

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING DENTAL SERVICES FOR ADULTS IN THE MEDICAID PROGRAM.

Prime Sponsors: Senator Nicholson
Representative Primavera

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Phone: 303-866-2061
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Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Fiscal Note (attached) reflects the fiscal impact of the bill as of 04/04/13.

	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
XXX	Update: Fiscal impact has changed due to <i>new information or technical issues</i>
	Update: Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	Non-Concurrence: JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

The JBC Staff Analysis makes four updates to the attached Legislative Council Staff Fiscal Note:

1. Revises the estimated average dental service cost per utilizing client to reflect the 4.5 percent increase in dental rates approved as part of S.B. 13-230, the Long Bill.
2. Assumes a 50 percent state match from the Hospital Provider Fee for costs associated with adults without dependent children through 10 percent of the federal poverty level (FPL) and parents from 61 percent through 100 percent of the FPL. Colorado would only be eligible for the 100 percent federal match assumed in the attached Legislative Council Staff Fiscal Note if Medicaid eligibility were expanded to 133 percent of the FPL, as proposed in S.B. 13-200.
3. Makes a technical formula calculation to the proportional allocation of certain costs by fund source.
4. Calculates the FY 2013-14 personal services costs removing the adjustment for the pay date shift, since these are cash and federally funded positions that are not subject to the pay date shift.

Legislative Council Staff concurs with these updates. Table 1 on the next page summarizes the revised assumptions and expected federal financial participation (FFP). The abbreviation ASO in the table stands for Administrative Service Organization. Table 2 summarizes the expenditures and savings by line item and by fund source.

Item	FY 2013-14		FY 2014-15		FFP
	FTE	Amount	FTE	Amount	
Adult Dental Fund financed caseload		228,253		235,030	
Hospital Provider Fee financed caseload		66,061		68,940	
Total caseload		294,314		303,970	
ASO payments per member per month		\$2.00		\$2.00	
Months		3		12	
ASO payments		\$1,765,884		\$7,295,280	
Clients utilizing dental benefit		14.625%		27.0%	
Average dental service cost per utilizing client		\$627.00		\$627.00	
Claims		\$26,987,961		\$51,459,144	
Service Costs Subtotal		\$28,753,845		\$58,754,424	50%
Estimated emergency dental expenditures		\$12,692,270		\$13,477,922	
Estimated savings		-15.0%		-30.0%	
Service Savings Subtotal		(\$1,903,841)		(\$4,043,377)	50%
General Professional IV	1.0	\$56,796	1.0	\$56,796	
General Professional II	0.3	\$13,464	1.0	\$40,392	
Salaries	1.3	\$70,260	2.0	\$97,188	
PERA		\$7,131		\$9,865	
Medicare		\$1,019		\$1,409	
Personal Services	1.3	\$78,410	2.0	\$108,462	50%
Operating		\$10,546		\$1,900	50%
MMIS reprogram to add capped benefit		\$555,534		\$0	75%
Utilization and quality review contracts		\$355,000		\$355,000	75%
Administration Subtotal	1.3	\$999,490	2.0	\$465,362	
TOTAL	1.3	\$27,849,494	2.0	\$55,176,409	

Item	Total	General Fund	Adult Dental Fund	Hospital Provider Fee	Federal Funds	FTE
FY 2013-14						
Executive Director's Office						
General Administration						
Personal Services	\$78,410	\$0	\$39,205	\$0	\$39,205	1.3
Operating Expenses	\$10,546	\$0	\$5,273	\$0	\$5,273	
Information Technology Contracts and Projects						
Medicaid Management Information System						
Maintenance and Projects	\$555,534	\$0	\$138,884	\$0	\$416,650	
Utilization and Quality Review Contracts						
Professional Services Contracts	\$355,000	\$0	\$88,750	\$0	\$266,250	
Medical Services Premiums						
Medical and Long-term Care Services for Medicaid Eligible Individuals	\$26,850,004	(\$738,262)	\$11,150,016	\$3,013,248	\$13,425,002	
Service Costs Subtotal	\$28,753,845	\$0	\$11,150,016	\$3,226,907	\$14,376,922	
Service Savings Subtotal	(\$1,903,841)	(\$738,262)	\$0	(\$213,659)	(\$951,920)	
FY 2013-14 TOTAL	\$27,849,494	(\$738,262)	\$11,422,128	\$3,013,248	\$14,152,380	1.3
FY 2014-15						
Executive Director's Office						
General Administration						
Personal Services	\$108,462	\$0	\$54,231	\$0	\$54,231	2.0
Operating	\$1,900	\$0	\$950	\$0	\$950	
Utilization and Quality Review Contracts						
Professional Services Contracts	\$355,000	\$0	\$88,750	\$0	\$266,250	
Medical Services Premiums						
Medical and Long-term Care Services for Medicaid Eligible Individuals	\$54,711,047	(\$1,563,168)	\$22,714,443	\$6,204,249	\$27,355,523	
Service Costs Subtotal	\$58,754,424	\$0	\$22,714,443	\$6,662,769	\$29,377,212	
Service Savings Subtotal	(\$4,043,377)	(\$1,563,168)	\$0	(\$458,520)	(\$2,021,689)	
FY 2014-15 TOTAL	\$55,176,409	(\$1,563,168)	\$22,858,374	\$6,204,249	\$27,676,954	2.0

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In addition to the updates described above, the estimate of the compounding fiscal impact if both S.B. 13-242 and S.B. 13-200 (Expand Medicaid Eligibility) pass has been adjusted as follows:

1. Enrollment assumptions if S.B. 13-200 passes have been modified to match those used by the Senate Appropriations Committee in S.B. 13-200, which includes some additional enrollment from among the currently eligible but not enrolled (EBNE).
2. The average dental service cost per utilizing client has been reduced to account for the portion of money appropriated in S.B. 13-200 for emergency dental services that is expected not to be needed if the preventive services authorized by S.B. 13-242 are provided.
3. The source of funds is changed to reflect the 100 percent federal financial participation rate available for certain populations if Colorado expands eligibility consistent with the federal Affordable Care Act.

Legislative Council Staff does not concur with the inclusion of EBNE (see the fiscal note for S.B. 13-200), but does concur with the update to the average dental service cost per utilizing client and the adjustment to the fund sources if S.B. 13-200 is adopted. Table 3 below summarizes the additional dental utilization, beyond the amounts identified in Table 1, if S.B. 13-200 is adopted.

Table 3: Additional Dental Utilization if S.B. 13-200 is Adopted			
Item	FY 2013-14	FY 2014-15	FFP
Adults without dependent children from 11% through 133% FPL	54,834	144,244	100%
Parents from 61% through 133% FPL	6,534	17,189	100%
Eligible but not enrolled	738	4,600	50%
Total additional caseload attributable to S.B. 13-200	62,106	166,033	
ASO payments per member per month	\$2.00	\$2.00	
Months	3	12	
ASO payments	\$372,636	\$3,984,792	
Clients utilizing dental benefit	14.625%	27.0%	
Average dental service cost per utilizing client	\$620.53	\$613.70	
Claims	\$5,636,274	\$27,511,557	
Service Costs Subtotal	\$6,008,910	\$31,496,349	

Table 4 on the next page summarizes the projected expenditures and savings by line item and by fund source if both S.B. 13-242 and S.B. 13-200 pass.

Table 4: Summary by Line Item and Fund Source if S.B. 13-200 is Adopted							
Item	Total	General Fund	Adult Dental Fund	Hospital Provider Fee	Federal Funds	FTE	
FY 2013-14							
Executive Director's Office							
General Administration							
Personal Services	\$78,410	\$0	\$39,205	\$0	\$39,205	1.3	
Operating Expenses	\$10,546	\$0	\$5,273	\$0	\$5,273		
Information Technology Contracts and Projects							
Medicaid Management Information System							
Maintenance and Projects	\$555,534	\$0	\$138,884	\$0	\$416,650		
Utilization and Quality Review Contracts							
Professional Services Contracts	\$355,000	\$0	\$88,750	\$0	\$266,250		
Medical Services Premiums							
Medical and Long-term Care Services for Medicaid Eligible Individuals							
	<u>\$32,858,915</u>	<u>(\$738,262)</u>	<u>\$11,185,718</u>	<u>(\$213,659)</u>	<u>\$22,625,118</u>		
Service Costs Subtotal	\$34,762,756	\$0	\$11,185,718	\$0	\$23,577,038		
Service Savings Subtotal	(\$1,903,841)	(\$738,262)	\$0	(\$213,659)	(\$951,920)		
FY 2013-14 TOTAL	\$33,858,405	(\$738,262)	\$11,457,830	(\$213,659)	\$23,352,496	1.3	
FY 2014-15							
Executive Director's Office							
General Administration							
Personal Services	\$108,462	\$0	\$54,231	\$0	\$54,231	2.0	
Operating	\$1,900	\$0	\$950	\$0	\$950		
Utilization and Quality Review Contracts							
Professional Services Contracts	\$355,000	\$0	\$88,750	\$0	\$266,250		
Medical Services Premiums							
Medical and Long-term Care Services for Medicaid Eligible Individuals							
	<u>\$86,207,397</u>	<u>(\$1,563,168)</u>	<u>\$23,150,751</u>	<u>(\$458,520)</u>	<u>\$65,078,334</u>		
Service Costs Subtotal	\$90,250,774	\$0	\$23,150,751	\$0	\$67,100,023		
Service Savings Subtotal	(\$4,043,377)	(\$1,563,168)	\$0	(\$458,520)	(\$2,021,689)		
FY 2014-15 TOTAL	\$86,672,759	(\$1,563,168)	\$23,294,682	(\$458,520)	\$65,399,765	2.0	

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.001	Staff-prepared appropriation amendment

Current Appropriations Clause in Bill

The bill requires but does not contain an appropriation clause.

Description of Amendments in This Packet

J.001 Staff has prepared amendment **J.001** (attached) that inserts appropriations in three sections to account for the compounding impact if both S.B. 13-242 and S.B. 13-200 (Expand Medicaid Eligibility) pass. All of the appropriations are for the Department of Health Care Policy and Financing for FY 2013-14.

- ▶ *Section 4* appropriates \$999,490 total funds and 1.3 FTE for administration, based on the updated assessment of the fiscal impact of the bill as described in Table 2 above.

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- ▶ *Section 5* appropriates \$26,850,004 total funds, including a reduction of \$738,262 General Fund, for medical service premiums that take effect only if S.B. 13-200 is NOT adopted, based on the updated assessment of the fiscal impact of the bill as described in Table 2 above.
- ▶ *Section 6* appropriates \$32,858,915 total funds, including a reduction of \$738,262 General Fund, for medical service premiums that take effect only if S.B. 13-200 is adopted, based on the updated assessment of the fiscal impact of the bill as described in Table 4 above.

Points to Consider

General Fund Impact

The Joint Budget Committee has proposed a budget package for FY 2013-14 based on the March 2013 Office of State Planning and Budgeting revenue forecast. The budget package allocates all but approximately \$9.0 million of General Fund revenues projected to be available. Pursuant to S.B. 13-236, this \$9.0 million General Fund will be transferred to the Colorado Water Conservation Board (CWCB) Construction Fund. This bill reduces General Fund appropriations for FY 2013-14 by \$738,262 and thus will increase the transfer to the CWCB Construction Fund by that amount.