

  
*Colorado Legislative Council Staff Fiscal Note*  
**STATE**  
**FISCAL IMPACT**

**Drafting Number:** LLS 11-0961

**Date:** April 5, 2011

**Prime Sponsor(s):** Sen. Hodge

**Bill Status:** Senate Appropriations

**Fiscal Analyst:** Kerry White (303-866-3469)

**TITLE:** CONCERNING MONEYS APPROPRIATED IN THE 2011-12 FISCAL YEAR FOR HEALTH CLINICS, AND MAKING AN APPROPRIATION THEREFOR.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
<b>State Revenue</b>		
<b>State Transfers</b> From the Primary Care Fund to the Primary Care Special Distribution Fund	(\$1,722,330)	
<b>State Expenditures</b> General Fund Federal Funds	<u>(\$5,020,670)</u> (15,775,670) 10,755,000	
<b>FTE Position Change</b>		
<p><b>Effective Date:</b> This bill takes effect only if Senate Joint Resolution 11-009 is approved by a two-thirds majority vote of the members of both houses of the General Assembly and signed by the Governor. The effective date is either upon passage or upon the date Senate Joint Resolution 11-009 is signed by the Governor, whichever is later.</p>		
<p><b>Appropriation Summary for FY 2011-2012:</b> See State Appropriations section.</p>		
<p><b>Local Government Impact:</b> See Local Government Impact section.</p>		

**Summary of Legislation**

This bill allows certain Tobacco Tax Cash Funds to be used in FY 2011-12 to offset expenditures in the Department of Health Care Policy and Financing (DHCPF). The bill's provisions are contingent upon the adoption of Senate Joint Resolution 11-009, which declares a fiscal emergency to allow cigarette tax revenue to be used for any health related purpose, and are repealed as of July 1, 2013.

For FY 2011-12, the bill appropriates \$10,755,000 from the Primary Care Fund to the Colorado Health Care Services Fund for distribution to Denver Health and Hospitals and community health clinics under the Colorado Indigent Care Program (CICP). In addition, \$1,722,330 is transferred from the Primary Care Fund to the Primary Care Special Distribution Fund for distribution to certain primary care providers that do not receive moneys under the CICP. The DHCPF is directed to develop a distribution formula for these moneys that takes into account prior use and, to the extent possible, mitigates the impact of reduced moneys available for distribution

from the Primary Care Fund. The bill also allows up to \$15,775,670 to be used for any health-related purpose and to serve persons enrolled in Medicaid or the Children's Basic Health Plan (CBHP), based on the programs' enrollments as of January 1, 2005.

**State Transfers**

For FY 2011-12 only, the bill transfers \$1,722,330 from the Primary Care Fund to the Primary Care Special Distribution Fund.

**State Expenditures**

As shown in Table 1, this bill reduces state expenditures by \$5,020,670 in FY 2011-12, including a reduction of \$15,775,670 General Fund, and an increase of \$10,755,000 federal funds.

<b>Table 1. Appropriations Adjustments Under SB11-219 Department of Health Care Policy and Financing</b>	
<b>Medical Service Premiums</b>	<b>no net change</b>
General Fund	(\$15,775,670)
Cash Funds	
Primary Care Fund	15,775,670
<b>CICP Payments</b>	<b><u>(\$6,743,000)</u></b>
Cash Funds	
Colorado Health Care Services Fund	10,755,000
Primary Care Fund to Colorado Health Services Fund	(10,755,000)
Primary Care Fund to the Primary Care Special Distribution Fund	(1,722,330)
Primary Care Fund to Medical Services Premiums	(15,775,670)
Federal Funds	10,755,000
<b>Payments to Special Clinics</b>	<b>\$1,722,330</b>
Cash Funds	
Primary Care Fund to the Primary Care Special Distribution Fund	1,722,330
<b>TOTAL</b>	<b><u>(\$5,020,670)</u></b>
<b>General Fund</b>	<b>(15,775,670)</b>
<b>Cash Funds</b>	<b>0</b>
<b>Federal Funds</b>	<b>10,755,000</b>

***Medical Services Premiums.*** This bill does not change the amounts expended for persons enrolled in Medicaid or CBHP. It shifts \$15.8 million in costs that would have been paid for with General Fund to cash funds for FY 2011-12 only. The bill appropriates moneys from the Primary Care Fund to the Colorado Health Care Services Fund to make these payments and preserve the existing federal match.

***CICP.*** For FY 2011-12, net payments to hospital providers and community health clinics are reduced from \$28.3 million to just over \$21.5 million, for a total reduction of \$6.7 million. By appropriating \$10.8 million to the Colorado Health Care Services Fund to pay CICP costs rather than using the Primary Care Fund, the state becomes eligible to receive federal funds of an equal amount.

***Payments to primary care providers.*** For FY 2011-12, a total of \$1,722,330 will be expended to make payments for primary care providers who are not eligible to receive moneys from the Colorado Health Care Services Fund. These costs will be paid from the Primary Care Special Distribution Fund, following the transfer of this amount from the Primary Care Fund.

***DHCPF.*** The department is tasked with developing a formula for the distribution of moneys from the Colorado Health Care Services Fund for the CICP. The fiscal note assumes that the department will experience an increase in workload, but that this increase will not require a new appropriation.

### **Local Government Impact**

Funding provided to Denver Health and Hospitals and community health clinics from the Primary Care Fund will be reduced by \$6.7 million in FY 2011-12.

### **State Appropriations**

For FY 2011-12, the bill requires the following appropriations adjustments for the DHCPF:

- For medical services premiums, the cash fund appropriation is increased by \$15,775,670, and the General Fund appropriation is decreased by \$15,775,670;
- For the Primary Care Fund Program, the cash funds appropriation is decreased by \$28,253,000;
- For the community health clinics, \$21,510,000 is appropriated, including \$10,755,000 cash funds from the Primary Care Fund and \$10,755,000 from federal funds; and
- For primary care providers, \$1,722,330 is appropriated from the Primary Care Special Distribution Fund.

### **Departments Contacted**

Health Care Policy and Financing  
Local Affairs

Joint Budget Committee  
Treasury