

# MEMORANDUM

**TO: JBC Members**

**FROM: Melodie Beck, JBC Analyst**

**SUBJECT: HCPF Recommended Conference Committee Technical Adjustments**

**DATE: April 19, 2011**

Staff recommends three technical adjustments to the HCPF Long Bill and Add-on Supplemental.

- Correct Federal Fund Amounts in Department's Personal Services Line Item:** Staff recommends an increase of \$1,695 federal funds to correct an error in staff's calculations for the Department's personal services line item. Staff inaccurately calculated a federal match reduction to the \$1,695 reappropriated funds reduction that was applied after the Committee set the common policy for personal services. The federal match is already included in the reappropriated funds transfer from the Department of Human Services. Therefore, staff's calculation of the common policy inaccurately reduced federal funds.

Fiscal Impact of Recommended Conference Committee Amendment -- Beyond the Scope						
Department	GF	CF	RF	FF	Total	FTE
Department of Health Care Policy and Financing	\$0	\$0	\$0	\$1,695	\$1,695	0.0

- Recalculate FY 2010-11 Hospital Provider Fee Expansions Per Capita Costs:** In reconciling differences between the Department's and staff's Medicaid forecast, staff has come to the conclusion that her model underestimated the impacts of the Hospital Provider Fee Expansion Fund. Staff came to this conclusion after the Department was able to provide staff with actual year-to-date cost data for the current expansion populations (i.e. parents of Medicaid children up to 100% FPL). After relooking at the forecast model, staff recommends the following three changes:
  - Adjust the fund split for the HB 09-1293 populations to reflect a 50 percent match rate. Staff's model inaccurately applied an ARRA match rate for these populations. This recommendation will increase appropriations from the Hospital Provider Fee by \$5.0 million and will decrease federal funds by \$5.0 million.
  - Adjust the per capita expenditure estimate for the hospital provider fee based on actual data for the first 9 months of the fiscal year. This recommendation will increase appropriations by \$14.3 million. Of this amount, \$7.3 million is from the Hospital Provider Fee and \$7.3 million is federal funds.

- (c) Adjust the General Fund and federal funds estimates based on year-to-date expenditure data for the Medicaid forecast. Currently, staff's overall forecast is tracking very close to actuals. Therefore, the change to forecast is actually a change in allocating costs among aid categories and fund sources rather than an overall increase in the amount forecasted.

	Current FY 2010-11 App. With Long Bill Supplemental.	Adjust Fund Splits for Expansion Population to Remove ARRA impact	Adjust Per Capita Estimate for Expansion Population Based on Data through March	Adjust Rest of Forecast to Expenditures through March	TOTAL
-- General Fund	878,618,708	0	0	(4,604,711)	874,013,997
-- CF Certified Funds	17,254,496	0	0	0	17,254,496
-- CF Health Care Expansion	112,966,384	0	0	0	112,966,384
-- CF Nursing Facility Cash F	29,831,870	0	0	0	29,831,870
-- CF Disability Fund	250,000	0	0	0	250,000
-- CF Breast and Cervical Ca	2,632,530	0	0	0	2,632,530
-- CF Autism Fund	719,147	0	0	0	719,147
-- CF Hospital Provider Fee	250,807,067	4,962,539	7,294,929	0	263,064,535
-- CF Old Age Pension Sup M	4,850,000	0	0	0	4,850,000
-- CF Amendment 35 Fund	56,288,092	0	0	0	56,288,092
-- RF Transfer from DPHE	7,414,327	0	0	0	7,414,327
-- Federal Funds	1,979,501,413	(4,962,539)	7,294,929	(6,824,207)	1,975,009,596
<b>TOTAL</b>	<b>3,341,134,034</b>	<b>0</b>	<b>14,589,858</b>	<b>(11,428,919)</b>	<b>3,344,294,973</b>
Total Fund Difference					<b>3,160,939</b>

**FY 2011-12**

Because staff misestimated the FY 2010-11 per capitas for the expansion populations, this error has a spill over effect into FY 2011-12 (i.e. the FY 2011-12 per capita estimates are forecasted from the FY 2010-11 per capitas). Because these expansion populations are growing and coming on line in FY 2011-12, the FY 2011-12 appropriation adjustment needed is quite large as shown in the table below.

	100% Medicaid Parent Expansion		Expansion of Adults w/o Dependent Children		Total Increase Recommended
	Staff Current Estimate	Staff's Revised Estimate	Staff's Current Estimate	Staff's Revised Estimate	
Hospital Provider Fee	34,479,320	41,517,203	16,606,731	24,600,000	15,031,152
Federal Funds	34,479,320	41,517,203	16,606,731	24,600,000	15,031,152
<b>Total Funds</b>	<b>68,958,640</b>	<b>83,034,406</b>	<b>33,213,462</b>	<b>49,200,000</b>	<b>30,062,304</b>