

## Staff Recommendation on S.B. 09-210 Conference Committee

Staff recommends the following for the S.B. 09-210 Conference Committee:

### **FY 2008-09:**

**Scenario 1:** Reduce the Tier II distribution to the Comprehensive Primary Care Grant program by \$435,000 and transfer this amount to the General Fund. This will hold the providers harmless and allow the State to capture the additional FMAP. Staff recommends similar transfer for the rest of the American Recovery and Reinvestment Act period (FY 2009-10 and FY 2010-11) be included in the larger "Fiscal Relief Bill" that staff is proposing. The table below shows the impacts of staff's recommendation.

<b>Scenario 1: Hold Provider Harmless - State Captures FMAP</b>	<b>All Fiscal Years Without ARRA</b>	<b>FY 2008-09 With ARRA*</b>	<b>FY 2009-10 With ARRA**</b>	<b>FY 2010-11 With ARRA***</b>
CF - Master Tobacco Settlement	\$3,130,481	\$2,696,127	\$2,492,489	\$2,811,485
FF -- Medicaid Match	<u>3,130,481</u>	<u>3,564,835</u>	<u>3,768,473</u>	<u>3,449,477</u>
Total Funds	\$6,260,962	\$6,260,962	\$6,260,962	\$6,260,962
Transfer to General Fund	\$0	\$434,354	\$637,992	\$318,996

**Scenario 2:** Reduce the Tier II distribution to the Comprehensive Primary Care Grant program by \$977,000 and transfer this amount to the General Fund. This is the scenario proposed by Representative Ferrandino. Under this scenario, the providers are not held harmless and would receive \$5.0 million in funding throughout the ARRA time period.

<b>Scenario 2: Ferrandino Option for a \$5.0 Million Appropriation</b>	<b>All Fiscal Years Without ARRA</b>	<b>FY 2008-09 With ARRA*</b>	<b>FY 2009-10 With ARRA**</b>	<b>FY 2010-11 With ARRA***</b>
CF - Master Tobacco Settlement	\$2,500,000	\$2,153,125	\$1,990,500	\$2,245,250
FF -- Medicaid Match	<u>2,500,000</u>	<u>2,846,875</u>	<u>3,009,500</u>	<u>2,754,750</u>
Total Funds	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
Transfer to General Fund	\$630,481	\$977,356	\$1,139,981	\$885,231

### **FY 2009-10:**

The current bill transfers \$1.5 million to the General Fund from the Tier I Distribution to the Comprehensive Primary Care Grant in FY 2009-10. **Staff recommends that this transfer be increased to \$2.7 million instead of the \$1.5 million currently in the S.B. 09-210.** Staff recommends that this change be made in S.B. 09-210. This distribution does not receive federal match and therefore, will not fit under the new legislation that staff is recommending above to

maximize the state benefit from the ARRA FMAP increase. Staff recommends this budget reduction rather than the Department's proposed provider rate cuts that would result in a loss of \$6.1 million total funds (only \$2.7 million General Fund) to the FQHCs. This is discussed again the Premiums section of this write-up.