

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET REQUEST; TOBACCO TAX UPDATE

<b>Health Care Expansion Fund: Outlook 2006-2012</b>						
	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12
<b>A. Tobacco Tax Revenues</b>						
Tax Revenue <sup>1</sup>	\$168,168,586	\$166,400,000	\$165,000,000	\$163,100,000	\$163,800,000	\$161,700,000
<b>B. Health Care Expansion Fund</b>						
Transfer (46%)	\$77,357,550	\$76,544,000	\$75,900,000	\$75,026,000	\$75,348,000	\$74,382,000
Less 10% Reserve Requirement <sup>2</sup>	\$0	\$0	\$0	\$0	\$0	\$0
Interest Earned <sup>3</sup>	\$2,645,628	\$2,617,805	\$2,595,780	\$2,565,889	\$2,576,902	\$2,543,864
<b>Health Care Expansion Funds Available</b>	<b>\$80,003,178</b>	<b>\$79,161,805</b>	<b>\$78,495,780</b>	<b>\$77,591,889</b>	<b>\$77,924,902</b>	<b>\$76,925,864</b>
<b>C. Health Care Expansion Fund Reserve Balance</b>						
Previous Year's Reserve Fund Ending Balance	\$94,635,520	\$130,690,918	\$163,098,657	\$141,387,809	\$105,727,725	\$60,138,878
Previous Year's Unspent Health Care Expansion Fund Balance	N/A	\$32,817,917	\$0	\$0	\$0	\$0
10% of Yearly Appropriation to the Health Care Expansion Fund	\$0	\$0	\$0	\$0	\$0	\$0
Fund Required from the Reserve Balance in the Current Year <sup>4</sup>	\$0	\$0	\$0	\$0	\$0	\$0
Interest Earned <sup>3</sup>	\$3,237,481	\$5,593,637	\$5,579,605	\$4,836,877	\$3,616,945	\$2,057,351
<b>Health Care Expansion Fund Year-End Reserve Balance</b>	<b>\$97,873,001</b>	<b>\$169,102,471</b>	<b>\$168,678,262</b>	<b>\$146,224,685</b>	<b>\$109,344,670</b>	<b>\$62,196,229</b>
<b>D. Health Care Expansion Fund Expenditures<sup>5</sup></b>						
<b>(1) Executive Director's Office</b>	<b>\$472,310</b>	<b>\$558,551</b>	<b>\$558,551</b>	<b>\$558,551</b>	<b>\$558,551</b>	<b>\$558,551</b>
Personal Services	\$121,796	\$156,809	\$156,809	\$156,809	\$156,809	\$156,809
Operating Expenses	\$4,120	\$4,365	\$4,365	\$4,365	\$4,365	\$4,365
Commercial Leased Space	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500
Acute Care Utilization Review	\$14,346	\$16,520	\$16,520	\$16,520	\$16,520	\$16,520
Long Term Care Utilization Review	\$38,429	\$38,429	\$38,429	\$38,429	\$38,429	\$38,429
Medicaid Identification Cards	\$10,247	\$10,759	\$10,759	\$10,759	\$10,759	\$10,759
SB 97-05 Enrollment Broker	\$18,908	\$33,514	\$33,514	\$33,514	\$33,514	\$33,514
School District Eligibility Determinations	\$0	\$7,756	\$7,756	\$7,756	\$7,756	\$7,756
Medicaid Management Information System Contract	\$258,964	\$284,899	\$284,899	\$284,899	\$284,899	\$284,899
<b>(2) Medical Service Premiums</b>	<b>\$34,342,956</b>	<b>\$62,483,220</b>	<b>\$67,862,989</b>	<b>\$72,730,780</b>	<b>\$76,810,475</b>	<b>\$81,222,258</b>
<b>(3) Medicaid Mental Health Community Programs</b>	<b>\$2,475,031</b>	<b>\$4,808,193</b>	<b>\$6,590,964</b>	<b>\$7,674,971</b>	<b>\$8,074,788</b>	<b>\$8,498,174</b>
<b>(4) Indigent Care Program</b>	<b>\$9,557,980</b>	<b>\$16,677,592</b>	<b>\$29,568,476</b>	<b>\$35,919,294</b>	<b>\$40,481,627</b>	<b>\$45,554,589</b>
Children's Basic Health Plan Administration	\$518,545	\$518,545	\$540,000	\$540,000	\$540,000	\$540,000
Children's Basic Health Plan Premium Costs	\$8,770,576	\$15,250,052	\$27,128,840	\$33,033,812	\$37,267,387	\$41,973,450
Children's Basic Health Plan Dental Benefit Costs	\$268,859	\$908,995	\$1,899,636	\$2,345,482	\$2,674,240	\$3,041,139
<b>(6) Department of Human Services Medicaid Funded Programs</b>	<b>\$336,984</b>	<b>\$638,062</b>	<b>\$1,205,253</b>	<b>\$1,205,253</b>	<b>\$1,205,253</b>	<b>\$1,205,253</b>
DHS: Colorado Benefits Management System, BRI #1	\$62,864	\$62,864	\$630,055	\$630,055	\$630,055	\$630,055
DHS: Colorado Benefits Management System SAS-70	\$0	\$618	\$618	\$618	\$618	\$618
DHS: Adult Community Services	\$32,364	\$574,580	\$574,580	\$574,580	\$574,580	\$574,580
DHS: Services for Family & Children	\$241,756	\$0	\$0	\$0	\$0	\$0
<b>Total Health Care Expansion Fund Expenditures</b>	<b>\$47,185,261</b>	<b>\$85,165,618</b>	<b>\$105,786,234</b>	<b>\$118,088,849</b>	<b>\$127,130,694</b>	<b>\$137,038,826</b>
<b>E. Health Care Expansion Fund Reserve Balance - Increase / (Decrease)</b>	<b>\$32,817,917</b>	<b>(\$6,003,814)</b>	<b>(\$27,290,454)</b>	<b>(\$40,496,960)</b>	<b>(\$49,205,792)</b>	<b>(\$60,112,961)</b>

- Notes: 1) Tobacco Tax revenue projections are from the December 2007 Amendment 35 Revenue Forecast completed by Legislative Council.  
2) The 10% Reserve Requirement will not be needed starting in FY 06-07 forward since the balance of the Health Care Expansion Fund Reserve has surpassed that of the Health Care Expansion Fund at least once (24-22-117 (2) (III) C.R.S. (2008)).  
3) The projected interest rate is assumed to be the same rate earned in FY 06-07. The Department assumes interest on Tobacco Tax Revenues is already included in the Legislative Council's Projection.  
4) Beginning in FY 07-08, the Department projects that the 46% transfer will not be sufficient to fund projected expenditures, and existing Health Care Expansion Fund Reserve Balance Funds will need to be appropriated.  
5) The FY 09-10 expenditure projections include a trend factor and will therefore not match the figure provided in Schedule 9, Fund 18k, November 1, 2007 FY 08-09 Budget Request.

*COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET REQUEST; TOBACCO TAX UPDATE*

Medical Services Premiums - Rate, Caseload, and Expenditure Forecast								
	Expansion Adults <sup>1</sup>	Presumptive Eligibility <sup>2</sup>	Legal Immigrants <sup>3</sup>	Medicaid Asset Test Children & Adults <sup>4</sup>	Children's Home and Community Based Services Waiver <sup>5</sup>	Children's Extensive Support Waiver <sup>5</sup>	Foster Care <sup>6</sup>	Total
<b>A. FY 06-07 Health Care Expansion Fund Actuals</b>	\$3,688,933	\$3,924,672	\$6,216,752	\$16,232,525	\$3,871,520	\$408,554	N/A	\$34,342,956
<b>B. FY 07-08 Health Care Expansion Fund Projection</b>								
Per Capita	\$2,521.03	\$3,798.36	\$3,301.97		\$27,203.05	\$45,039.85	\$3,457.86	
Caseload	8,151	1,649	3,512		678	59	368	
Total Estimated Health Care Expansion Fund Expenditures	\$10,274,472	\$3,131,748	\$6,216,752	\$31,673,491	\$9,221,834	\$1,328,676	\$636,247	\$62,483,220
<b>C. Per Capita</b>								
FY 08-09 Base	\$2,647.29	\$4,081.92	\$3,301.97		\$29,014.77	\$47,071.15	\$3,612.20	
% Change from FY 07-08	5.01%	7.47%	0.00%		6.66%	4.51%	4.46%	
Projected FY 09-10	\$2,849.27	\$4,171.19	\$3,301.97		\$30,947.15	\$49,194.06	\$3,793.17	
% Change from FY 08-09	7.63%	2.19%	0.00%		6.66%	4.51%	5.01%	
Projected FY 10-11	\$3,066.66	\$4,262.42	\$3,301.97		\$33,008.23	\$51,412.72	\$3,983.21	
% Change from FY 09-10	7.63%	2.19%	0.00%		6.66%	4.51%	5.01%	
Projected FY 11-12	\$3,300.64	\$4,355.64	\$3,301.97		\$35,206.57	\$53,731.43	\$4,182.76	
% Change from FY 10-11	7.63%	2.19%	0.00%		6.66%	4.51%	5.01%	
<b>D. Expansion Client Caseload</b>								
FY 08-09 Base	9,629	1,708	3,512		678	59	1,259	
% Change from FY 07-08	18.13%	3.58%	0.00%		N/A	N/A	242.12%	
Projected FY 09-10	10,172	1,745	3,512		678	59	1,717	
% Change from FY 08-09	5.64%	2.19%	0.00%		N/A	N/A	36.38%	
Projected FY 10-11	10,602	1,784	3,512		678	59	1,757	
% Change from FY 09-10	4.23%	2.19%	0.00%		N/A	N/A	2.31%	
Projected FY 11-12	10,939	1,823	3,512		678	59	1,797	
% Change from FY 10-11	3.17%	2.19%	0.00%		N/A	N/A	2.31%	
<b>E. Total Health Care Expansion Fund Expenditures (A x B) * 50%</b>								
Projected FY 08-09	\$12,745,378	\$3,485,960	\$6,216,752	\$31,916,414	\$9,836,007	\$1,388,599	\$2,273,880	\$67,862,989
Projected FY 09-10	\$14,491,387	\$3,640,211	\$6,216,752	\$33,183,684	\$10,491,084	\$1,451,225	\$3,256,436	\$72,730,780
Projected FY 10-11	\$16,256,698	\$3,801,289	\$6,216,752	\$34,330,676	\$11,189,789	\$1,516,675	\$3,498,596	\$76,810,475
Projected FY 11-12	\$18,052,049	\$3,969,494	\$6,216,752	\$35,705,095	\$11,935,028	\$1,585,077	\$3,758,763	\$81,222,258

- Notes: 1) Per capita rates for expansion adults for FY 08-09 and FY 09-10 are taken from Exhibit C in the February, 15 2008 Supplemental Budget Request, Expansion Adults column. For FY 10-11 and FY 11-12, the per capita is expected to grow by the rate of change between FY 08-09 and FY 09-10. Caseload is expected to grow 18.13% between FY 07-08 and FY 08-09, per Exhibit B-1 in this February 15, 2008 Supplemental Request. For years after FY 09-10, the caseload growth rate is expected to decay by 25% each year as the expansion adult caseload normalizes to the general behavior of Medical Services Premiums.
- 2) Presumptive eligibility per capita growth rates are taken from Exhibits A-4 and A-5 in this February 15, 2008 Supplemental Budget Request, Presumptive Eligibility rows. The Department used a growth rate of 2.19% to project expenditures from FY 09-10 through FY 11-12.
- 3) Total per capita and caseload figures for optional Legal Immigrants is fixed by the Joint Budget Committee without provision for future growth.
- suggesting correlations between asset reporting and incomes, the Department has increased the proportion of expenditure transferred to the Health Care Expansion Fund for clients who have not supplied asset information. A detailed explanation of the methodology is available in Section V of the narrative for Medical Services Premiums in the February 15, 2008 Supplemental Budget Request.
- 5) The Children's Extensive Support and Children's Home and Community Based Services waiver programs' per capita rates are estimated as the per capita growth rate from FY 06-07 to FY 07-08. No growth rates for the Children's Extensive Support program and the Children's Home and Community Based Services program are provided as both waiver programs will have reached their statutory caps by FY 07-08. There is a noticeable increase from FY 06-07 to FY 07-08 expenditures due to the fact that FY 06-07 is a caseload building year, and FY 07-08 represents the first year of full caseload.
- 6) Per capitas are taken from Exhibit C in the February 15, 2008 Supplemental Budget Request. The caseload figures are taken from Exhibits A4 and A5 in the February 15, 2008 Supplemental Budget Requests.

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Medicaid Mental Health - Rate, Caseload, and Expenditure Forecast						
	Expansion Adults <sup>1</sup>	Asset Test Removal - Adults and Children <sup>2</sup>	Children's Home and Community Based Services <sup>3</sup>	Children's Extensive Support <sup>3</sup>	Foster Children <sup>4</sup>	Total
<b>A. FY 06-07 Health Care Expansion Fund Actuals</b>	\$514,324	\$1,639,228	\$209,101	\$112,378	N/A	\$2,475,031
<b>B. FY 07-08 Health Care Expansion Fund Estimate</b>						
Per Capita	\$248.12		\$1,479.54	\$1,479.54	\$3,207.40	
Caseload	8,151		678	59	368	
Total Estimated Health Care Expansion Fund Expenditures	\$1,011,203	\$2,661,618	\$501,565	\$43,646	\$590,161	\$4,808,193
<b>B. Per Capita</b>						
FY 08-09 Base	\$257.98		\$1,538.39	\$1,538.39	\$3,335.42	
Growth Rate <sup>3</sup>	3.97%		3.98%	3.98%	3.99%	
Projected FY 09-10	\$268.23		\$1,599.58	\$1,599.58	\$3,468.55	
Projected FY 10-11	\$278.90		\$1,663.21	\$1,663.21	\$3,607.00	
Projected FY 11-12	\$289.98		\$1,729.36	\$1,729.36	\$3,750.98	
<b>C. Expansion Client Caseload</b>						
Projected FY 08-09	9,629		678	59	1,259	
% Change from FY 07-08	18.13%		N/A	N/A	242.12%	
Projected FY 09-10	10,172		678	59	1,717	
% Change from FY 08-09	5.64%		N/A	N/A	36.38%	
Projected FY 10-11	10,602		678	59	1,757	
% Change from FY 09-10	4.23%		N/A	N/A	2.31%	
Projected FY 11-12	10,939		678	59	1,797	
% Change from FY 10-11	3.17%		N/A	N/A	2.31%	
<b>D. Total Health Care Expansion Fund Expenditures (A x B) * 50%</b>						
Projected FY 08-09	\$1,242,045	\$2,682,376	\$521,514	\$45,383	\$2,099,647	\$6,590,964
Projected FY 09-10	\$1,364,241	\$2,743,530	\$542,258	\$47,188	\$2,977,754	\$7,674,971
Projected FY 10-11	\$1,478,463	\$2,815,271	\$563,827	\$49,065	\$3,168,164	\$8,074,788
Projected FY 11-12	\$1,585,993	\$2,904,163	\$586,253	\$51,016	\$3,370,748	\$8,498,174

- Notes:
- 1) Expansion adults caseload growth is estimated to be 18.13% from FY 07-08 to FY 08-09 per Exhibit GG-1 in this February 15, 2008 Supplemental Budget Request. The Department assumes that this growth rate will decay by 25% each year thereafter, as the expansion adults caseload behavior begins to approximate that of total Medical Services Premiums caseload.
  - 2) The Department's projection methodology for expenditure as a result of the removal of the asset test for Medicaid Children and Adults has been revised since the November 1, 2007 Budget Request. Due to preliminary analyses suggesting correlations between asset reporting and incomes, the Department has increased the proportion of expenditure transferred to the Health Care Expansion Fund for clients who have not supplied asset information. A detailed explanation of the methodology is available in Section V of the narrative for Medical Services Premiums in the February 15, 2008 Supplemental Budget Request.
  - 3) No growth rates for the Children's Extensive Support program and the Children's Home and Community Based Services program are provided as both waiver programs will have reached their caps by FY 07-08.
  - 4) Per capitas are taken from exhibit F.DD-2 in the February 15, 2008 Supplemental Budget Request. The caseload figures are taken from Exhibit E, page EB-2 in the February 15, 2008 Supplemental Budget Requests.

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<b>Children's Basic Health Plan - Rate, Caseload, and Expenditure Forecast</b>					
		<b>Premiums</b>	<b>Prenatal</b>	<b>Dental</b>	<b>Total</b>
<b>A. FY 06-07 Health Care Expansion Fund Actual Expenditures</b>		\$3,698,482	\$5,072,094	\$268,859	\$9,039,435
<b>B. FY 07-08 Health Care Expansion Fund Projection</b>					
1	Per Capita <sup>1</sup>	\$1,581.01	\$11,933.24	\$152.36	
2	Less Enrollment Fees (For FY 08-09 forward, Fees are \$4.94 per year) <sup>2</sup>	(\$4.93)	\$0.00	\$0.00	
3	Adjusted Per Capita	\$1,576.08	\$11,933.24	\$152.36	
4	Portion Attributable to Expansion Population <sup>3</sup>	98.62%	100%	100%	
5	Final Per Capita	\$1,554.33	\$11,933.24	\$152.36	
6	Caseload <sup>4</sup>	17,046	1,431	17,046	
7	Projected Need	\$9,273,289	\$5,976,763	\$908,995	\$16,159,047
<b>C. Per Capita Development<sup>5</sup></b>					
8	FY 08-09 Base	\$1,598.76	\$12,723.22	\$161.38	
10	% Change from FY 07-08	1.12%	6.62%	5.92%	
11	Projected FY 09-10	\$1,662.90	\$13,565.50	\$170.93	
13	% Change from FY 08-09	4.01%	6.62%	5.92%	
14	Projected FY 10-11	\$1,729.61	\$14,463.54	\$181.05	
16	% Change from FY 09-10	4.01%	6.62%	5.92%	
17	Projected FY 11-12	\$1,798.99	\$15,421.03	\$191.77	
19	% Change from FY 10-11	4.01%	6.62%	5.92%	
<b>D. Caseload Development<sup>6</sup></b>					
<b>FY 08-09 Caseload</b>					
20	Total Caseload	67,653	1,986	67,653	
21	Up to FY 03-04 Enrollment	(41,786)	(101)	(41,786)	
22	Expansion to 205%	(235)	(19)	(235)	
23	Decision Item #3A, FY 08-09 Budget Request	8,000	0	8,000	
24	Health Care Expansion Fund Caseload	33,632	1,866	33,632	
<b>FY 09-10 Caseload</b>					
25	Caseload Growth Rate	7.39%	14.52%	7.39%	
26	Total Caseload (Row 16 * (1 + Row 20))	72,653	2,274	72,653	
27	Up to FY 03-04 Enrollment	(41,786)	(101)	(41,786)	
28	Expansion to 205% (Row 18 * (1 + Row 20))	(252)	(22)	(252)	
29	Decision Item #3A, FY 08-09 Budget Request	8,591	0	8,591	
30	Health Care Expansion Fund Caseload	39,205	2,152	39,205	
<b>FY 10-11 Caseload</b>					
31	Caseload Growth Rate	3.70%	7.26%	3.70%	
32	Total Caseload (Row 21 * (1 + Row 25))	75,341	2,439	75,341	
33	Up to FY 03-04 Enrollment	(41,786)	(101)	(41,786)	
34	Expansion to 205% (Row 23 * (1 + Row 25))	(262)	(23)	(262)	

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<b>Children's Basic Health Plan - Rate, Caseload, and Expenditure Forecast</b>					
		<b>Premiums</b>	<b>Prenatal</b>	<b>Dental</b>	<b>Total</b>
35	Decision Item #3A, FY 08-09 Budget Request	8,909	0	8,909	
36	Health Care Expansion Fund Caseload	42,202	2,315	42,202	
	<b>FY 11-12 Caseload</b>				
37	Caseload Growth Rate	3.70%	7.26%	3.70%	
38	Total Caseload (Row 26 * (1 + Row 30))	78,128	2,617	78,128	
39	Up to FY 03-04 Enrollment	(41,786)	(101)	(41,786)	
40	Expansion to 205% (Row 28 * (1 + Row 30))	(271)	(25)	(271)	
41	Decision Item #3A, FY 08-09 Budget Request	9,239	0	9,239	
42	Health Care Expansion Fund Caseload	45,309	2,491	45,309	
43	<b>E. Health Care Expansion Fund Expenditures (C * D) * 35%<sup>7</sup></b>				
44	Projected FY 08-09	\$18,819,305	\$8,309,535	\$1,899,636	\$29,028,476
45	Projected FY 09-10	\$22,818,137	\$10,215,675	\$2,345,482	\$35,379,294
46	Projected FY 10-11	\$25,547,556	\$11,719,831	\$2,674,240	\$39,941,627
47	Projected FY 11-12	\$28,528,803	\$13,444,648	\$3,041,139	\$45,014,589

- Notes: 1) Per capitas are taken from the Children's Basic Health Plan request (S-3 and BA-A3) in the Department's February 15, 2008 Supplemental Budget Request, Exhibit C.10.  
2) The annual enrollment fee is removed from the per capita, as this amount is not eligible for federal match. See DI-3 in the Department's November 1, 2007 Budget Request, Exhibits C.2, C.3; pages C.2-1, C.3-1.  
3) For clients financed mainly from the Health Care Expansion Fund, 1.38% of the per capita cost is funded from the Supplemental Tobacco Litigation Settlement Account in the Children's Basic Health Plan Trust Fund for Early Intervention Services (SB 07-004). The remaining 98.62% is funded through the Health Care Expansion Fund. See the Children's Basic Health Plan request (S-3 and BA-A3) in the Department's February 15, 2008 Supplemental Budget Request, Exhibits C.2-1 and C.3-1.  
4) FY 07-08 caseload figures are from Children's Basic Health Plan request (S-3 and BA-A3) in the Department's February 15, 2008 Supplemental Budget Request, page C.2-1.  
5) Total per capitas and growth rates can be found in Exhibit C.10 of Children's Basic Health Plan request (S-3 and BA-A3) in the Department's February 15, 2008 Supplemental Budget Request. For the calculation of the costs attributable to the Health Care Expansion Fund for expansion clients to 200% of the federal poverty level, enrollment fees are subtracted, and the remainder is multiplied by 98.62%.  
6) The FY 08-09 caseload base and caseload growth rates can be found in Exhibit C.10 of the Children's Basic Health Plan request (S-3 and BA-A3) in the Department's February 15, 2008 Supplemental Budget Request. The Department assumes that the expansion populations will grow at a rate equal to that of the total Children's Basic Health Plan population for years after FY 08-09.  
7) Children's Basic Health Plan expenditures receive an enhanced federal match rate of 65% thus requiring 35% State funds.