

  
*Colorado Legislative Council Staff Fiscal Note*  
**FINAL**  
**FISCAL NOTE**

**Drafting Number:** LLS 10-1047  
**Prime Sponsor(s):** Rep. Ferrandino  
 Sen. White

**Date:** May 26, 2010  
**Bill Status:** Signed into Law  
**Fiscal Analyst:** Kerry White (303-866-3469)

**TITLE:** CONCERNING THE REPEAL OF THE DELAY OF CERTAIN PAYMENTS MADE UNDER PUBLIC MEDICAL ASSISTANCE PROGRAMS.

Fiscal Impact Summary	FY 2009-10	FY 2010-2011
<b>State Revenue</b>		
<b>State Expenditures</b>	<u>\$93,104,524</u>	<u>(\$40,566,633)</u>
General Fund	27,394,275	(12,125,302)
Cash Funds	8,009,995	(2,023,356)
Reappropriated Funds	28,771	(17,380)
Federal Funds	57,671,483	(26,400,595)
<b>FTE Position Change</b>	0.0 FTE	0.0 FTE
<b>Effective Date:</b> The bill was signed by the Governor and became law on May 6, 2010.		
<b>Appropriation Summary for FY 2010-2011:</b> See State Appropriations section.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

This bill, recommended by the Joint Budget Committee as a budget package bill, repeals provisions of SB09-265. One provision authorized the Department of Health Care Policy and Financing (DHCPF) to delay the last normal fee-for-service payment cycle to managed care organizations (MCO's) for FY 2009-10 until after July 1, 2010. Other provisions specified that after June 1, 2010, capitation payments to MCO's are to be made on the first of day of the month following a client's enrollment. The effect of these provisions was to allow for 51 weeks of fee-for-service and 11 months of MCO payments to be made in FY 2009-10. This bill allows the normal payment cycle to be followed in FY 2009-10.

**State Expenditures**

In FY 2009-10, this bill increases state expenditures for Medicaid and the Children's Basic Health Plan (CBHP) under the DHCPF by \$93,104,524, as shown in Table 1.

<b>Line Item</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>Total Funds</b>
Medical Services Premiums	\$20,490,833	\$2,828,773	\$27,866	\$37,460,929	\$60,808,401
Mental Health Capitation Payments	6,695,582	592,211	905	11,688,108	18,976,806
Children's Basic Health Plan Trust	207,860	0	0	0	207,860
Children's Basic Health Plan Premium Costs	0	4,278,871	0	7,946,473	12,225,344
Children's Basic Health Plan Dental Costs	0	310,140	0	575,973	886,113
<b>Total</b>	<b>\$27,394,275</b>	<b>\$8,009,995</b>	<b>\$28,771</b>	<b>\$57,671,483</b>	<b>\$93,104,524</b>

In FY 2010-11, this bill reduces state expenditures for Medicaid and the CBHP under the DHCPF by \$40,566,633. Table 2 and the discussion that follows address the FY 2010-11 impacts.

<b>Line Item</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>Total Funds</b>
Medical Services Premiums	(\$14,679,904)	(\$2,023,356)	(\$17,380)	(\$26,400,595)	(\$43,121,235)
Children's Basic Health Plan Trust	2,554,602	0	0	0	2,554,602
<b>Total</b>	<b>(\$12,125,302)</b>	<b>(\$2,023,356)</b>	<b>(\$17,380)</b>	<b>(\$26,400,595)</b>	<b>(\$40,566,633)</b>

The FY 2010-11 Long Bill assumes 12 months of capitation payments and 53 weeks of fee-for-service payments. However, if all 52 weeks of payments are made in FY 2009-10, then only 52 weeks of payments will need to be made in FY 2010-11. This reduces FY 2010-11 expenditures by \$43.1 million. However, because the MCO payments were not delayed in FY 2009-10, the Children's Basic Health Plan Trust Fund will be depleted more than anticipated under SB 09-265 and will need additional funding in FY 2010-11. This bill allows \$2.6 million General Fund to be deposited into the CBHP Trust Fund to support the CBHP in FY 2010-11.

**State Appropriations**

In FY 2009-10 and as shown in Table 1 above, appropriations to the DHCPF should be increased by \$93,104,524, including \$27,394,275 General Fund, \$8,009,995 cash funds, \$28,771 reappropriated funds, and \$57,671,483 federal funds.

In FY 2010-11 and as shown in Table 2 above, appropriations to the DHCPF should be decreased by \$40,556,633, including \$12,125,302 General Fund, \$2,023,356 cash funds, \$17,380 reappropriated funds, and \$26,400,595 federal funds.

**Departments Contacted**

Health Care Policy and Financing

Legislature - Joint Budget Committee