

**COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING**

**FY 08-09 BUDGET REQUEST**

**INTRODUCTION**

The FY 08-09 Budget Request for the Department of Health Care Policy and Financing represents a 5.1% increase over the current FY 07-08 appropriation. The FY 08-09 Budget Request is marked by increasing costs per client, declining Medicaid caseload, and increasing caseload in the Children's Basic Health Plan. Coupled with these base changes, Medicaid and the Children's Basic Health Plan eligibility are expanding as a result of legislation passed in 2007.

The Medicaid program continues to benefit from Referendum C. Voters in Colorado approved Referendum C in the November 1, 2005 elections. In FY 07-08, funds retained from Referendum C authorized the State to retain and spend moneys in excess of the constitutional limitation on state fiscal year spending. In FY 07-08, the Department of Health Care Policy and Financing was appropriated \$343,900,000 in its Medical Services Premiums Long Bill Group from funds retained as a result of Referendum C.

Most of the Department's programs are funded in part by the federal Centers for Medicare and Medicaid Services that provides roughly 50% of the Department's Medicaid budget, and 65% of the Children's Basic Health Plan funding. The Centers for Medicare and Medicaid Services is responsible for overseeing the Medicare and Medicaid programs nationally and manages Medicare directly, while the states are responsible for the purchase and delivery of Medicaid services and the Children's Basic Health Plan. In addition to the Medicaid program and Children's Basic Health Plan program, the Department manages the Colorado Indigent Care Program, the Old Age Pension State Medical Program, the Comprehensive Primary and Preventive Care Grant Program, the Primary Care Fund, Home and Community Based Services Medicaid Waivers, and County Administration.

The organization of this year's Budget Request document is similar to that of last year. Volume I continues to be more of the "numbers volume." The numbers volume includes schedules 1 through 3, exhibits for the Medical Services Premiums and Medicaid Mental Health Community Programs line items, and all change requests. Schedules 4 through 7, schedule 9, the Strategic Plan, Budget Narrative, Information Technology Plan, Tobacco Tax Update, and a glossary are in Volume II. See the Binder contents or tabs for detailed location of each piece of the Budget Submission.

It is hoped that this organization facilitates the ease of handling and the effective presentation of issues important, not just to the Department of Health Care Policy and Financing, but to those who have an interest in publicly-financed health care service delivery.

The Department has identified many key trends that will affect current and future fiscal years. These trends relate to new or recent changes in federal or State legislation, societal and technological changes, and new approaches in serving the Department's clients.

On June 2, 2006, Governor Bill Owens signed SB 06-208 into law establishing a committee to study and propose ways to expand health coverage to the uninsured and underinsured as well as lowering medical costs for all. This commission is central to Governor Ritter's initiative *The Colorado Promise* and recommendations from the committee will have a significant impact on the Department.

Other important trends include establishing new pharmacy programs and options such as a preferred drug list for Medicaid clients to reduce expenditures and a new program offering low cost prescription drugs to eligible clients. Additional initiatives, which affect children, include the creation of a medical homes program, expansion of eligibility for the Child Health Plan Plus program, and the creation of a task force to determine how to cover all children by the year 2010.

Issues regarding documentation of legal presence to receive benefits continue to affect the Department, stakeholders, and Medicaid clients. Pending legislation in the 2007 U.S. Congress may alter the legal documentation requirements in order to receive benefits. Trends continue toward integrating additional technology into the delivery of services as well as using technological advancements to improve the efficiency of administering publicly-financed health care and ease the secure exchange of information.