

Colorado Legislative Council Staff Fiscal Note
FISCAL IMPACT

Drafting Number: LLS 10-0939
Prime Sponsor(s): Sen. Boyd
 Rep. Riesberg

Date: March 1, 2010
Bill Status: Senate Health and Human Services
Fiscal Analyst: Bill Zepernick (303-866-4777)

TITLE: CONCERNING AUTHORITY FOR MONEYS IN THE HOSPITAL PROVIDER FEE CASH FUND GENERATED BY AN ENHANCED FEDERAL MATCH THROUGH THE 2010-11 FISCAL YEAR TO BE USED TO OFFSET GENERAL FUND EXPENDITURES IN THE MEDICAID PROGRAM.

Fiscal Impact Summary	FY 2009-2010	FY 2010-2011
State Revenue		
State Transfers or Diversions Transfer from Hospital Provider Fee Cash Fund to the Health Care Expansion Fund	(\$41,400,000)	(\$20,700,000)
State Expenditures General Fund Cash Funds Health Care Expansion Fund		(\$20,700,000) \$20,700,000
FTE Position Change		
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2010-2011: See State Appropriations section.		
Local Government Impact: None.		

Summary of Legislation

SB10-169 transfers funds from the Hospital Provider Fee Cash Fund to the Health Care Expansion Fund. The amount of the transfer is equal to the increased federal funds for Medicaid received under the American Reinvestment and Recovery Act (ARRA) generated from the hospital provider fee created by HB09-1293. The first \$41.4 million transferred will replace moneys in the Health Care Expansion Fund used by HB10-1320 to offset General Fund appropriations to Medicaid. Any funds transferred above this amount must be used to offset additional General Fund appropriations to the Medicaid program. ***This bill is conditioned upon federal approval to implement the hospital provider fee created by HB09-1293.***

Background

HB09-1293 authorizes the Department of Health Care Policy to seek federal approval to collect a fee from hospitals and use this revenue to obtain federal matching funds for Medicaid. The fee revenue in the Hospital Provider Fee Cash Fund and federal matching funds are to be used for specific health-related purposes. Federal approval is expected to be received by April 1, 2010.

HB10-1320 appropriates \$42.7 million from the Health Care Expansion Fund to offset General Fund appropriations to Medicaid as part of the JBC budget balancing package for FY 2009-10. The Health Care Expansion Fund contains tobacco tax revenue that is designated for specific health-related purposes. This bill will replace a portion of the moneys from the Health Care Expansion Fund used by HB10-1320.

State Transfers or Diversions

This analysis estimates that \$41.4 million will be transferred from the Hospital Provider Fee Cash Fund to the Health Care Expansion Fund in FY 2009-10 and \$20.7 million will be transferred in FY 2010-11. The transfer amounts are based on the amount of federal funds anticipated from the enhanced Medicaid match rate under the ARRA if the federal governments approves the hospital provider fees. Because approval is expected by April 2010, the analysis assumes a transfer in FY 2009-10. The ARRA is currently scheduled to expire on December 31, 2010. Therefore, the transfer for FY 2010-11 is based on the enhanced federal match being in effect for 6 months.

State Expenditures

The bill does not affect total expenditures for Medicaid. However, it requires that General Fund appropriations to the Medicaid program be refinanced with the moneys transferred to the Health Care Expansion Fund by the bill.

FY 2009-10. No General Fund offset is predicted for FY 2009-10. This is because the funds transferred by the bill must first be used to repay moneys in the Health Care Expansion Fund used by HB10-1320. However, if the hospital provider fee generates more than the required repayment amount of \$41.4 million in federal matching funds under ARRA, any additional revenue transferred to the Health Care Expansion Fund must be used to offset General Fund appropriations for Medicaid. If more revenue is realized, this will be addressed through the budget process.

FY 2010-11. The bill will reduce General Fund appropriations to Medicaid by \$20.7 million, and replace it with \$20.7 million from the Health Care Expansion Fund. This appropriation change is based on current federal law. If ARRA is extended by Congress beyond December 31, 2010, additional General Fund offset would be required in FY 2010-11. This will be addressed through the budget process.

State Appropriations

The bill requires the following appropriations to the Department of Health Care Policy and Financing for Medicaid Service Premiums in FY 2010-11:

- a reduction in General Fund of (\$20,700,000); and
- an increase of \$20,700,000 from the Health Care Expansion Fund.

Departments Contacted

Health Care Policy and Financing

Joint Budget Committee