

**Schedule 13**

**Funding Request for the FY 2024-25 Budget Cycle**

**Health Care Policy and Financing**

Request Title

**S-15 FY 2022-23 Overexpenditures**

Dept. Approval By:

*Erin Doherty*

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**Supplemental FY 2023-24**

OSPB Approval By:

*Adrian Leiter*

**Budget Amendment FY 2024-25**

Summary Information	Fund	FY 2023-24		FY 2024-25		FY 2025-26	
		Initial Appropriation	Supplemental Request	Base Request	Budget Amendment	Continuation Request	
	<b>Total</b>	<b>\$13,578,982,898</b>	<b>\$0</b>	<b>\$13,608,903,352</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
	FTE	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total of All Line Items Impacted by Change Request</b>	GF	\$3,906,239,163	\$0	\$3,932,708,318	\$0	\$0	\$0
	CF	\$1,355,048,868	\$0	\$1,341,375,356	\$0	\$0	\$0
	RF	\$99,768,813	\$0	\$99,768,813	\$0	\$0	\$0
	FF	\$8,217,926,054	\$0	\$8,235,050,865	\$0	\$0	\$0

Line Item Information	Fund	FY 2023-24		FY 2024-25		FY 2025-26
		Initial Appropriation	Supplemental Request	Base Request	Budget Amendment	Continuation Request
	<b>Total</b>	<b>\$11,506,136,779</b>	<b>\$0</b>	<b>\$11,527,931,557</b>	<b>\$0</b>	<b>\$0</b>
	FTE	0.0	0.0	0.0	0.0	0.0
02. Medical Services Premiums, (A) Medical Services Premiums, (1) Medical Services Premiums, Medical Services Premiums	GF	\$3,216,123,250	\$0	\$3,228,658,544	\$0	\$0
	CF	\$1,248,504,293	\$0	\$1,243,922,989	\$0	\$0
	RF	\$99,768,813	\$0	\$99,768,813	\$0	\$0
	FF	\$6,941,740,423	\$0	\$6,955,581,211	\$0	\$0

	<b>Total</b>	<b>\$1,207,509,714</b>	<b>\$0</b>	<b>\$1,207,509,714</b>	<b>\$0</b>	<b>\$0</b>
	FTE	0.0	0.0	0.0	0.0	0.0
03. Behavioral Health Community Programs, (A) Behavioral Health Community Programs, (1) Behavioral Health Community Programs, Behavioral Health Capitation Payments	GF	\$282,270,782	\$0	\$282,331,491	\$0	\$0
	CF	\$90,368,457	\$0	\$90,368,457	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$834,870,475	\$0	\$834,809,766	\$0	\$0

	<b>Total</b>	<b>\$771,570,563</b>	<b>\$0</b>	<b>\$779,191,172</b>	<b>\$0</b>	<b>\$0</b>
	FTE	0.0	0.0	0.0	0.0	0.0
04. Office of Community Living, (A) Division of Intellectual and Developmental Disabilities, (2) Medicaid Programs, Adult Comprehensive Services	GF	\$368,919,010	\$0	\$381,292,346	\$0	\$0
	CF	\$9,151,410	\$0	\$1,212,369	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$393,500,143	\$0	\$396,686,457	\$0	\$0

	<b>Total</b>	<b>\$93,765,842</b>	<b>\$0</b>	<b>\$94,270,909</b>	<b>\$0</b>	<b>\$0</b>
	FTE	0.0	0.0	0.0	0.0	0.0
04. Office of Community Living, (A) Division of Intellectual and Developmental Disabilities, (2) Medicaid Programs, Adult Supported Living Services	GF	\$38,926,121	\$0	\$40,425,937	\$0	\$0
	CF	\$7,024,708	\$0	\$5,871,541	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$47,815,013	\$0	\$47,973,431	\$0	\$0

Auxiliary Data			
Requires Legislation?	NO		
Type of Request?	Health Care Policy and Financing Prioritized Request	Interagency Approval or Related Schedule 13s:	None



Department Priority: S-15  
 FY 2022-23 Overexpenditures

Summary of Funding Change for FY 2023-24			
		Incremental Change	
	FY 2023-24 Appropriation	FY 2024-25 Request	FY 2025-26 Request
Total Funds	\$13,578,982,898	\$0	\$0
FTE	0.0	0.0	0.0
General Fund	\$3,906,239,163	\$0	\$0
Cash Funds	\$1,355,048,868	\$0	\$0
Reappropriated Funds	\$99,768,813	\$0	\$0
Federal Funds	\$8,217,926,054	\$0	\$0

Summary of Request

In FY 2022-23, the Department of Health Care Policy & Financing (the Department) exceeded its appropriations for the Medical Services Premiums, Behavioral Health Capitation Payments, Office of Community Living Adult Comprehensive Services and Office of Community Living Adult Supported Living Services by \$24,956,492 total funds, including \$23,257,397 in General Fund, and \$1,699,095 **in cash funds**. **As a result of these overexpenditures, the Department's FY 2023-24** appropriations are restricted.

Requires Legislation	Equity Impacts	Impacts Another Department?	Statutory Authority
No	Neutral	No	24-75-109 (1) (a), C.R.S.

## Current Program

The Department uses a combination of state and federal funds to provide services to members **enrolled in Colorado’s Medicaid and other medical programs.** Pursuant to **Section 24-75-109(1)(a), C.R.S.,** the department has overexpenditure authority to continue funding the **Medicaid programs and for the purpose of closing the state’s books.** **Section 24-75-109(3)** requires that the State Controller restrict spending authority for the next fiscal year in the corresponding line items where the overexpenditures occurred.

## Problem or Opportunity

In FY 2022-23, the Department exceeded its appropriations by \$24,956,492 total funds, including \$23,257,397 in General Fund and \$1,699,095 in cash funds in various line items within the **Department’s budget.**

The Department exceeded its General Fund appropriation by \$20,329,789 in Medical Services Premiums. It exceeded its cash funds appropriation by \$474,709 in Behavioral Health Capitation Payments. It exceeded its General Fund appropriation by \$2,927,608 in Office of Community Living Adult Comprehensive Services Payments, and it exceeded its cash funds appropriation by \$1,224,386 in Office of Community Living Adult Supported Living Services Payments.

The General Fund overexpenditures are due to overestimating the amount of HCBS ARPA cash fund that would be utilized in FY 2022-23, which understated the amount of General Fund needed for long term services and supports. In addition, the Department underestimated expenditure for non-emergent medical transportation, which was driven by two factors. One was due to under projecting the impact of rate increases that went into effect on July 1, 2022. The second was the impact of an unprecedented suspected fraud scheme that entered Colorado; these expense trends have been mitigated through a federally approved moratorium prohibiting new NEMT providers into our NEMT network, an implemented NEMT pre-payment review process, and an ongoing collaborative partnership with local and federal law enforcement. Cash fund overexpenditures are due to higher than anticipated caseload growth in the Behavioral Health and Office of Community Living programs.

The Department's FY 2022-23 budget has been restricted by those amounts because of the overexpenditures.

### Proposed Solution and Anticipated Outcomes

The Department requests a one-time increase of \$24,956,492 total funds, including \$23,257,397 General Fund and \$1,699,095 cash funds in FY 2022-23 so that the State Controller may lift the accompanying restrictions in the FY 2023-24 budget. The requested funding will resolve FY 2022-23 overexpenditures in the various Long Bill lines and will remove the restrictions on the Department's FY 2023-24 budget. No additional funding is requested for FY 2023-24, FY 2024-25, or FY 2025-26.

### Assumptions and Calculations

Actual expenditure data presented in this request is the most up-to-date information in CORE as of submission. Data by line item can be found in Table 1.1 of Appendix A. Additional data and calculations can also be found in the tables of Appendix A.

### Supplemental, 1331 Supplemental

The supplemental funding request is being made due to new information on the amount of funding that the Department overexpended in FY 2022-23.

S-15: FY 2022-23 Overexpenditure  
Appendix A: Assumptions and Calculations

Table 1.1 Summary by Line Item FY 2022-23								
Row	Line Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	Notes/Calculations
A	(2) Medical Services Premiums; Medical and Long-Term Care Services For Medicaid Eligible Individuals	\$20,329,789	0.0	\$20,329,789	\$0	\$0	\$0	Table 2.1 Row A
B	(3) Behavioral Health Community Programs: Behavioral Health Capitation Payments	\$474,709	0.0	\$0	\$474,709	\$0	\$0	Table 2.1 Row C
C	(4) Office of Community Living; (A) Division of Intellectual and Developmental Disabilities; (2) Medicaid Programs: Adult Comprehensive Services	\$2,927,608	0.0	\$2,927,608	\$0	\$0	\$0	Table 2.1 Row E
D	(4) Office of Community Living; (A) Division of Intellectual and Developmental Disabilities; (2) Medicaid Programs: Adult Supported Living Services	\$1,224,386	0.0	\$0	\$1,224,386	\$0	\$0	Table 2.1 Row F
E	Total Request	\$24,956,492	0.0	\$23,257,397	\$1,699,095	\$0	\$0	Sum Rows A through D

S-15: FY 2022-23 Overexpenditure  
Appendix A: Assumptions and Calculations

Row	Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	Notes/Calculations
A	Medical Services Premiums	\$20,329,789	0.0	\$20,329,789	\$0	\$0	\$0	Actual over-expenditure from CORE
B	Behavioral Health	\$474,709	0.0	\$0	\$474,709	\$0	\$0	Row C
C	Capitation Payments	\$474,709	0.0	\$0	\$474,709	\$0	\$0	Actual over-expenditure from CORE
D	Office of Community Living	\$4,151,994	0.0	\$2,927,608	\$1,224,386	\$0	\$0	Row E + Row F
E	Adult Comprehensive Services	\$2,927,608	0.0	\$2,927,608	\$0	\$0	\$0	Actual over-expenditure from CORE
F	Adult Supported Living Services	\$1,224,386	0.0	\$0	\$1,224,386	\$0	\$0	Actual over-expenditure from CORE
G	Total Request	\$24,956,492	0.0	\$23,257,397	\$1,699,095	\$0	\$0	Row A + Row B + Row D