

**Schedule 13**  
**Funding Request for the FY 2026-27 Budget Cycle**

**Health Care Policy and Financing**

**Request Title**

**S-17 FY 2024-25 Overexpenditures**

Dept. Approval By: \_\_\_\_\_

**X**

**Supplemental FY 2025-26**

OSPB Approval By: \_\_\_\_\_

\_\_\_\_\_

**Budget Amendment FY 2026-27**

<b>Summary Information</b>	<b>Fund</b>	<b>FY 2025-26</b>		<b>FY 2026-27</b>		<b>FY 2027-28</b>	
		<b>Initial Appropriation</b>	<b>Supplemental Request</b>	<b>Base Request</b>	<b>Budget Amendment</b>	<b>Continuation Request</b>	
<b>Total of All Line Items Impacted by Change Request</b>	<b>Total</b>	<b>\$16,941,201,826</b>	<b>\$0</b>	<b>\$16,999,427,364</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
	FTE	0.0	0.0	0.0	0.0	0.0	0.0
	GF	\$5,177,823,948	\$0	\$5,192,085,151	\$0	\$0	\$0
	CF	\$1,854,993,697	\$0	\$1,857,323,743	\$0	\$0	\$0
	RF	\$124,197,922	\$0	\$124,197,922	\$0	\$0	\$0
	FF	\$9,784,186,259	\$0	\$9,825,820,548	\$0	\$0	\$0

Line Item Information	FY 2025-26		FY 2026-27		FY 2027-28	
	Fund	Initial Appropriation	Supplemental Request	Base Request	Budget Amendment	Continuation Request
	<b>Total</b>	<b>\$13,367,552,286</b>		<b>\$0</b>	<b>\$13,418,121,603</b>	
02. Medical Services Premiums, (A) Medical Services Premiums, (1) Medical Services Premiums, Medical Services Premiums	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$3,883,441,698		\$0	\$3,894,065,321	
	CF	\$1,481,967,035		\$0	\$1,484,271,680	
	RF	\$124,197,922		\$0	\$124,197,922	
	FF	\$7,877,945,631		\$0	\$7,915,586,680	
	<b>Total</b>	<b>\$1,451,675,162</b>		<b>\$0</b>	<b>\$1,457,124,162</b>	
03. Behavioral Health Community Programs, (A) Behavioral Health Community Programs, (1) Behavioral Health Community Programs, Behavioral Health Capitation Payments	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$349,844,933		\$0	\$352,569,433	
	CF	\$121,980,456		\$0	\$121,980,456	
	RF	\$0		\$0	\$0	\$0
	FF	\$979,849,773		\$0	\$982,574,273	
	<b>Total</b>	<b>\$943,198,318</b>		<b>\$0</b>	<b>\$943,443,684</b>	
04. Office of Community Living, (A) Division of Intellectual and Developmental Disabilities, (2) Medicaid Programs, Adult Comprehensive Services	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$469,997,259		\$0	\$470,117,999	
	CF	\$1,601,900		\$0	\$1,603,843	
	RF	\$0		\$0	\$0	\$0
	FF	\$471,599,159		\$0	\$471,721,842	
	<b>Total</b>	<b>\$125,347,265</b>		<b>\$0</b>	<b>\$127,070,742</b>	
04. Office of Community Living, (A) Division of Intellectual and Developmental Disabilities, (2) Medicaid Programs, Adult Supported Living Services	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$47,026,926		\$0	\$47,711,922	
	CF	\$14,346,101		\$0	\$14,363,501	
	RF	\$0		\$0	\$0	\$0
	FF	\$63,974,238		\$0	\$64,995,319	
	<b>Total</b>	<b>\$147,638,446</b>		<b>\$0</b>	<b>\$147,566,019</b>	
04. Office of Community Living, (A) Division of Intellectual and Developmental Disabilities, (2) Medicaid Programs, Children's Extensive Support Services	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$72,523,503		\$0	\$72,480,701	
	CF	\$0		\$0	\$0	\$0
	RF	\$0		\$0	\$0	\$0
	FF	\$75,114,943		\$0	\$75,085,318	
	<b>Total</b>	<b>\$149,895,987</b>		<b>\$0</b>	<b>\$150,204,002</b>	
04. Office of Community Living, (A) Division of Intellectual and	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$70,613,942		\$0	\$70,762,693	

Line Item Information	FY 2025-26		FY 2026-27		FY 2027-28	
	Fund	Initial Appropriation	Supplemental Request	Base Request	Budget Amendment	Continuation Request
Developmental Disabilities, (2) Medicaid Programs, Case Management for People with Disabilities	CF	\$4,994,603	\$0	\$5,000,661	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$74,287,442	\$0	\$74,440,648	\$0	\$0
	<b>Total</b>	<b>\$226,610,308</b>	<b>\$0</b>	<b>\$226,610,308</b>	<b>\$0</b>	<b>\$0</b>
05. Indigent Care Program, (A) Indigent Care Program, (1) Indigent Care Program, Safety Net Provider Payments	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$113,305,154	\$0	\$113,305,154	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$113,305,154	\$0	\$113,305,154	\$0	\$0
	<b>Total</b>	<b>\$34,771,339</b>	<b>\$0</b>	<b>\$34,771,339</b>	<b>\$0</b>	<b>\$0</b>
05. Indigent Care Program, (A) Indigent Care Program, (1) Indigent Care Program, Primary Care Fund Program	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$17,516,461	\$0	\$17,516,461	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$17,254,878	\$0	\$17,254,878	\$0	\$0
	<b>Total</b>	<b>\$272,802,633</b>	<b>\$0</b>	<b>\$272,802,633</b>	<b>\$0</b>	<b>\$0</b>
06. Other Medical Services, (A) Other Medical Services, (1) Other Medical Services, Medicare Modernization Act State Contribution Payment	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$272,802,633	\$0	\$272,802,633	\$0	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0
	<b>Total</b>	<b>\$198,563,973</b>	<b>\$0</b>	<b>\$198,563,973</b>	<b>\$0</b>	<b>\$0</b>
06. Other Medical Services, (A) Other Medical Services, (1) Other Medical Services, Public School Health Services	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$99,281,987	\$0	\$99,281,987	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$99,281,986	\$0	\$99,281,986	\$0	\$0
	<b>Total</b>	<b>\$14,383,230</b>	<b>\$0</b>	<b>\$14,383,230</b>	<b>\$0</b>	<b>\$0</b>
07. Trans to Other State Dept Medicaid- Funded Programs, (C) Human Services, (2) Office of Children, Youth and Families, Child Welfare Services	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$7,191,615	\$0	\$7,191,615	\$0	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$7,191,615	\$0	\$7,191,615	\$0	\$0

Line Item Information	FY 2025-26		FY 2026-27		FY 2027-28	
	Fund	Initial Appropriation	Supplemental Request	Base Request	Budget Amendment	Continuation Request
07. Trans to Other State Dept Medicaid- Funded Programs, (C) Human Services, (5) Office of Behavioral Health, Mental Health Institutes	Total	\$8,762,879	\$0	\$8,765,669	\$0	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$4,381,439	\$0	\$4,382,834	\$0	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$4,381,440	\$0	\$4,382,835	\$0	\$0

#### Auxiliary Data

Requires Legislation? NO

Type of Request?	Health Care Policy and Financing Prioritized Request	Interagency Approval or Related Schedule 13s:	None
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## Department Priority: S-17 FY 2024-25 Overexpenditures

### Summary of Funding Change for FY 2025-26

Fund Type	FY 2026-27 Base Request	FY 2024-25 Incremental Request	FY 2025-26 Incremental Request
Total Funds	\$16,999,427,364	\$0	\$0
General Fund	\$5,192,085,151	\$0	\$0
Cash Funds	\$1,857,323,743	\$0	\$0
Reappropriated Funds	\$124,197,922	\$0	\$0
Federal Funds	\$9,825,820,548	\$0	\$0
FTE	0.0	0.0	0.0

### Summary of Request

**Problem or Opportunity:** In FY 2024-25, the Department exceeded its appropriations in long bill lines (2) Medical Services Premiums, Medical and Long-Term Care Services for Medicaid Eligible Individuals; (3) Behavioral Health, Behavioral Health Capitation Payments; (4) Office of Community Living (A) Division of Intellectual and Developmental Disabilities, (2) Medicaid Programs, Adult Comprehensive Services, Adult Supported Living Services, Children's Extensive Support Services, and Case Management for People with Disabilities; (5) Indigent Care Program, Primary Care Fund Program, and Safety Net Provider Payments; (6) Other Medical Services, Public School Health Services and Medicare Modernization Act (MMA) State Contribution Payments; (7) TSD (CC), DHS Child Welfare - Services and TSD (CC) Office of Civil and Forensic Mental Health - MH Institutes by \$92 million total funds, including \$66.8 million General Fund and \$25.2 million cash funds. The Department under-forecasted Medicaid services expenditures in those areas and as a result of these overexpenditures, the Department's FY 2025-26 appropriations are restricted. The funding request meets the supplemental criteria of 'data that was not available when the original appropriation was made'.

**Proposed Solution:** The Department requests a one-time increase in FY 2024-25 by the amount of the overexpenditures so that the State Controller may lift the accompanying restrictions in the FY 2025-26 budget.

**Fiscal Impact of Solution:** The Department requests a one-time increase of \$92 million total funds, including \$66.8 million General Fund and \$25.2 million cash funds in FY 2023-24.

Requires Legislation	Equity Impacts	Revenue Impacts	Impacts Another Department?	Statutory Authority
No	Neutral	No	No	24-75-109(1)(a), C.R.S., Section 24-75-109(3.5)

## Background and Opportunity

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 for the purpose of closing the State's books. Section 24-75-109(3.5) requires that the State Controller restricts spending authority for the next fiscal year in the corresponding line items where the overexpenditures occurred.

In FY 2023-24, the Department exceeded its appropriations by \$92,049,252 total funds, including \$66,845,455 in General Fund and \$25,203,797 in cash funds in various line items within the Department's budget.

The Department exceeded the Medical Services Premiums line-item appropriation by \$46,153,277 General Fund and \$56,508,359 in various cash funds, including \$17,341,620 in the Health Care Affordability and Sustainability Cash Fund (HAS) and \$38,387,801 in other cash funds due to significant increases in waiver program enrollments beyond the Department's forecasted expectations.

The Department exceeded three Office of Community Living Medicaid Programs' appropriations. Adult Comprehensive Services overexpended by \$478,444 General Fund due to under forecasting the enrollment on the Developmental Disability (DD) waiver. Adult Supported Living Services and Case Management for People with Disabilities both over expended by \$1,959,736 and \$642,696 respectively in the General Fund due to an increase in enrollment on the Adult Supported Living Services waiver beyond the Department's forecasted expectations, and an increase in assessments and enrollments for the waiver programs, which caused an increase in expenditure for assessments under Case Management for People with Disabilities.

The Department exceeded the Primary Care Cash Fund by \$403,393 in cash funds due to higher than projected tobacco tax collections, which allow the use of all available funding and maximizing payments to providers.

The Department exceeded the Safety Net Provider Payments by \$20,246,694 in cash funds because the federal allotment was higher when the Joint Budget Committee (JBC) set the appropriations for

FY 2024-25 in the Long Bill. The Department made payments to hospitals based on the actual federal allotment, which caused overexpenditure in the allotment.

The Department exceeded the Public Health Services line item by \$1,322,335 in cash funds because the costs were higher than anticipated when the JBC set the FY 2024-25 appropriation in the Department's Supplemental Bill. This is a one time problem. Annually, a supplemental is submitted to adjust spending authority with projected expenditures.

The Department exceeded the Children's Extensive Support Services waiver by \$5,830,197 in the General Fund due to an increase in enrollment beyond the Department's forecasted expectations.

The Department exceeded the Behavioral Health Community Programs by \$5,371,383 in the General Fund due to the fund splits in the February forecast not accounting for how the FY 2023-24 rate reset payments would be processed in FY 2024-25, which reflects the capitation rate adjustments by population more accurately.

The Department exceeded the Medicare Modernization Act State Contribution Payments by \$536,414 in the General Fund due to caseload slightly outpacing the Department's expectations.

The Department exceeded the Children's Welfare Services by \$2,473,023 in the General Fund because the Department identified that Psychiatric Residential Treatment Facility (PRTF) claims were paying out of a different appropriation over the last few years. The Department corrected the coding this year, which is part of the reason for the overexpenditure. The other reason is because PRTF costs increased due to the Families First Prevention Services Act going into effect, as well as new rates being set for PRTF's. There was not any General Fund available to transfer to the Colorado Department of Human Services (CDHS) for county close out FY 2024-25.

As a result of the over expenditure, the Department's FY 2025-26 budget has been restricted by those amounts.

## **Proposed Solution and Anticipated Outcomes**

The Department requests a one-time increase of \$92,049,252 total funds, including \$66,845,455 General Fund and \$25,203,797 cash funds in FY 2023-24 so that the State Controller may lift the accompanying restrictions in the FY 2024-25 budget.

The requested funding would resolve the FY 2024-25 overexpenditures in the Department's various long bill lines and would lift the restrictions on the Department's FY 2025-26 budget. No additional funding is requested. While the Department did overexpend federal funds in some of the various line items, the Office of the State Controller has not restricted the federal funds, and thus, the Department does not request any supplemental federal funds spending authority for FY 2024-25.

## **Supporting Evidence and Evidence Designation**

The Department assumes that an Evidence Designation is not applicable to this request because the request is entirely administrative and does not meet the statutory definition for a program or practice.

## Promoting Equitable Outcomes

The Department has identified this request as equity-neutral given that the request affects only Department staff/operations with no identified equity impacts.

## Assumptions and Calculations

The assumptions and calculations used in the request were based on the Office of the State Controller letter, dated September 19, 2025, to the Governor. The letter identified state agencies with fiscal year 2025 expenditures in excess of appropriated amounts and cash funds that have expenditures in excess of revenue and available fund balance as of the submission of the unaudited Basic Financial Statements and receipt of the State Auditor's opinion on the financial statements.

Refer to Table 1.1 Summary by Line Item below for the over-expended lines with the amounts by fund type.

Table 1.1  
Summary by Line Item  
FY 2024-25

Row	Line Item	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
A	(2) Medical Services Premiums	\$46,153,277	\$46,153,277	\$0	\$0	\$0
B	(3) Behavioral Health, Behavioral Health Capitation Payments	\$5,371,383	\$5,371,383	\$0	\$0	\$0
C	(4) Office of Community Living (A) Division of Intellectual and Developmental Disabilities (2) Medicaid Programs Adult Comprehensive Services	\$3,703,819	\$478,444	\$3,225,375	\$0	\$0
D	(4) Office of Community Living (A) Division of Intellectual and Developmental Disabilities (2) Medicaid Programs Adult Supported Living Services	\$1,959,736	\$1,959,736	\$0	\$0	\$0
E	(4) Office of Community Living (A) Division of Intellectual and Developmental Disabilities (2)	\$642,696	\$642,696	\$0	\$0	\$0

	Medicaid Programs Case Management for People with Disabilities					
F	(4) Office of Community Living (A) Division of Intellectual and Developmental Disabilities (2) Children's Extensive Support Services	\$5,830,197	\$0	\$5,830,197	\$0	\$0
G	(5) Indigent Care Program, Primary Care Fund Program	\$409,393	\$0	\$409,393	\$0	\$0
H	(5) Indigent Care Program, Safety Net Provider Payments	\$20,246,694	\$0	\$20,246,694	\$0	\$0
I	(6) Other Medical Services, Public School Health Services	\$1,322,335	\$0	\$1,322,335	\$0	\$0
J	(6) Other Medical Services, Medicare Modernization Act (MMA) State Contribution Payments	\$536,414	\$536,414	\$0	\$0	\$0
K	(7) TSD (CC), DHS Child Welfare - Services	\$3,400,285	\$3,400,285	\$0	\$0	\$0
L	(7) TSD (CC), Office of Civil and Forensic Mental Health - MH Institutes	\$2,473,023	\$2,473,023	\$0	\$0	\$0
M	<b>Total Request</b>	<b>\$92,049,252</b>	<b>\$66,845,455</b>	<b>\$25,203,797</b>	<b>\$0</b>	<b>\$0</b>