

Schedule 13

Department of Health Care Policy and Financing

Funding Request for The FY 2021-22 Budget Cycle

Request Title

R-19 Financing and Grant Program Adjustments

Dept. Approval By: 

Supplemental FY 2020-21

OSPB Approval By: 

Budget Amendment FY 2021-22

X

Change Request FY 2021-22

Summary Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total		\$9,275,013,392	\$0	\$9,248,819,475	(\$10,013,985)	(\$10,013,985)
FTE		0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$2,253,103,505	\$0	\$2,431,171,777	(\$15,882,005)	(\$15,882,005)
	CF	\$1,515,295,449	\$0	\$1,338,357,247	\$0	\$0
	RF	\$41,603,960	\$0	\$43,625,726	\$0	\$0
	FF	\$5,465,010,478	\$0	\$5,435,664,725	\$5,868,020	\$5,868,020

Line Item Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total		\$9,026,391,954	\$0	\$8,984,194,399	\$0	\$0
FTE		0.0	0.0	0.0	0.0	0.0
02. Medical Services Premiums, (A) Medical Services Premiums, (1)	GF	\$2,245,225,203	\$0	\$2,422,686,658	(\$10,500,000)	(\$10,500,000)
Medical Services Premiums - Medical Services Premiums	CF	\$1,393,285,900	\$0	\$1,201,917,467	\$10,500,000	\$10,500,000
	RF	\$41,603,960	\$0	\$43,625,726	\$0	\$0
	FF	\$5,346,276,891	\$0	\$5,315,964,548	\$0	\$0

Total		\$206,719,975	\$0	\$222,763,800	\$5,042,140	\$5,042,140
FTE		0.0	0.0	0.0	0.0	0.0
05. Indigent Care Program, (A) Indigent Care Program, (1)	GF	\$0	\$0	\$0	\$0	\$0
Indigent Care Program - Safety Net Provider Payments	CF	\$96,951,669	\$0	\$111,381,900	\$2,521,070	\$2,521,070
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$109,768,306	\$0	\$111,381,900	\$2,521,070	\$2,521,070

Line Item Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$6,079,573	\$0	\$6,039,386	\$17,457,910	\$17,457,910
	FTE	0.0	0.0	0.0	0.0	0.0
05. Indigent Care Program, (A) Indigent Care Program, (1)	GF	\$2,829,981	\$0	\$3,019,693	\$0	\$0
Indigent Care Program - Clinic Based Indigent Care	CF	\$0	\$0	\$0	\$8,728,955	\$8,728,955
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$3,249,592	\$0	\$3,019,693	\$8,728,955	\$8,728,955
	Total	\$10,764,010	\$0	\$10,764,010	(\$10,764,010)	(\$10,764,010)
	FTE	0.0	0.0	0.0	0.0	0.0
05. Indigent Care Program, (A) Indigent Care Program, (1)	GF	\$5,048,321	\$0	\$5,465,426	(\$5,382,005)	(\$5,382,005)
Indigent Care Program - Pediatric Specialty Hospital	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$5,715,689	\$0	\$5,298,584	(\$5,382,005)	(\$5,382,005)
	Total	\$24,557,880	\$0	\$24,557,880	(\$21,250,025)	(\$21,250,025)
	FTE	0.0	0.0	0.0	0.0	0.0
05. Indigent Care Program, (A) Indigent Care Program, (1)	GF	\$0	\$0	\$0	\$0	\$0
Indigent Care Program - Primary Care Fund Program	CF	\$24,557,880	\$0	\$24,557,880	(\$21,250,025)	(\$21,250,025)
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0
	Total	\$500,000	\$0	\$500,000	(\$500,000)	(\$500,000)
	FTE	0.0	0.0	0.0	0.0	0.0
06. Other Medical Services, (A) Other Medical Services, (1)	GF	\$0	\$0	\$0	\$0	\$0
Other Medical Services - SBIRT Training Grant Program	CF	\$500,000	\$0	\$500,000	(\$500,000)	(\$500,000)
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Auxiliary Data

Requires Legislation? YES

Type of Request? Department of Health Care Policy and Financing Prioritized Request **Interagency Approval or Related Schedule 13s:** No Other Agency Impact



Department Priority: R-19
Request Detail: Financing and Grant Program Adjustments

Summary of Funding Change for FY 2021-22				
	Totals		Incremental Change	
	FY 2020-21 Appropriation	FY 2021-22 Base	FY 2021-22 Request	FY 2022-23 Request
Total Funds	\$9,275,013,392	\$9,248,819,475	(\$10,013,985)	(\$10,013,985)
FTE	0.0	0.0	0.0	0.0
General Fund	\$2,253,103,505	\$2,431,171,777	(\$15,882,005)	(\$15,882,005)
Cash Funds	\$1,515,295,449	\$1,338,357,247	\$0	\$0
Reappropriated Funds	\$41,603,960	\$43,625,726	\$0	\$0
Federal Funds	\$5,465,010,478	\$5,435,664,725	\$5,868,020	\$5,868,020

Summary of Request:

The Department requests to eliminate the Pediatric Specialty Hospital line item, refinance the Primary Care Fund Program to access available federal funds, and eliminate the Screening, Brief Intervention, and Referral to Treatment Training Grant Program. The Department proposes to repurpose these savings toward General Fund relief to help with budget balancing. Additionally, the Department requests to refinance the remaining funding in the Primary Care Fund Program to allow claiming of federal funds. For this request, the changes would require amendments for the allowable uses of the Primary Care Fund and amendments for the allowable uses of the Marijuana Tax Cash Fund. This request represents a decrease of less than 0.5% from the Department’s FY 2020-21 Long Bill total funds appropriation.

These payments are on Step 2 of the Evidence Continuum, “Identify Outputs.” Payments made under these line items are not based on specific outcomes and there has been no formal evaluation or return on investment calculated for these payments.



Current Program:

Three Department programs are impacted by this request.

Pediatric Specialty Hospital Payments

The creation of the Pediatric Specialty Hospital Payment was recommended during a Joint Budget Committee (JBC) meeting on March 24, 2005, to provide funding to the State’s only pediatric specialty hospital, Children’s Hospital Colorado in an effort to help offset the costs of providing care to large numbers of Medicaid and indigent care clients. Specifically, the supplemental payment, using federal-allowable Upper Payment Limit (UPL) financing, reimburses Children’s Hospital Colorado for uncompensated and undercompensated care. This hospital supplemental payment is a stand-alone payment calculated outside of the Colorado Health Care Affordability and Sustainability Enterprise (CHASE) collection/distribution model.

Primary Care Fund Program

The Primary Care Fund program makes payments to primary care providers serving indigent clients. The fund was authorized under Section 24-22-117 (2)(b), C.R.S., receives 19% of the funds generated from Amendment 35 (Tobacco Tax) and awards grants to providers based on the portion of medically indigent or uninsured patients they served relative to the total number of medically indigent or uninsured clients served by all qualified providers. This includes federally qualified health centers (FQHCs) or other health centers who serve at least 50% uninsured or medically indigent patients, or Medicaid and Child Health Plan Plus (CHP+) members. It is a grant program with no federal match.

Each provider seeking assistance from the Primary Care Fund must submit an application and meet other Department criteria. To be a qualified provider, an entity must:

- Accept all patients regardless of their ability to pay, using either a sliding fee schedule or providing benefits at no charge
- Serve a population that lacks adequate health care services
- Provide cost-effective care
- Provide comprehensive primary care for all ages
- Screen and report eligibility for the Medical Assistance Program, Children’s Basic Health Plan, and the Indigent Care Program; and,
- Be a federally qualified health center per Section 330 of the federal Public Health Services Act or have a patient base that is at least 50% uninsured, medically indigent, a participant in Children’s Basic Health Plan, a participant in the Medical Assistance Program, or any combination thereof.

The Primary Care Fund previously diverted funds to the General Fund through statutory changes during the Great Recession. HB 10-1321 directed approximately \$10 million to offset General

Fund payments for Medicaid services and refinanced an additional \$2 million dollars to mitigate the effect of budget cuts to certain health clinics supported by the Primary Care Fund.

Screening, Brief Intervention, and Referral to Treatment Training Grant Program

The Screening, Brief Intervention, and Referral to Treatment (SBIRT) Training Grant Program awards funding to organizations to train health professionals on providing services related to screening, brief intervention, and referral to treatment for individuals at risk of substance abuse. This is a grant program with the Marijuana Tax Cash Fund as the entire source of funding; it does not receive a federal match. For FY 2020-21, the General Assembly reduced the appropriation for this program from \$1,500,000 to \$500,000.

Specifically, the funding is used for the following:

- Training for health professional statewide that is evidence-based and that may be either in person or web based
- Consultation and technical assistance to providers, healthcare organizations, and stakeholders
- Outreach, communication, and education of providers and patients
- Coordination with primary care, mental health, integrated health care, and substance use prevention, treatment and recovery efforts, and
- Campaigning to increase public awareness of the risks related to alcohol, marijuana, tobacco, and drug use and to reduce the stigma of treatment.

Problem or Opportunity:

As a result of the COVID-19 pandemic and accompanying economic downturn, the State is facing a shortage of General Fund revenue. Budget cuts and cash fund transfers are necessary to achieve a balanced budget.

Proposed Solution:

The Department requests a reduction of \$10,013,985 total funds, including a reduction of \$15,882,005 General Fund and \$5,868,020 federal funds in FY 2021-22; and a reduction of \$10,013,985 total funds, including a reduction of \$15,882,005 General Fund and \$5,868,020 federal funds in FY 2022-23 and ongoing to help the State achieve a balanced budget. The request includes changes to cash funds, specifically the Marijuana Tax Cash Fund and the Primary Care Fund that net to \$0.

Pediatric Specialty Hospital Payments

The Department requests the elimination of this entire appropriation for the Pediatric Specialty Hospital.

The Department believes that these payments are on Step 2 of the Evidence Continuum, “Identify Outputs.” Payments made under this line item are not based specific outcomes and there has been no formal evaluation or return on investment calculated for these payments.

Primary Care Fund Refinance

The Department requests a reduction of funding in the Primary Care Fund equal to \$10,000,000, to appropriate this amount to Medical Services Premiums line item, and reduce Medical Services Premiums by a like amount of General Fund. The Department is requesting to refinance the remaining funds in the Primary Care Fund and claim \$11,250,025 in federal matching funds. Transferring cash funds from the Primary Care Fund Program line item to the Clinic Based Indigent Care and Safety Net Provider Payments line items allows payments to qualifying Colorado Indigent Care Program (CICP) clinics to receive payments that include federal matching funds. A portion of the cash funds would remain in the Primary Care Fund Program line item to fund non-CICP clinics with state-only payments.

The Department believes that these payments are on Step 2 of the Evidence Continuum, “Identify Outputs.” Payments made under this line item are not based on specific outcomes and there has been no formal evaluation or return on investment calculated for these payments.

Screening, Brief Intervention, and Referral to Treatment Training Grant Program

The Department requests the elimination of this entire appropriation for the SBIRT Training Grant Program.

The Department believes that these payments are on Step 2 of the Evidence Continuum, “Identify Outputs.” Payments made under this line item are not based specific outcomes and there has been no formal evaluation or return on investment calculated for these payments.

Required Statutory Changes

To maximize General Fund savings, the Department is requesting to repurpose cash funds to offset General Fund costs in Medicaid in the amount of the expected reductions. For this request, the changes would require amendments for the allowable uses of the Primary Care Fund (section 24-22-117(2)(b)(I), C.R.S.) and amendments for the allowable uses of the Marijuana Tax Cash Fund (section 39-28.8-501, C.R.S.). The Primary Care Fund change requires the State to declare a fiscal emergency for FY 2021-22 and that declaration can only apply to a single fiscal year as provided under Article X, Section 21 (b) (7) of the Colorado Constitution. This request presumes that a second fiscal emergency would be declared for FY 2022-23. Statutory changes are required to alter the allowable uses of the Primary Care Fund as well as requiring the declaration of a fiscal emergency.

Anticipated Outcomes:

Approval of this request would allow the Department to help the State achieve a balanced budget for FY 2021-22.

Pediatric Specialty Hospital Payments

With hospitals receiving significant federal COVID-19 assistance funding, including Children’s having received over \$22 million¹, the Department believes there are other ways of providing reimbursements to hospitals, including supplemental payments through CHASE.

Primary Care Fund Program

Because the Primary Care Fund program is a grant program with no federal match, redirecting the cash funds to General Fund would help preserve core Medicaid and CHP+ eligibility and benefits that leverage federal funds. Most of the Primary Care Fund goes to Federally Qualified Health Centers and Rural Health Centers which received significant federal stimulus support and who also provide services through Medicaid. Refinancing the remaining cash funds allows claiming of federal matching funds.

Screening, Brief Intervention, and Referral to Treatment (SBIRT) Training Grant Program

The program would be put on hold pending further action by the General Assembly. This a grant program for training of health professionals and is not part of the Department’s core mission of providing direct services to members. Providers would continue to be responsible for training staff and it would not be funded with State funds.

Required Statutory Changes

Statutory changes to the uses of the Primary Care Fund and a corresponding refinancing of the Primary Care Fund would maximize payments to CICP health clinics. The statutory changes would specifically direct the distribution of the available funding and seek to mitigate the impact of the budget reductions of the Primary Care Fund Program.

Assumptions and Calculations:

Calculations are provided in Appendix A.

Tables 1.1 and 1.2 shows a summary by line item for the incremental change by fiscal year.

Tables 2.1 and 2.2 shows a summary by initiative for this request.

Tables 3.1 and 3.2 show the figures that comprise the proposed refinancing of the remaining cash funds in the Primary Care Fund Program.

¹ <https://data.cdc.gov/Administrative/HHS-Provider-Relief-Fund/kh8y-3es6/data#revert>

R-19 Financing and Grant Program Adjustments
Appendix A: Assumptions and Calculations

Table 1.1 Summary by Line Item FY 2021-22									
Row	Line Item	Total Funds	FTE	General Fund	Cash Funds ⁽¹⁾	Reappropriated Funds	Federal Funds	FFP Rate	Notes/Calculations
A	(2) Medical Services Premiums; Medical and Long-Term Care Services for Medicaid Eligible Individuals	\$0	0.0	(\$10,500,000)	\$10,500,000	\$0	\$0	0.00%	Table 2.1, Row D
B	(5) Indigent Care Program; Safety Net Provider Payments	\$5,042,140	0.0	\$0	\$2,521,070	\$0	\$2,521,070	50.00%	Table 2.1, Row F
C	(5) Indigent Care Program; Clinic Based Indigent Care	\$17,457,910	0.0	\$0	\$8,728,955	\$0	\$8,728,955	50.00%	Table 2.1, Row G
D	(5) Indigent Care Program; Pediatric Specialty Hospital	(\$10,764,010)	0.0	(\$5,382,005)	\$0	\$0	(\$5,382,005)	50.00%	Table 2.1, Row A
E	(5) Indigent Care Program; Primary Care Fund Program	(\$21,250,025)	0.0	\$0	(\$21,250,025)	\$0	\$0	0.00%	Table 2.1, Row B + Table 2.1, Row E
F	(6) Other Medical Services; Screening, Brief Intervention, and Referral to Treatment Training Grant Program	(\$500,000)	0.0	\$0	(\$500,000)	\$0	\$0	0.00%	Table 2.1, Row C
G	Total Request	(\$10,013,985)	0.0	(\$15,882,005)	\$0	\$0	\$5,868,020	blend	Sum of Rows A thru F

⁽¹⁾ Cash funds are from the Marijuana Tax Cash Fund and from the Primary Care Fund

Table 1.2 Summary by Line Item FY 2022-23									
Row	Line Item	Total Funds	FTE	General Fund	Cash Funds ⁽¹⁾	Reappropriated Funds	Federal Funds	FFP Rate	Notes/Calculations
A	(2) Medical Services Premiums; Medical and Long-Term Care Services for Medicaid Eligible Individuals	\$0	0.0	(\$10,500,000)	\$10,500,000	\$0	\$0	0.00%	Table 2.2, Row D
B	(5) Indigent Care Program; Safety Net Provider Payments	\$5,042,140	0.0	\$0	\$2,521,070	\$0	\$2,521,070	50.00%	Table 2.2, Row F
C	(5) Indigent Care Program; Clinic Based Indigent Care	\$17,457,910	0.0	\$0	\$8,728,955	\$0	\$8,728,955	50.00%	Table 2.2, Row G
D	(5) Indigent Care Program; Pediatric Specialty Hospital	(\$10,764,010)	0.0	(\$5,382,005)	\$0	\$0	(\$5,382,005)	50.00%	Table 2.2, Row A
E	(5) Indigent Care Program; Primary Care Fund Program	(\$21,250,025)	0.0	\$0	(\$21,250,025)	\$0	\$0	0.00%	Table 2.2, Row B + Table 2.2, Row E
F	(6) Other Medical Services; Screening, Brief Intervention, and Referral to Treatment Training Grant Program	(\$500,000)	0.0	\$0	(\$500,000)	\$0	\$0	0.00%	Table 2.2, Row C
G	Total Request	(\$10,013,985)	0.0	(\$15,882,005)	\$0	\$0	\$5,868,020	blend	Sum of Rows A thru F

⁽¹⁾ Cash funds are from the Marijuana Tax Cash Fund and from the Primary Care Fund

R-19 Financing and Grant Program Adjustments
Appendix A: Assumptions and Calculations

Table 2.1 Summary by Initiative FY 2021-22									
Row	Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FFP Rate	Notes/Calculations
A	Pediatric Specialty Hospital Payments Reduction	(\$10,764,010)	0.0	(\$5,382,005)	\$0	\$0	(\$5,382,005)	50.00%	100% of funding
B	Primary Care Fund Program Reduction - Cash Funds Reduction	(\$10,000,000)	0.0	\$0	(\$10,000,000)	\$0	\$0	0.00%	See narrative
C	Screening, Brief Intervention, and Referral to Treatment (SBIRT) Training Grant Program Reduction	(\$500,000)	0.0	\$0	(\$500,000)	\$0	\$0	0.00%	100% of funding
D	Cash Fund Transfer to Offset General Fund	\$0	0.0	(\$10,500,000)	\$10,500,000	\$0	\$0	0.00%	Cash Funds: Row B + Row C General Fund: Cash Funds * -1
Primary Care Fund Program- Refinancing of Remaining Cash Funds									
<i>CICP Clinic Payments</i>									
E	Transfer of Cash Funds out of Primary Care Fund Program line item	(\$11,250,025)	0.0	\$0	(\$11,250,025)	\$0	\$0	0.00%	Table 3.2, Row C - Table 3.2, Row A
F	Transfer of Cash Funds into Safety Net Provider Payments line item	\$5,042,140	0.0	\$0	\$2,521,070	\$0	\$2,521,070	50.00%	Table 3.2, Row C
G	Transfer of Cash Funds into Client Based Indigent Care line item	\$17,457,910	0.0	\$0	\$8,728,955	\$0	\$8,728,955	50.00%	Table 3.2, Row D
H	Total Request	(\$10,013,985)	0.0	(\$15,882,005)	\$0	\$0	\$5,868,020		Sum of Rows A through G

Table 2.2 Summary by Initiative FY 2022-23									
Row	Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FFP Rate	Notes/Calculations
A	Pediatric Specialty Hospital Payments Reduction	(\$10,764,010)	0.0	(\$5,382,005)	\$0	\$0	(\$5,382,005)	50.00%	100% of funding
B	Primary Care Fund Program Reduction - Cash Funds Reduction	(\$10,000,000)	0.0	\$0	(\$10,000,000)	\$0	\$0	0.00%	See narrative
C	Screening, Brief Intervention, and Referral to Treatment (SBIRT) Training Grant Program Reduction	(\$500,000)	0.0	\$0	(\$500,000)	\$0	\$0	0.00%	100% of funding
D	Cash Fund Transfer to Offset General Fund	\$0	0.0	(\$10,500,000)	\$10,500,000	\$0	\$0	0.00%	Cash Funds: Row B + Row C General Fund: Cash Funds * -1
Primary Care Fund Program- Refinancing of Remaining Cash Funds									
<i>CICP Clinic Payments - Transfer to Clinic Based Indigent Care line item</i>									
E	Transfer of Cash Funds out Primary Care Fund Program line item	(\$11,250,025)	0.0	\$0	(\$11,250,025)	\$0	\$0	0.00%	Table 3.2, Row C - Table 3.2, Row A
F	Transfer of Cash Funds into Safety Net Provider Payments line item	\$5,042,140	0.0	\$0	\$2,521,070	\$0	\$2,521,070	50.00%	Table 3.2, Row C
G	Transfer of Cash Funds into Client Based Indigent Care line item	\$17,457,910	0.0	\$0	\$8,728,955	\$0	\$8,728,955	50.00%	Table 3.2, Row D
H	Total Request	(\$10,013,985)	0.0	(\$15,882,005)	\$0	\$0	\$5,868,020		Sum of Rows A through G

R-19 Financing and Grant Program Adjustments
Appendix A: Assumptions and Calculations

Table 3.1			
Primary Care Fund - Summary of Funding			
FY 2021-22			
Row	Item	Total Funds	Notes/Calculations
A	Base Request of Program Funding	\$24,557,880	FY 2020-21 Long Bill (HB 20-1360)
B	Reduction of Funding	(\$10,000,000)	To offset General Fund in Medical Services Premiums
C	Subtotal	\$14,557,880	Row A + Row B
D	Department Costs of Administering Primary Care Fund Program	(\$307,854)	FY 2020-21 Long Bill (HB 20-1360); Includes Personal Services, Indirect Costs and Audit
E	Remaining Amount of Program Funding for Clinic Payments	\$14,250,026	Row C + Row D

Table 3.2							
Primary Care Fund - Refinancing of Cash Funds							
FY 2021-22							
Row	Item	Total Funds	General Fund	Primary Care Fund Cash	Federal Funds	FFP Rate	Notes/Calculations
A	Funds Available for Clinic Payments	\$14,250,026	\$0	\$14,250,026	\$0	0.00%	Table 3.1, Row E
<i>Proposed Refinancing to Maximize Payments to Clinics</i>							
B	Non-CICP Clinics: Cash Funds Remain in Primary Care Fund	\$3,000,000	\$0	\$3,000,000	\$0	0.00%	Department Estimates Corresponding to the Expected Payment Amounts for FY 2021-22
C	CICP Clinics: Cash Funds Transferred to Clinic Based Indigent Care line item	\$17,457,910	\$0	\$8,728,955	\$8,728,955	50.00%	
D	Denver Health FQHCs: Cash Funds are Transferred to Safety Net Provider Payments line item	\$5,042,140	\$0	\$2,521,070	\$2,521,070	50.00%	
E	Total Payments to Clinics Through Refinancing of Cash Funds	\$25,500,050	\$0	\$14,250,025	\$11,250,025	NA	Row B + Row C + Row D