



UPDATED: April 11, 2017 with House and Senate amendments

Summary of Long Appropriations Bill for Fiscal Year 2017-18: SB17-254

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The Long Appropriations Bill for FY17-18 was introduced in the Senate on Monday, March 27 as SB17-254. It passed through the Senate during the week of March 27 and began in the House on April 3, where it finally passed on Monday, April 10. The Joint Budget Committee (JBC) will next reconcile any differences between the chambers when they serve as the Conference Committee later this week or early next week. After approval, it will be sent to the Governor for signature and possible line item vetoes.

This report outlines several items in the Long Bill. After a general summary, our report focuses on health and human services issues organized by state department. We mention major line item changes and new items. This is only a partial list of the included items, designed to cover items of interest to our firm's clients. We will modify and continue to send out updated versions of this document during the budget process.

This April 11, 2017 version includes reference to amendments passed in the Senate and/or House. Amendments that passed both houses have a greater chance to be included in the final version, though any amendment will receive consideration.

GENERAL SUMMARY OF FY17-18 BUDGET PROPOSAL

To balance the \$28 billion budget for FY17-18, the JBC had to make several budget cuts and transfers, but still managed to fund some increases. The balanced budget includes the following key elements:

- Reduce Hospital Provider Fee revenue by \$264 million, thereby eliminating the need to pay TABOR refunds out the General Fund. The hit to hospitals would be double that, given the loss of matching federal funds. See below for more.
- Decrease in transfer to K-12 of \$50 million, increasing the "negative factor" to \$881 million from \$831 million this year
- Transfer of \$26.3 million from the State Employee Reserve Fund
- Transfer from severance tax funds to the GF of \$45.7 million, plus \$10 million GF for Department of Natural Resources to fund some programs previously supported by severance taxes.
- \$87 million reduction in GF transfers to transportation

- Keeping the marijuana special sales tax rate at 10%, eliminating the scheduled drop to 8% on July 1, 2017. This would increase revenue by \$20.9 million in FY17-18, making it available for spending in FY18-19.
- \$3 million cut in incentives to bring film and TV production to Colorado
- A 1.75% across-the-board increase in state employee salaries and a 0.75% increase in merit pay. Some state employees will receive greater increases (state patrol 7%, judicial branch officers 5.7%)
- An increase in community provider rates of 1.4% with some variation (see HPCF)

HEALTH CARE POLICY AND FINANCING (HCPF)

Hospital Provider Fee

As noted above, hospital provider revenue was restricted by \$264 million, a far greater amount than proposed by the Governor (\$195 million). The JBC members mentioned the bipartisan bill currently in the works to address the classification of the HPF revenue. Such a bill may eliminate some or all of the \$264 million cut to hospitals and \$528 million overall cut to the HPF program. The JBC approved a bill to implement the revenue reduction, but asked that it be drafted with a broad enough title to encompass their staff's recommendation to increase hospital Medicaid reimbursement in lieu of the \$264 million cut.

Accountable Care Collaborative

The JBC reviewed a draft bill on the Medicaid ACC. They decided to wait until April 11 to approve a JBC bill on this topic since it would not have a fiscal impact in FY17-18 and because they would like the bill to go the health committees to get full hearings and plenty of debate. **April 11 Update: The JBC held a fairly lengthy discussion, but failed to reach agreement on final bill language. They plan to review revised language and revisit the issue soon.**

Provider Reimbursement

- As noted above, a 1.4% increase in provider reimbursement was approved. The increase will not apply to the primary care reimbursement bump providers. It also includes a higher increase for homemaker, personal care, home health, and private duty nursing rates.
- The Medicaid primary care reimbursement "bump" was continued with GF

Additional Items

- *Maternal Depression*: \$45,000 GF and associated federal match to authorize postpartum maternal depression screenings of more than one in the first year after birth. Currently, only one depression screening is provided.
- *LPHA Partnerships*: Four LPHA projects were approved to draw down federal Medicaid matching funds to improve Medicaid patient outcomes and lower costs.
- *Connect for Health Colorado*: Despite the JBC's decision to approve federal matching funds for Connect's costs associated with Medicaid eligibility determination in FY16-17, the JBC denied the continuation in FY17-18. Republican members voted against it, based on concerns about enrollment of

self-employed applicants into Medicaid. **April 11 Update: Amendments to include this item in the Long Bill passed in the both the House and Senate.**

- *Public School Health Services*: Annual adjustments for enrollment and school district participation were approved and included.
- **April 11 Update: Amendments were added in the both the House and Senate to increase reimbursement for Medicaid emergency and non-emergency transportation.**

DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

- The community provider rate increase of 1.4% will apply to Local Public Health Agencies (LPHAs), who would share a \$100,000 increase statewide.
- Full funding for the Colorado Immunization Information System (CIIS)
- Full funding for School Based Health Centers
- NO funding for the Healthy Colorado Kids Survey (HCKS), which has been funded with \$745,000 of marijuana taxes (an effort will be made to restore this funding during the budget process) **April 11 Update: Amendments passed in both the Senate and House to add this funding back to the budget**
- Youth Substance Use Prevention increase from \$7.2 million to \$9 million for grants to LPHAs and other entities to provide community-based youth substance abuse prevention programs
- As noted above, LPHA Medicaid partnerships with RCCOs were approved

DEPARTMENT OF HUMAN SERVICES

For *Behavioral Health (Mental Health and Substance Use Disorder)*:

- 1.4% community provider rate increase
- \$400,000 GF increase for behavioral health crisis response hotline call volume.
- \$661,947 marijuana taxes for certified addiction counselors to expand substance use disorder treatment at both Mental Health Institutes.
- A small increase from \$5.8 million to \$6 million for SB16-202, which supports the full continuum of substance use disorder services statewide through the Managed Service Organization (MSO) network. **April 11 Update: An amendment passed the House with strong bipartisan support to allocate an additional \$8 million to this line item.**
- \$7.1 million was set aside for the following items/bills:
 - SB207 to implement the recommendations of the Mental Health Holds Task Force to stop use of jails for mental health holds and enhance the behavioral health crisis response system
 - Implementation of LEAD, a project to divert those with behavioral health issues from the criminal justice system into treatment
 - Local partnerships between law enforcement and behavioral health agencies and coordination between crisis response system and law enforcement agencies

For *Child Welfare/Child Care/Early Childhood/Youth Corrections*:

- \$4 million in additional funding for child welfare caseworkers for counties
- \$8.9 million in total funds for Tony Grampas Youth Services, including \$1.4 million GF, \$6.5 million cash funds (tobacco settlement and marijuana tax).
- \$4.7 million to add 60 new FTE for Division of Youth Corrections to address safety and security concerns

OTHER

The Governor's proposal for \$16.3 million in marijuana taxes to provide various types of supportive housing was not approved by the JBC. **April 11 Update: Amendments passed both the House and the Senate to add this \$16.3 million to the Department of Local Affairs budget for supportive housing.**

April 11 Update:

As noted in the correct Department above, the following amendments passed both the Senate and the House:

- 1. Allow Connect for Health Colorado to receive federal Medicaid matching funds, using their own funds to draw down the federal funds**
- 2. Increase reimbursement for Medicaid emergency and non-emergency medical transportation (NEMT).**
- 3. Restore \$745,000 of Marijuana Tax Cash Funds for Healthy Kids Colorado Survey (HKCS)**
- 4. \$16.3 million to DOLA for behavioral health housing programs for those with mental health, substance use, and co-occurring disorders, as well as those being released from prison or jail.**
- 5. Authorization to spend \$44,000 of cash funds for implementation of Proposition 106: Medical Aid-In-Dying**

The following amendments passed the House only:

- 1. \$8 million in additional Marijuana Tax Cash Funds for SB16-202: Community-based substance use disorder services identified as high priority in community plans**
- 2. \$1.5 million in additional Marijuana Tax Cash Fund for Tony Grampas Youth Services grants**
- 3. \$4 million in Marijuana Tax Cash Fund for retail marijuana research grants**
- 4. Approximately \$16 million transfer of administrative funds currently used for the Hospital Provider Fee to rural hospitals to reduce their cut**

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