

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 07-08 BUDGET REQUEST: TOBACCO TAX UPDATE

Health Care Expansion Fund: FY 05-06 through FY 10-11						
	FY 05-06 Actual	FY 06-07 Estimated	FY 07-08 Requested	FY 08-09 Projected	FY 09-10 Projected	FY 10-11 Projected
Tobacco Tax Revenues						
Tax Revenue ¹	\$169,642,192	\$159,300,000	\$153,800,000	\$148,700,000	\$144,600,000	\$141,200,000
Health Care Expansion Fund						
Appropriation (46% of Total Tobacco Tax Revenue)	\$78,095,126	\$73,278,000	\$70,748,000	\$68,402,000	\$66,516,000	\$64,952,000
Previous Year's Ending Fund Balance	\$28,095,163	\$94,635,520	\$125,507,616	\$130,200,058	\$128,462,729	\$121,046,798
Interest Earned ²	\$2,339,116	\$3,698,730	\$4,323,038	\$4,374,724	\$4,294,911	\$1,945,451
Health Care Expansion Funds Available	\$108,529,405	\$171,612,250	\$200,578,654	\$202,976,782	\$199,273,640	\$187,944,249
Health Care Expansion Fund Expenditures						
(1) Executive Director's Office	\$299,121	\$522,861	\$520,812	\$520,812	\$520,812	\$520,812
Personal Services	\$131,586	\$131,561	\$131,122	\$131,122	\$131,122	\$131,122
Operating Expenses	\$7,873	\$4,365	\$2,755	\$2,755	\$2,755	\$2,755
Commercial Leased Space	\$4,068	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500
Acute Care Utilization Review	\$0	\$14,346	\$14,346	\$14,346	\$14,346	\$14,346
Long Term Care Utilization Review	\$38,429	\$38,429	\$38,429	\$38,429	\$38,429	\$38,429
Medical Identification Cards	\$10,039	\$10,247	\$10,247	\$10,247	\$10,247	\$10,247
SB 97-05 Enrollment Broker	\$0	\$33,514	\$33,514	\$33,514	\$33,514	\$33,514
Medicaid Management Information System Contract	\$107,125	\$284,899	\$284,899	\$284,899	\$284,899	\$284,899
(2) Medical Services Premiums	\$8,219,778	\$34,096,458	\$54,186,982	\$56,225,280	\$57,903,973	\$59,673,477
(3) Medicaid Mental Health Community Programs	\$81,660	\$2,122,911	\$3,996,004	\$4,200,966	\$4,415,093	\$4,640,185
(4) Indigent Care Program	\$5,108,706	\$8,717,991	\$11,030,385	\$12,922,583	\$14,742,550	\$16,471,831
Children's Basic Health Plan Administration	\$497,935	\$518,545	\$518,545	\$518,545	\$518,545	\$518,545
Children's Basic Health Plan Premium Costs	\$4,558,442	\$8,053,763	\$10,276,029	\$12,140,863	\$13,936,262	\$15,643,568
Children's Basic Health Plan Dental Benefit Costs	\$52,329	\$145,683	\$235,811	\$263,175	\$287,744	\$309,718
(6) Department of Human Services Medicaid Funded Programs	\$184,621	\$644,413	\$644,413	\$644,413	\$644,413	\$644,413
DHS: Colorado Benefits Management System	\$103,851	\$125,728	\$125,728	\$125,728	\$125,728	\$125,728
DHS: CBMS SAS-70 Audit	\$0	\$619	\$619	\$619	\$619	\$619
DHS: Community Services Adult Program Costs and CCMS Replacement	\$18,705	\$32,364	\$32,364	\$32,364	\$32,364	\$32,364
DHS: Services for Children and Families	\$62,065	\$485,702	\$485,702	\$485,702	\$485,702	\$485,702
Total Health Care Expansion Fund Expenditures	\$13,893,886	\$46,104,634	\$70,378,596	\$74,514,054	\$78,226,842	\$81,950,717
Health Care Expansion Fund Year-End Balance	\$94,635,520	\$125,507,616	\$130,200,058	\$128,462,729	\$121,046,798	\$105,993,532

Notes: 1) Tobacco Tax revenue projections are from the OSPB June 2006 General Fund Revenue Forecast.

2) The projected interest rate of 2.20% is assumed to be equal to the same rate earned in FY 05-06. The Department assumes interest on Tobacco Tax Revenues is already included in the OSPB Projection from June 2006.

3) For development of FY 08-09, FY 09-10, and FY 10-11 projections, please refer to the tables following this exhibit.

4) Children's Basic Health Plan Administration includes \$163,063 in expanded marketing costs.

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Children's Basic Health Plan - Rate, Caseload, and Expenditure Forecast				
	Premiums	Prenatal	Dental	Total
A. Calculation of Per Capita Growth				
FY 05-06 Rate	\$104.44	\$905.54	\$13.30	
FY 06-07 Rate	\$105.88	\$1,045.44	\$13.30	
FY 07-08 Rate	\$112.68	\$865.10	\$13.97	
Average Growth	3.90%	N/A	2.52%	
Prenatal Actuarially Determined Trend	--	4.70%	--	
B. Per Capita				
FY 07-08 Base	\$112.68	\$865.10	\$13.97	
Growth Rate	3.90%	4.70%	2.52%	
Projected FY 08-09	\$117.08	\$905.76	\$14.32	
Projected FY 09-10	\$121.65	\$948.33	\$14.68	
Projected FY 10-11	\$126.40	\$992.90	\$15.05	
C. Expansion Client Caseload				
FY 07-08 Base ²	5,094	25,828	4,019	
Growth Rate ³	8.87%	14.37%	8.87%	
Projected FY 08-09	5,546	29,540	4,376	
Projected FY 09-10	5,915	32,725	4,667	
Projected FY 10-11	6,210	35,371	4,900	
D. Total Expenditures (B x C)⁴				
Projected FY 08-09	\$7,791,838	\$26,756,576	\$751,929	\$35,300,343
Less Enrollment Fees ⁵	\$75,259	\$0	\$0	\$75,259
Portion Eligible for Federal Match (65%)	\$7,716,579	\$26,756,576	\$751,929	\$35,225,084
Federal Funds	\$5,015,777	\$17,391,774	\$488,754	\$22,896,305
Health Care Expansion Fund (35%)	\$2,776,061	\$9,364,802	\$263,175	\$12,404,038
Projected FY 09-10	\$8,634,688	\$31,034,137	\$822,125	\$40,490,950
Less Enrollment Fees ⁵	\$80,266	\$0	\$0	\$80,266
Portion Eligible for Federal Match (65%)	\$8,554,422	\$31,034,137	\$822,125	\$40,410,683
Federal Funds	\$5,560,374	\$20,172,189	\$534,381	\$26,266,944
Health Care Expansion Fund (35%)	\$3,074,314	\$10,861,948	\$287,744	\$14,224,005
Projected FY 10-11	\$9,419,586	\$35,119,816	\$884,909	\$45,424,311
Less Enrollment Fees ⁵	\$84,272	\$0	\$0	\$84,272
Portion Eligible for Federal Match (65%)	\$9,335,314	\$35,119,816	\$884,909	\$45,340,039
Federal Funds	\$6,067,954	\$22,827,881	\$575,191	\$29,471,026
Health Care Expansion Fund (35%)	\$3,351,632	\$12,291,936	\$309,718	\$15,953,286

- Notes: 1) The prenatal projected growth rate was developed by Leif Associates, Inc. report for FY 07-08 dated June 15, 2006.
 2) Expansion client caseload is from DI-3 "Adjust Children's Basic Health Plan Medical Premium and Dental Costs for Caseload and Rate Changes" in the Department's FY 07-08 Budget Request. Premiums and dental client caseloads are reported on a full time equivalent basis, whereas prenatal client caseload is reported in months of prenatal service.
 3) CBHP caseload growth was calculated as the average growth rate for the last three months of actual expansion caseload in the September 18, 2006 monthly report to Footnote 20 of HB 06-1385. The Department assumes this growth rate to decay by 25% per annum after FY 08-09.
 4) Total expenditures for premiums and dental calculation is equal to the projected rate times the projected caseload times 12.
 5) Enrollment fees are calculated as projected caseload times \$13.57. Please refer to DI-3 in the Department's November 1, 2006 FY 07-08 Budget Request for the enrollment rate calculation.

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Medical Services Premiums - Rate, Caseload, and Expenditure Forecast								
	Health Care Expansion Fund Low Income Adults	Presumptive Eligibility	Legal Immigrants	Medicaid Asset Test - Children Expansion	Medicaid Asset Test - Adult Expansion	Children's Home and Community Based Services Waiver	Children's Extensive Support Waiver	Total
A. Per Capita								
FY 07-08 Base	\$2,444.75	\$3,517.56	\$3,243.66	\$1,573.09	\$3,653.22	\$19,799.50	\$41,153.38	
Growth Rate ¹	(0.44%)	7.43%	0.97%	3.49%	(0.44%)	0.88%	5.58%	
Projected FY 08-09	\$2,433.99	\$3,778.91	\$3,275.12	\$1,627.99	\$3,637.15	\$19,973.74	\$43,449.74	
Projected FY 09-10	\$2,423.28	\$4,059.68	\$3,306.89	\$1,684.81	\$3,621.15	\$20,149.51	\$45,874.24	
Projected FY 10-11	\$2,412.62	\$4,361.31	\$3,338.97	\$1,743.61	\$3,605.22	\$20,326.83	\$48,434.02	
B. Expansion Client Caseload								
FY 07-08 Base	6,067	1,625	4,380	22,841	5,482	676	79	41,150
Growth Rate ²	0.37%	0.37%	5.64%	0.37%	0.37%	0.37%	N/A	0.39%
Projected FY 08-09	6,089	1,631	4,627	22,926	5,502	678	79	41,532
Projected FY 09-10	6,112	1,637	4,888	23,011	5,522	678	79	41,927
Projected FY 10-11	6,135	1,643	5,164	23,096	5,542	678	79	42,337
C. Total Expenditures (A x B)								
Projected FY 08-09	\$14,820,565	\$6,163,402	\$15,153,980	\$37,323,299	\$20,011,599	\$13,542,196	\$3,432,529	\$110,447,571
Health Care Expansion Fund (50%)	\$7,410,283	\$3,081,701	\$8,578,484	\$18,661,649	\$10,005,800	\$6,771,098	\$1,716,265	\$56,225,280
Projected FY 09-10	\$14,811,087	\$6,645,696	\$16,164,078	\$38,769,163	\$19,995,990	\$13,661,368	\$3,624,065	\$113,671,448
Health Care Expansion Fund (50%)	\$7,405,544	\$3,322,848	\$9,150,289	\$19,384,581	\$9,997,995	\$6,830,684	\$1,812,032	\$57,903,973
Projected FY 10-11	\$14,801,424	\$7,165,632	\$17,242,441	\$40,270,417	\$19,980,129	\$13,781,591	\$3,826,288	\$117,067,921
Health Care Expansion Fund (50%)	\$7,400,712	\$3,582,816	\$9,760,737	\$20,135,208	\$9,990,065	\$6,890,795	\$1,913,144	\$59,673,477

Notes: 1) Per Capita growth rates are from the Department's November 1, 2006 FY 07-08 Budget Request, Exhibit EC-1, except for legal immigrants, CES, and CHCBS. These specific populations' per capita growth rates were calculated using the actual percent change from the prior fiscal year.

2) Caseload growth is calculated as the expected percent change in caseload from FY 07-08 to FY 08-09, per Exhibit EB-2 in the Department's November 1, 2006 FY 07-08 Budget Request. The Children's Home and Community Based Waiver program is expected to grow at 0.39% until it hits its cap of 678. This percentage is was calculated as follows: $(35,281 - 35,150) / 32,150 * 100 = 0.37\%$. The Children's Extensive Support Waiver program will already be at its enrollment cap in FY 07-08.

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Medicaid Mental Health - Rate, Caseload, and Expenditure Forecast							
	Children's Extensive Support	Children's Home and Community Based Services	Asset Test Removal - Adults	Asset Test Removal - Children	Parents to 60% of FPL	Breast and Cervical Cancer Prevention	Total
A. Per Capita							
FY 07-08 Base	\$1,248.76	\$1,248.76	\$192.70	\$210.51	\$192.70	\$202.76	
Growth Rate ¹	3.76%	3.76%	3.76%	3.76%	3.76%	3.76%	
Projected FY 08-09	\$1,295.71	\$1,295.71	\$199.95	\$218.43	\$199.95	\$210.38	
Projected FY 09-10	\$1,344.43	\$1,344.43	\$207.47	\$226.64	\$207.47	\$218.29	
Projected FY 10-11	\$1,394.98	\$1,394.98	\$215.27	\$235.16	\$215.27	\$226.50	
B. Expansion Client Caseload							
FY 07-08 Base	79	676	5,482	22,841	6,072	102	35,252
Growth Rate ²	N/A	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%
Projected FY 08-09	79	678	5,562	23,174	6,161	103	35,757
Projected FY 09-10	79	678	5,643	23,512	6,251	105	36,268
Projected FY 10-11	79	678	5,725	23,855	6,342	107	36,786
C. Total Expenditures (A x B)							
Projected FY 08-09	\$102,361	\$878,491	\$1,112,122	\$5,061,897	\$1,231,892	\$21,669	\$8,408,432
Health Care Expansion Fund (50%)	\$51,181	\$439,246	\$556,061	\$2,530,948	\$615,946	\$7,584	\$4,200,966
Projected FY 09-10	\$106,210	\$911,524	\$1,170,753	\$5,328,760	\$1,296,895	\$22,920	\$8,837,062
Health Care Expansion Fund (50%)	\$53,105	\$455,762	\$585,377	\$2,664,380	\$648,447	\$8,022	\$4,415,093
Projected FY 10-11	\$110,203	\$945,796	\$1,232,421	\$5,609,742	\$1,365,242	\$24,236	\$9,287,640
Health Care Expansion Fund (50%)	\$55,102	\$472,898	\$616,210	\$2,804,871	\$682,621	\$8,482	\$4,640,185

Notes: 1) Per Capita growth is equal to the estimated two-year rolling average of per capita growth for FY 06-07 and FY 07-08, stated in the Department's November 1, 2006 FY 07-08 Budget Request, Exhibit F.EE - 3.

2) Expansion caseload growth is from the Department's November 1, 2006 FY 07-08 Budget Request, Exhibit F.DD - 1.