prior fiscal year. This is not directly comparable to the annual level change, which is calculated as the difference between the annual average caseload.

Foster Care: Trend Selections

FY 07-08: 2.19%

FY 08-09: 2.55%

FY 09-10: 2.31%

Foster Care: Justifications

- Caseload in this category is affected by programmatic changes initiated by the Department of Human Services who oversee the Child Welfare system. In January 2001, the Department of Human Services converted to a new data reporting system for children in foster care called Trails. The conversion may be partially responsible for the unusually slow growth experienced in this category in FY 01-02. Legislation in 2003 (HB 03-1004) made the manufacturing of controlled substances in the presence of children a felony, and deemed such actions child abuse. This may positively affect caseload in subsequent years, as more children are placed into state custody.
- Caseload in this category is only weakly correlated with population of children aged 0 to 18 and economic indicators. The graph in Exhibit Q, page EQ-10, shows that growth rates in this category since FY 02-03 have been positive and declining over the last three years.
- Given improving economic conditions, there is no evidence to expect that the moderation of the growth rate in this category will not continue.
- Growth in FY 07-08 has been lower than the Department's November 2007 forecast, in which caseload was projected to be 17,202 (average monthly growth of 36). However, unexpected declines of nearly 300 between June and September 2007 are driving the lower than forecasted growth, and the Department believes that caseload growth will return to longer-term trends. The selected trend for FY 07-08 is slightly lower than that from the November 2007 forecast, and would yield average growth of 30 clients per month for the remainder of FY 07-08. This lower forecasted growth rate reflects the monthly declines experienced at the beginning of FY 07-08, which leaves caseload at a lower starting point in FY 07-08.
- Out-year growth reflects a continuation of positive growth, and a return to more moderate growth in line with historical trend.
- There is a bottom-line adjustment for SB 07-002, which extends Medicaid eligibility through age 20 for children for whom adoption assistance or foster care maintenance payments are made under Title IV-E of the Social Security Act.

25.5-5-101 (1), C.R.S. (2007)

(e) Children for whom adoption assistance or foster care maintenance payments are made under Title IV-E of the "Social Security Act", as amended;

25.5-5-201 (1), C.R.S (2007)

(l) Children for whom subsidized adoption assistance payments are made by the state pursuant to article 7 of title 26, C.R.S, but who do not meet the requirements of Title IV-E of the "Social Security Act", as amended;

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET
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(n) Individuals under the age of twenty-one years eligible for medical assistance pursuant to section 25.5-5-101 (1) (e) immediately prior to attaining the age of eighteen years or otherwise becoming emancipated;

Foster Care: Historical Caseload and Forecasts

	Actuals	Monthly Change	% Change
Nov-05	16,351	-	-
Dec-05	16,427	76	0.46%
Jan-06	16,348	(79)	-0.48%
Feb-06	16,366	18	0.11%
Mar-06	16,539	173	1.06%
Apr-06	16,334	(205)	-1.24%
May-06	16,437	103	0.63%
Jun-06	16,410	(27)	-0.16%
Jul-06	16,332	(78)	-0.48%
Aug-06	16,492	160	0.98%
Sep-06	16,430	(62)	-0.38%
Oct-06	16,461	31	0.19%
Nov-06	16,387	(74)	-0.45%
Dec-06	16,512	125	0.76%
Jan-07	16,565	53	0.32%
Feb-07	16,587	22	0.13%
Mar-07	16,754	167	1.01%
Apr-07	16,791	37	0.22%
May-07	16,922	131	0.78%
Jun-07	16,981	59	0.35%
Jul-07	16,885	(96)	-0.57%
Aug-07	16,797	(88)	-0.52%
Sep-07	16,707	(90)	-0.54%
Oct-07	16,871	164	0.98%
Nov-07	16,911	40	0.24%
Dec-07	16,968	57	0.34%
Jan-08	16,998	30	0.18%
Feb-08	17,028	30	0.18%
Mar-08	17,058	30	0.18%
Apr-08	17,088	30	0.18%
May-08	17,118	30	0.18%
Jun-08	17,148	30	0.18%

* Bold denotes forecast

November 2007 Trend Selections (Before Adjustments)			
FY 07-08	17,202	3.62%	601
FY 08-09	17,627	2.47%	425

	Caseload	% Change	Level Change
FY 93-94	6,243	-	-
FY 94-95	7,300	16.93%	1,057
FY 95-96	8,376	14.74%	1,076
FY 96-97	9,261	10.57%	885
FY 97-98	10,453	12.87%	1,192
FY 98-99	11,526	10.26%	1,073
FY 99-00	12,474	8.22%	948
FY 00-01	13,076	4.83%	602
FY 01-02	13,121	0.34%	45
FY 02-03	13,843	5.50%	722
FY 03-04	14,790	6.84%	947
FY 04-05	15,669	5.94%	879
FY 05-06	16,311	4.10%	642
FY 06-07	16,601	1.78%	290
FY 07-08	16,965	2.19%	364
FY 08-09	17,398	2.55%	433
FY 09-10	17,800	2.31%	402

SB 07-002 Adjustments	
FY 07-08	368
FY 08-09	1,259
FY 09-10	1,717

Projections After SB 07-002 Adjustments			
FY 07-08	17,333	4.41%	732
FY 08-09	18,657	7.64%	1,324
FY 09-10	19,517	4.61%	860

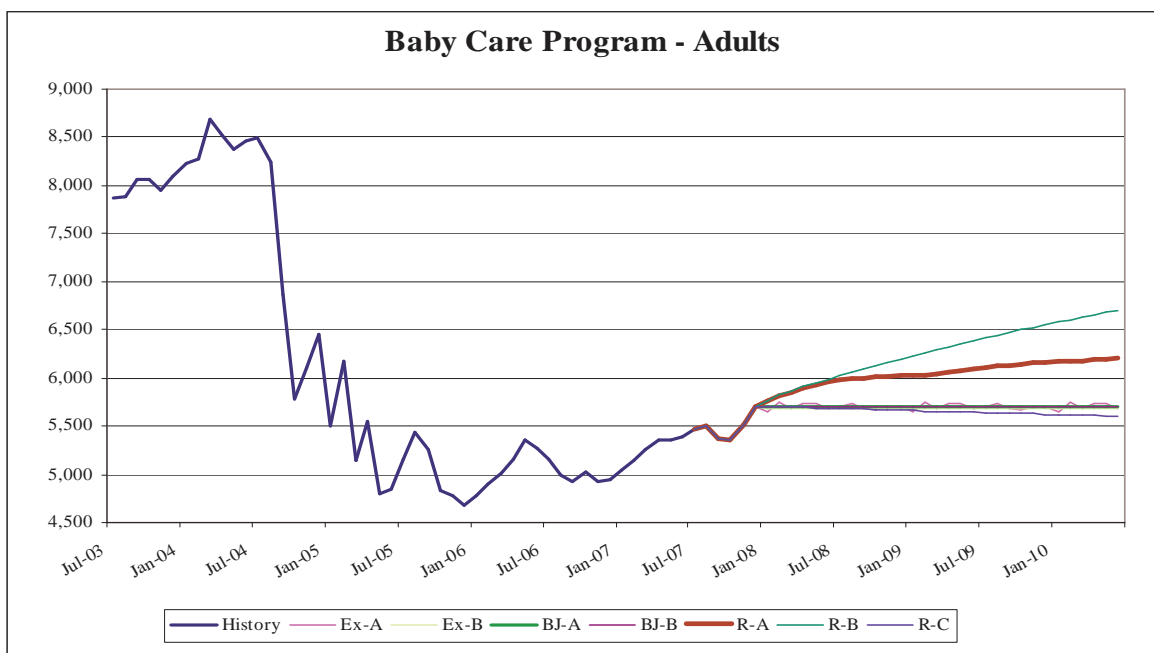
Actuals		
	Monthly Change	% Change
6-month average	(2)	-0.01%
12-month average	38	0.23%
18-month average	31	0.19%
24-month average	23	0.14%
FY 07-08 Year-to-date	16,857	1.54%

Baby Care Adults

Between 1986 and 1991, Congress extended Medicaid to new groups of pregnant women and children. Referred to as Baby and Kid Care in Colorado, the program was authorized through the Medicare Catastrophic Coverage Act of 1988. The program enrolls Baby

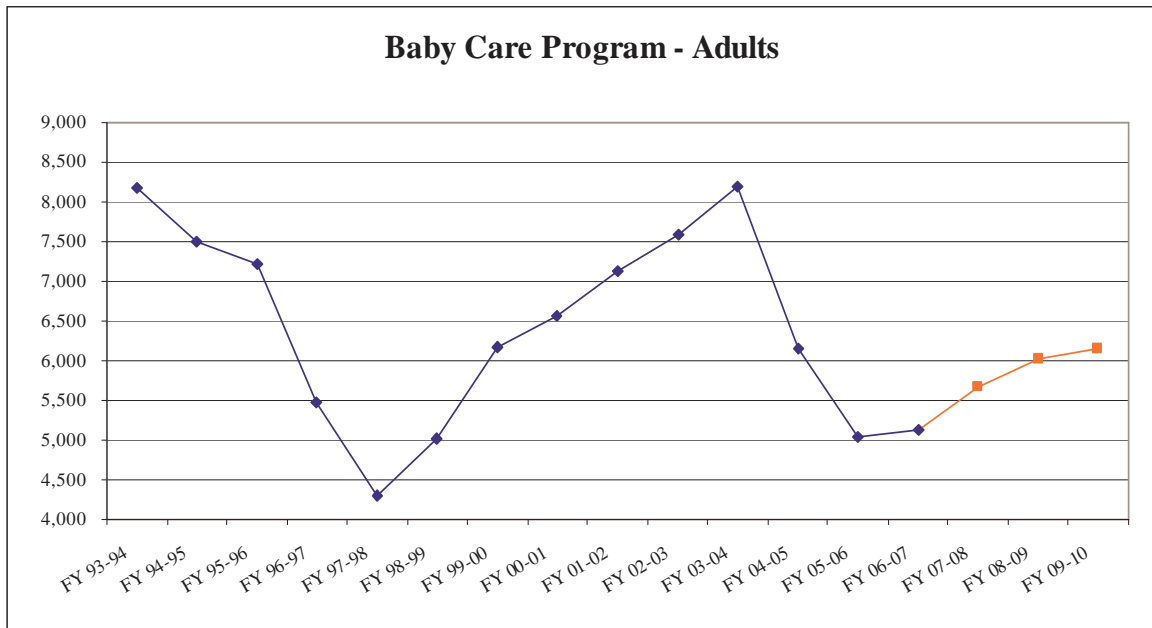
Care women and Kid Care children (see the Eligible Children section of this document for information on children). Baby Care Adults include women with incomes up to 133% of the federal poverty level. Coverage includes prenatal care and delivery services, plus 60 days of postpartum care. The Baby and Kid Care Program serves a much higher income level than the 1931 families program, and pregnant mothers were never subject to resource/asset limitations to qualify for the program. Moreover, the Baby and Kid Care Program has never had a cash-assistance component and was unaffected by welfare reform.

Baby Care Program- Adults: Model Results



	Adjusted R ²	Notes
Exponential Smoothing A	0.9474	
Exponential Smoothing B	0.9310	
Box-Jenkins A*	0.9463	
Box-Jenkins B	0.931	
Regression A	0.9573	BCA [-1], Total Employment, Female Population 19-59, BCA Dummy, Auto [-2], Auto [-12]
Regression B	0.9558	BCA [-1], Female Population 19-59, BCA Dummy, Auto [-2]
Regression C	0.9557	BCA [-1], BCA Dummy

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET
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FY 07-08	FY 05-06	FY 06-07	Projected Growth Rate	Projected FY 07-08 Caseload	Level Change	Average Monthly Change ¹
Exponential Smoothing A	5,050	5,123	9.21%	5,595	472	25
Exponential Smoothing B	5,050	5,123	9.04%	5,586	463	25
Box Jenkins A*	5,050	5,123	9.21%	5,595	472	27
Box Jenkins B*	5,050	5,123	9.21%	5,595	472	27
Regression A	5,050	5,123	10.83%	5,678	555	48
Regression B	5,050	5,123	10.95%	5,684	561	50
Regression C	5,050	5,123	9.10%	5,589	466	25

* Denotes Expert Selection, Bold denotes Trend Selection

FY 08-09	FY 06-07	FY 07-08 Projected Caseload	Projected Growth Rate	Projected FY 08-09 Caseload	Level Change	Average Monthly Change ¹
Exponential Smoothing A	5,123	5,678	1.88%	5,785	107	0
Exponential Smoothing B	5,123	5,678	1.79%	5,780	102	0
Box Jenkins A*	5,123	5,678	1.97%	5,790	112	0
Box Jenkins B*	5,123	5,678	1.97%	5,790	112	0
Regression A	5,123	5,678	6.16%	6,028	350	11
Regression B	5,123	5,678	9.24%	6,203	525	33
Regression C	5,123	5,678	1.32%	5,753	75	(3)

FY 09-10	FY 07-08 Projected Caseload	FY 08-09 Projected Caseload	Projected Growth Rate	Projected FY 09-10 Caseload	Level Change	Average Monthly Change ¹
Exponential Smoothing A	5,678	6,028	0.00%	6,028	0	0
Exponential Smoothing B	5,678	6,028	0.00%	6,028	0	0
Box Jenkins A*	5,678	6,028	0.00%	6,028	0	0
Box Jenkins B*	5,678	6,028	0.00%	6,028	0	0
Regression A	5,678	6,028	2.19%	6,160	132	9
Regression B	5,678	6,028	5.73%	6,373	345	27
Regression C	5,678	6,028	-0.72%	5,985	(43)	(3)

¹ Average monthly change is calculated as that between June of the respective fiscal year and June of the prior fiscal year. This is not directly comparable to the annual level change, which is calculated as the difference between the annual average caseload.

Baby Care Program- Adults: Trend Selections

FY 07-08: 10.83%

FY 08-09: 6.16%

FY 09-10: 2.19%

Baby Care Program- Adults: Justifications

- This population is affected by the economy in similar ways as the Low-Income Adults and Children populations, although the effects are mitigated given that these clients have incomes up to 133% of the federal poverty level.
- Caseload trends for this category shown in Exhibit Q, page EQ-11, are erratic. From 1993 to 1998, overall caseload decreased, but was mired by numerous spikes. This overall decrease may have been due to economic expansion, but the presence of caseload spikes complicates that theory. Again, the graph shows an overall increase since 1999, but jagged peaks in the caseload are distributed across this period. In an attempt to explain the erratic caseload pattern, the Department investigated the trends of several contributing variables. From 1990 to 2000, the number of female-headed households increased 14.7% and the number of births per thousand Colorado women has increased 24.3%.¹⁰ However, from 1991 to 2002 teen pregnancy rates in Colorado fell 19%.¹¹ Economic indicators may also affect caseload trends in this category.
- Future projections for this category are affected by the return of presumptive eligibility for pregnant women. Presumptive eligibility allows pregnant women who had applied for Medicaid to receive services based on self-declaration until the status of their application has been determined. The State paid for all Medicaid costs during this time regardless of whether or not the woman was eventually found to be Medicaid eligible or not. On September 1, 2004, the Department discontinued this procedure, which explains the drop of nearly 2,500 clients in September and October 2004, as well as the corresponding decline in fiscal year average caseload. Presumptive eligibility was reinstated by HB 05-1262 (Tobacco Tax bill) effective July 1, 2005.
- Models in this aid category are heavily influenced by the caseload decline due to the end of the presumptive eligibility program in 2004. The exponential smoothing and Box-Jenkins models do not reflect the reimplementation of presumptive eligibility. The volatility in this population forces many forecasts to be flat, even after accounting for presumptive eligibility.
- Growth in FY 07-08 has been higher than the Department's November 2007 forecast, in which caseload was projected to be 5,453 (average monthly growth of 15). The selected trend for FY 07-08 is much higher than that from the November 2007 forecast, and would yield average growth of 47 clients per month for the remainder of FY 07-08. This higher forecasted growth rate reflects the strong monthly growth experienced at the beginning of FY 07-08.
- Out-year trends moderate slightly assuming a stable economy. The growth rates reflect monthly growth in line with the long-term trend.

¹⁰ Source: Female headed households - U.S. Census Bureau; Number of Colorado births - Department of Local Affairs, Demography Division.

¹¹ Source: National Vital Statistics

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET
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25.5-5-101 (1), C.R.S. (2007)

(m) Low-income pregnant women, and children through the age of six, whose income is at or below a certain percentage of the federal poverty level as determined by the federal government;

25.5-5-205 (3), C.R.S. (2007)

(a) On and after April 1, 1990, children under the age of six years and pregnant women shall be eligible for benefits under the baby and kid care program... (b) The percentage level of the federal poverty line, as defined pursuant to 42 U.S.C. sec. 9902 (2), used to determine eligibility under this subsection (3) shall be one hundred thirty-three percent...;

Baby Care Program- Adults: Historical Caseload and Forecasts

	Actuals	Monthly Change	% Change
Nov-05	4,775	-	-
Dec-05	4,682	(93)	-1.95%
Jan-06	4,778	96	2.05%
Feb-06	4,887	109	2.28%
Mar-06	5,009	122	2.50%
Apr-06	5,161	152	3.03%
May-06	5,354	193	3.74%
Jun-06	5,273	(81)	-1.51%
Jul-06	5,152	(121)	-2.29%
Aug-06	4,990	(162)	-3.14%
Sep-06	4,926	(64)	-1.28%
Oct-06	5,026	100	2.03%
Nov-06	4,927	(99)	-1.97%
Dec-06	4,948	21	0.43%
Jan-07	5,042	94	1.90%
Feb-07	5,133	91	1.80%
Mar-07	5,252	119	2.32%
Apr-07	5,347	95	1.81%
May-07	5,356	9	0.17%
Jun-07	5,381	25	0.47%
Jul-07	5,468	87	1.62%
Aug-07	5,507	39	0.71%
Sep-07	5,366	(141)	-2.56%
Oct-07	5,347	(19)	-0.35%
Nov-07	5,522	175	3.27%
Dec-07	5,705	183	3.31%
Jan-08	5,752	47	0.82%
Feb-08	5,799	47	0.82%
Mar-08	5,846	47	0.81%
Apr-08	5,893	47	0.80%
May-08	5,940	47	0.80%
Jun-08	5,987	47	0.79%

* Bold denotes forecast

	Caseload	% Change	Level Change
FY 93-94	8,183	-	-
FY 94-95	7,510	-8.22%	(673)
FY 95-96	7,223	-3.82%	(287)
FY 96-97	5,476	-24.19%	(1,747)
FY 97-98	4,295	-21.57%	(1,181)
FY 98-99	5,017	16.81%	722
FY 99-00	6,174	23.06%	1,157
FY 00-01	6,561	6.27%	387
FY 01-02	7,131	8.69%	570
FY 02-03	7,579	6.28%	448
FY 03-04	8,203	8.23%	624
FY 04-05	6,162	-24.88%	(2,041)
FY 05-06	5,050	-18.05%	(1,112)
FY 06-07	5,123	1.45%	73
FY 07-08	5,678	10.83%	555
FY 08-09	6,028	6.16%	350
FY 09-10	6,160	2.19%	132

November 2007 Trend Selections			
FY 07-08	5,453	6.44%	330
FY 08-09	5,649	3.59%	196

Actuals		
	Monthly Change	% Change
6-month average	54	1.00%
12-month average	63	1.21%
18-month average	24	0.46%
24-month average	40	0.85%
FY 07-08 Year-to-date	5,486	7.09%

Non-Citizens

Section 403 of the Personal Responsibility Work Opportunity Reconciliation Act provides that certain immigrants arriving in the United States after August 22, 1996 are ineligible for full Medicaid benefits for their first five years of residence. Full Medicaid coverage of individuals for the first five years is optional. Per federal regulations, states must provide mandatory full coverage for:

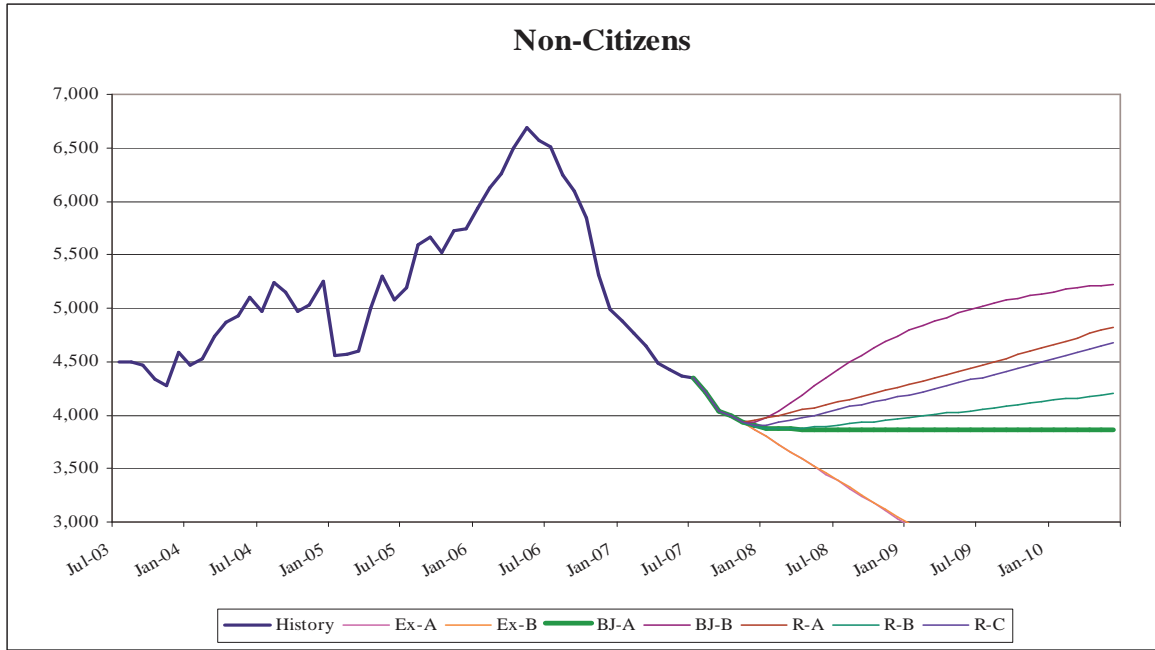
- Refugees for the first seven years after entry into the United States;
- Asylees for the first seven years after asylum is granted;
- Individuals whose deportation is being withheld for the first seven years after the initial withhold;
- Victims of trafficking;
- Lawful permanent residents who have 40 qualifying quarters of Social Security coverage;
- Cuban or Haitian entrants; and,
- Immigrants who are honorably discharged veterans of the United States military.

Regardless of whether the individual is an optional or mandatory immigrant, federal law requires all states to provide emergency medical services for individuals who otherwise meet Medicaid eligibility criteria, except for U.S. citizenship.

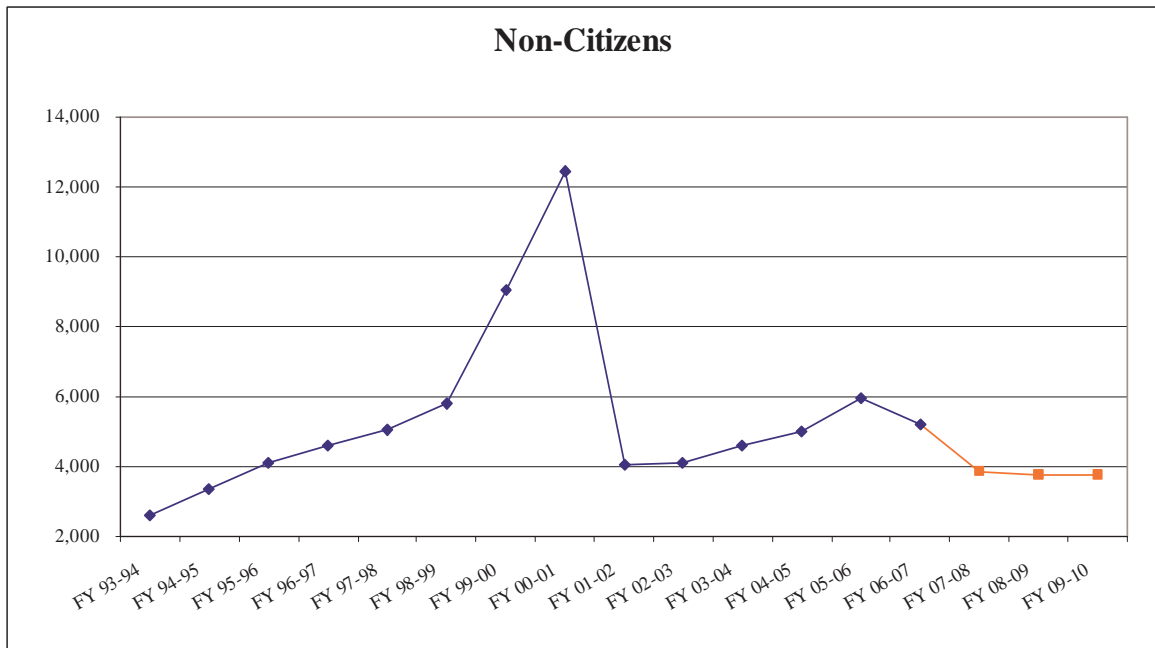
In April 2001, an eligibility policy change was implemented such that clients are now only counted as eligible in the months they receive emergency medical care. Prior to this policy change, eligibility for this group continued as it would for any other category, although only for emergency medical services. For example, a Non-Citizen with an emergency visit on April 2000 could be eligible in that month, and continue to be eligible for as many months as he/she met other eligibility criteria. The same client would only be eligible for one month, had the emergency service occurred in April 2001. Thus, caseloads presented from April 2001 and forward are much lower than in previous years. This explains the large decline in FY 01-02, as seen on the graph in Exhibit Q, page EQ-12.

Non-Citizens: Model Results

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET REQUEST: MEDICAID CASELOAD



	Adjusted R ²	Notes
Exponential Smoothing A	0.9627	
Exponential Smoothing B	0.9445	
Box-Jenkins A*	0.9768	
Box-Jenkins B*	0.9609	
Regression A	0.9847	ALIEN [-1], Female Population 19-59, Migration, Alien Dummy
Regression B	0.9883	ALIEN [-1], ALIEN [-2], Alien Dummy, Auto [-3]
Regression C	0.9871	ALIEN [-1], Unemployment Rate, Alien Dummy, Auto [-1]



COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET
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FY 07-08	FY 05-06	FY 06-07	Projected Growth Rate	Projected FY 07-08 Caseload	Level Change	Average Monthly Change ¹
Exponential Smoothing A	5,959	5,214	-26.31%	3,842	(1,372)	(76)
Exponential Smoothing B	5,959	5,214	-26.28%	3,844	(1,370)	(76)
Box Jenkins A*	5,959	5,214	-23.88%	3,969	(1,245)	(42)
Box Jenkins B*	5,959	5,214	-21.06%	4,116	(1,098)	(1)
Regression A	5,959	5,214	-22.21%	4,056	(1,158)	(22)
Regression B	5,959	5,214	-23.80%	3,973	(1,241)	(39)
Regression C	5,959	5,214	-22.94%	4,018	(1,196)	(28)

* Denotes Expert Selection, Bold denotes Trend Selection

FY 08-09	FY 06-07	FY 07-08 Projected Caseload	Projected Growth Rate	Projected FY 08-09 Caseload	Level Change	Average Monthly Change ¹
Exponential Smoothing A	5,214	3,842	-21.92%	3,000	(842)	(69)
Exponential Smoothing B	5,214	3,842	-21.62%	3,011	(831)	(68)
Box Jenkins A*	5,214	3,842	-2.70%	3,738	(104)	0
Box Jenkins B*	5,214	3,842	15.14%	4,424	582	53
Regression A	5,214	3,842	5.42%	4,050	208	29
Regression B	5,214	3,842	-0.05%	3,840	(2)	13
Regression C	5,214	3,842	4.13%	4,001	159	25

FY 09-10	FY 07-08 Projected Caseload	FY 08-09 Projected Caseload	Projected Growth Rate	Projected FY 09-10 Caseload	Level Change	Average Monthly Change ¹
Exponential Smoothing A	3,842	3,738	-27.60%	2,706	(1,032)	(69)
Exponential Smoothing B	3,842	3,738	-27.12%	2,724	(1,014)	(68)
Box Jenkins A*	3,842	3,738	0.00%	3,738	0	0
Box Jenkins B*	3,842	3,738	8.38%	4,051	313	20
Regression A	3,842	3,738	8.61%	4,060	322	32
Regression B	3,842	3,738	3.98%	3,887	149	13
Regression C	3,842	3,738	7.89%	4,033	295	29

¹ Average monthly change is calculated as that between June of the respective fiscal year and June of the prior fiscal year. This is not directly comparable to the annual level change, which is calculated as the difference between the annual average caseload.

Non-Citizens: Trend Selections

FY 06-07: -26.31%

FY 07-08: -2.70%

FY 08-09: 0.00%

Non-Citizens: Justifications

- The graph in Exhibit Q, page EQ-12 also illustrates that the caseload in this category has had a positive trend between FY 02-03 and FY 05-06. Caseload trends should be correlated with economic conditions and migration trends. As the economy recovers, more immigrants are expected to migrate to the State. In addition, research shows that immigrants are living longer than natives of the United States.¹²
- Expenditures in this category did not decline along with caseload in FY 06-07. Until October 2006, the eligibility spans for pregnant clients who delivered in Non-citizens were left open for 60 days post partum in case of an emergency. These clients, however, rarely utilized any services. The caseload declines in FY 06-07 may

¹² Source: Pritchard, Justin. "Study: Immigrant Outlive U.S. Citizens." The Denver Post. May 27, 2004.

indicate that eligibility spans for the Non-citizens clients are now being ended sooner. In addition, it is possible that some undocumented citizens are not applying for Medicaid emergency services out of fear due to the Deficit Reduction Act and HB 06S-1023 identification requirements, even though the Medicaid application clearly states that emergency services are exempt. Although the effects of these state and federal legislations, as well as the 60 day post partum policy change, are unquantifiable, the Department believes that the declines experienced over the last eighteen months are likely to abate.

- The caseload declines in FY 07-08 have been larger than the Department's November 2007 forecast, in which the caseload was projected to be 4,762 (average monthly increases of 62). The selected trend for FY 07-08 is much lower than that from the November 2007 forecast, and would yield average declines of 80 clients per month for the remainder of FY 07-08. The large annual decline reflects the strong monthly decreases experienced in FY 06-07, which leaves caseload at a lower starting point in FY 07-08. The Department expects that the large monthly declines should begin to abate toward the end of FY 07-08, as all cases should have undergone an annual redetermination. The Department assumes that monthly growth should be lower than historical trends due to the Deficit Reduction Act and the change regarding 60 days of post partum policy.
- The out-year trends assume moderate monthly growth for the reasons noted above.

25.5-5-103 (3), C.R.S. (2007)

(a) Emergency medical assistance shall be provided to any person who is not a citizen of the United States, including undocumented aliens, aliens who are not qualified aliens, and qualified aliens who entered the United States on or after August 22, 1996, who has an emergency medical condition and meets one of the categorical requirements set forth in section 25.5-5-101; except that such persons shall not be required to meet any residency requirement other than that required by federal law.

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET
 REQUEST: MEDICAID CASELOAD

Non-Citizens: Historical Caseload and Forecasts

	Actuals	Monthly Change	% Change
Nov-05	5,732	-	-
Dec-05	5,744	12	0.21%
Jan-06	5,930	186	3.24%
Feb-06	6,120	190	3.20%
Mar-06	6,265	145	2.37%
Apr-06	6,496	231	3.69%
May-06	6,689	193	2.97%
Jun-06	6,563	(126)	-1.88%
Jul-06	6,514	(49)	-0.75%
Aug-06	6,248	(266)	-4.08%
Sep-06	6,103	(145)	-2.32%
Oct-06	5,849	(254)	-4.16%
Nov-06	5,306	(543)	-9.28%
Dec-06	4,978	(328)	-6.18%
Jan-07	4,888	(90)	-1.81%
Feb-07	4,762	(126)	-2.58%
Mar-07	4,649	(113)	-2.37%
Apr-07	4,480	(169)	-3.64%
May-07	4,424	(56)	-1.25%
Jun-07	4,361	(63)	-1.42%
Jul-07	4,349	(12)	-0.28%
Aug-07	4,208	(141)	-3.24%
Sep-07	4,035	(173)	-4.11%
Oct-07	3,996	(39)	-0.97%
Nov-07	3,931	(65)	-1.63%
Dec-07	3,896	(35)	-0.89%
Jan-08	3,816	(80)	-2.05%
Feb-08	3,736	(80)	-2.10%
Mar-08	3,656	(80)	-2.14%
Apr-08	3,576	(80)	-2.19%
May-08	3,496	(80)	-2.24%
Jun-08	3,416	(80)	-2.29%

* Bold denotes forecast

	Caseload	% Change	Level Change
FY 93-94	2,597	-	-
FY 94-95	3,360	29.38%	763
FY 95-96	4,100	22.02%	740
FY 96-97	4,610	12.44%	510
FY 97-98	5,032	9.15%	422
FY 98-99	5,799	15.24%	767
FY 99-00	9,065	56.32%	3,266
FY 00-01	12,451	37.35%	3,386
FY 01-02	4,028	-67.65%	(8,423)
FY 02-03	4,101	1.81%	73
FY 03-04	4,604	12.27%	503
FY 04-05	4,976	8.08%	372
FY 05-06	5,959	19.75%	983
FY 06-07	5,214	-12.50%	(745)
FY 07-08	3,842	-26.31%	(1,372)
FY 08-09	3,738	-2.70%	(104)
FY 09-10	3,738	0.00%	0

November 2007 Trend Selections			
FY 07-08	4,762	-8.67%	(452)
FY 08-09	4,953	4.01%	191

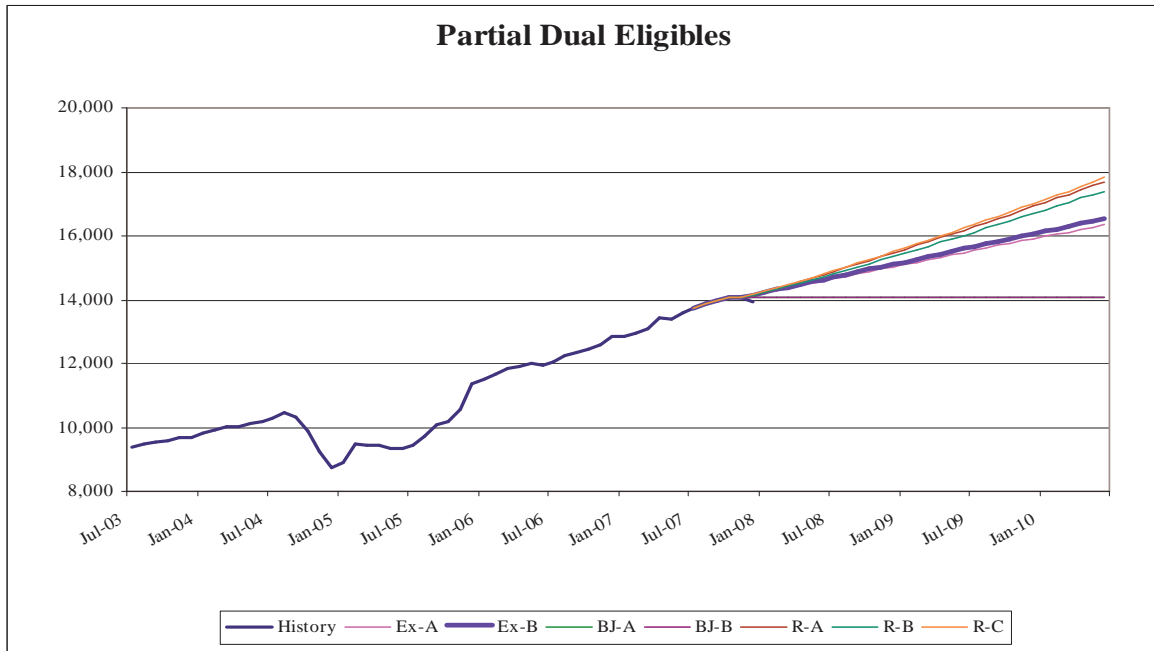
Actuals		
	Monthly Change	% Change
6-month average	(78)	-1.85%
12-month average	(90)	-2.01%
18-month average	(148)	-2.83%
24-month average	(88)	-1.56%
FY 07-08 Year-to-date	4,069	-21.96%

Partial Dual Eligibles

Medicare eligible beneficiaries who have incomes at a certain federal poverty level and limited resources may qualify to have Medicaid cover some of their out-of-pocket expenses, such as their Medicare Part B premiums and other coinsurance and deductibles. The two groups of clients that qualify for this cost-sharing program are Qualified Medicare Beneficiaries and Special Low Income Medicare Beneficiaries. This group, formerly known as Qualified Medicare Beneficiaries/ Special Low Income Medicare Beneficiaries, is now collectively known as Partial Dual Eligibles. Qualified Medicare Beneficiaries have incomes at or below 100% of the federal poverty level, and resources twice the standard allowed under the federal Supplemental Security Income program. These clients receive hospital insurance and supplementary medical insurance premium

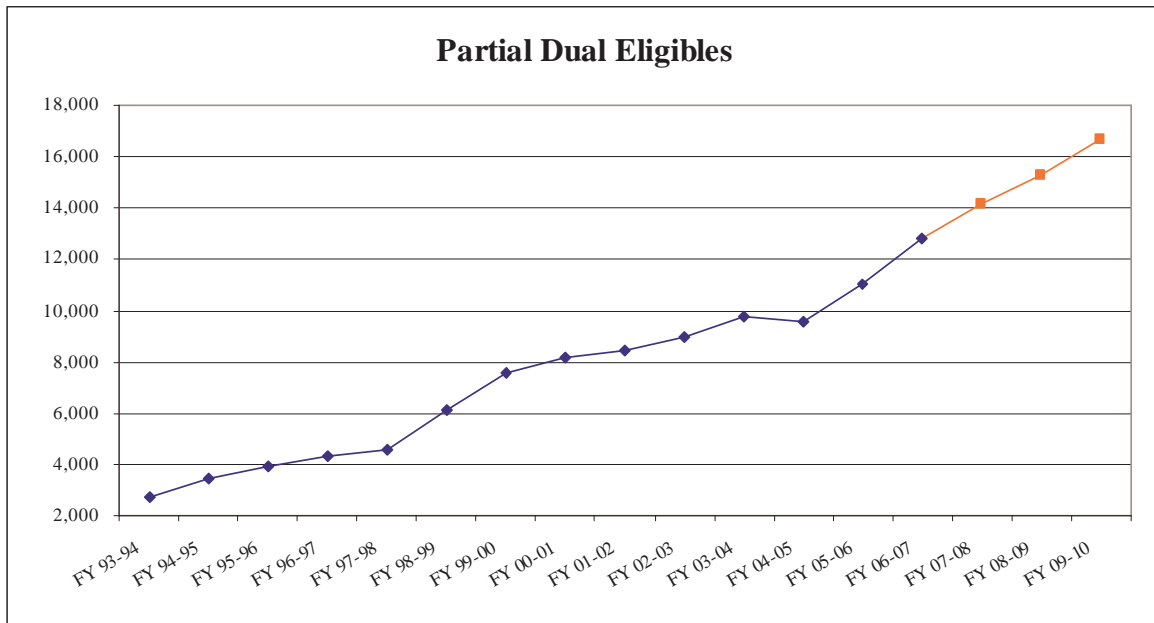
coverage along with Medicare coinsurance and deductibles. Special Low Income Medicare Beneficiaries have incomes greater than 100% of the federal poverty level, but less than 120%. For Special Low Income Medicare Beneficiaries, Medicaid only pays the supplementary medical insurance premiums.

Partial Dual Eligibles: Model Results



	Adjusted R ²	Notes
Exponential Smoothing A*	0.9961	
Exponential Smoothing B*	0.9911	
Box-Jenkins A	0.9960	
Box-Jenkins B	0.9919	
Regression A	0.9988	PDE [-1], PDE Dummy, CBMS Dummy, Auto [-1]
Regression B	0.9988	PDE [-1], Population 65+, PDE Dummy, CBMS Dummy, Auto [-1], Auto [-3]
Regression C	0.9988	PDE [-1], PDE [-2], PDE Dummy, CBMS Dummy, Auto [-3]

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET
REQUEST: MEDICAID CASELOAD



FY 07-08	FY 05-06	FY 06-07	Projected Growth Rate	Projected FY 07-08 Caseload	Level Change	Average Monthly Change ¹
Exponential Smoothing A*	11,012	12,818	10.67%	14,186	1,368	85
Exponential Smoothing B*	11,012	12,818	10.79%	14,201	1,383	88
Box Jenkins A	11,012	12,818	9.35%	14,016	1,198	42
Box Jenkins B	11,012	12,818	9.36%	14,018	1,200	42
Regression A	11,012	12,818	11.07%	14,237	1,419	101
Regression B	11,012	12,818	10.94%	14,220	1,402	96
Regression C	11,012	12,818	11.16%	14,248	1,430	103

* Denotes Expert Selection, Bold denotes Trend Selection

FY 08-09	FY 06-07	FY 07-08 Projected Caseload	Projected Growth Rate	Projected FY 08-09 Caseload	Level Change	Average Monthly Change ¹
Exponential Smoothing A*	12,818	14,131	6.14%	14,999	868	73
Exponential Smoothing B*	12,818	14,131	6.63%	15,068	937	80
Box Jenkins A	12,818	14,131	0.36%	14,182	51	0
Box Jenkins B	12,818	14,131	0.39%	14,186	55	0
Regression A	12,818	14,131	8.99%	15,401	1,270	116
Regression B	12,818	14,131	8.32%	15,307	1,176	108
Regression C	12,818	14,131	9.21%	15,432	1,301	120

FY 09-10	FY 07-08 Projected Caseload	FY 08-09 Projected Caseload	Projected Growth Rate	Projected FY 09-10 Caseload	Level Change	Average Monthly Change ¹
Exponential Smoothing A*	14,131	15,068	5.86%	15,951	883	73
Exponential Smoothing B*	14,131	15,068	6.33%	16,022	954	80
Box Jenkins A	14,131	15,068	0.00%	15,068	0	0
Box Jenkins B	14,131	15,068	0.00%	15,068	0	0
Regression A	14,131	15,068	9.45%	16,492	1,424	127
Regression B	14,131	15,068	8.76%	16,388	1,320	117
Regression C	14,131	15,068	9.74%	16,536	1,468	132

¹ Average monthly change is calculated as that between June of the respective fiscal year and June of the prior fiscal year. This is not directly comparable to the annual level change, which is calculated as the difference between the annual average caseload.

Partial Dual Eligibles: Trend Selections

FY 07-08: 10.24%

FY 08-09: 6.63%

FY 09-10: 6.33%

Partial Dual Eligibles: Justification

- These clients have higher income than Adults 65 and Older or Disabled Adults 60 to 64, and are relatively healthy. Given the increased life expectancy, more people are living healthier longer, which would support strong growth rates in this population. In addition, this population may start to be affected by the “baby boomers”, defined by the U.S. Census Bureau as the generation born between 1946 and 1964, beginning in CY 2006.
- Caseload trends are somewhat correlated with economic indicators. The assets and annuities provisions in the Deficit Reduction Act of 2005 may also contribute to growth in this category, as some clients who might have qualified for the Adults 65 and Older category now have too much income or assets.
- The graph in Exhibit Q, page EQ-13, illustrates that caseload growth in this category was positive and steady between FY 99-00 and FY 03-04. Caseload experienced an unprecedented contraction on FY 04-05, due to large monthly declines that occurred as a result of the court order regarding the Colorado Benefits Management System.
- The relatively strong growth since the beginning of FY 05-06 may be due to a wood work effect from Medicare Modernization Act, under which Medicare Part D clients are screened for Medicaid as they apply for the low-income subsidy.
- Growth in FY 07-08 has been in line with the Department’s February 2007 forecast, in which caseload was projected to be 14,188 (average monthly growth of 96). The selected trend for FY 07-08 is similar to that from the November 2007 forecast, and would yield average growth of 111 clients per month for the remainder of FY 07-08. The Department has opted to base the monthly growth for the remainder of FY 07-08 on the average increases over the last eighteen months.
- Out-year trend selections moderate to growth in line with historic rates, reflecting the stable economy and the complete incorporation of baby boomers and any clients affected by the Medicare Modernization Act.

25.5-5-101 (1), C.R.S. (2007)

(1) Individuals with income and resources at a level which qualifies them as Medicare-eligible under section 301 of Title III of the federal “Medicare Catastrophic Coverage Act”.

25.5-5-104, C.R.S. (2007)

Qualified medicare beneficiaries are medicare-eligible individuals with income and resources at a level which qualifies them as eligible under section 301 of Title III of the federal "Medicare Catastrophic Coverage Act of 1988", as amended, or subsequent amending federal legislation.

25.5-5-105, C.R.S. (2007)

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET
REQUEST: MEDICAID CASELOAD

Qualified disabled and working individuals are persons with income and resources and disability status, as determined by the social security administration, which qualify them as "qualified disabled and working individuals" under sections 6012 and 6408 of the federal "Omnibus Budget Reconciliation Act of 1989", or subsequent amending federal legislation. The state department is hereby designated as the single state agency to administer benefits available to qualified disabled and working individuals. Such benefits are limited to medicare cost-sharing expenses as determined by the federal government.

Partial Dual Eligibles: Historical Caseload and Forecasts

	Actuals	Monthly Change	% Change
Nov-05	10,584	-	-
Dec-05	11,378	794	7.50%
Jan-06	11,491	113	0.99%
Feb-06	11,673	182	1.58%
Mar-06	11,850	177	1.52%
Apr-06	11,891	41	0.35%
May-06	11,994	103	0.87%
Jun-06	11,934	(60)	-0.50%
Jul-06	12,050	116	0.97%
Aug-06	12,250	200	1.66%
Sep-06	12,349	99	0.81%
Oct-06	12,438	89	0.72%
Nov-06	12,594	156	1.25%
Dec-06	12,837	243	1.93%
Jan-07	12,833	(4)	-0.03%
Feb-07	12,958	125	0.97%
Mar-07	13,109	151	1.17%
Apr-07	13,453	344	2.62%
May-07	13,387	(66)	-0.49%
Jun-07	13,562	175	1.31%
Jul-07	13,744	182	1.34%
Aug-07	13,891	147	1.07%
Sep-07	13,958	67	0.48%
Oct-07	14,059	101	0.72%
Nov-07	14,065	6	0.04%
Dec-07	13,931	(134)	-0.95%
Jan-08	14,042	111	0.80%
Feb-08	14,153	111	0.79%
Mar-08	14,264	111	0.78%
Apr-08	14,375	111	0.78%
May-08	14,486	111	0.77%
Jun-08	14,597	111	0.77%

* Bold denotes forecast

	Caseload	% Change	Level Change
FY 93-94	2,727	-	-
FY 94-95	3,490	27.98%	763
FY 95-96	3,937	12.81%	447
FY 96-97	4,316	9.63%	379
FY 97-98	4,560	5.65%	244
FY 98-99	6,104	33.86%	1,544
FY 99-00	7,597	24.46%	1,493
FY 00-01	8,157	7.37%	560
FY 01-02	8,428	3.32%	271
FY 02-03	8,949	6.18%	521
FY 03-04	9,787	9.36%	838
FY 04-05	9,572	-2.20%	(215)
FY 05-06	11,012	15.04%	1,440
FY 06-07	12,818	16.40%	1,806
FY 07-08	14,131	10.24%	1,313
FY 08-09	15,068	6.63%	937
FY 09-10	16,022	6.33%	954

November 2007 Trend Selections			
FY 07-08	14,188	10.69%	1,370
FY 08-09	15,360	8.26%	1,172

Actuals		
	Monthly Change	% Change
6-month average	62	0.45%
12-month average	91	0.69%
18-month average	111	0.87%
24-month average	106	0.85%
FY 07-08 Year-to-date	13,941	8.76%

Summary

The Department is forecasting a FY 07-08 total Medicaid caseload of 382,433, a 2.71% decrease from FY 06-07. The trend is projected to moderate in FY 08-09, and caseload is expected to decrease by 0.48% to 380,588.