



**Colorado
Legislative
Council
Staff**

HB16-1221

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0951
Prime Sponsor(s): Rep. Joshi

Date: March 11, 2016
Bill Status: House SVMA
Fiscal Analyst: Bill Zepernick (303-866-4777)

BILL TOPIC: BUDGET CUTS TO INCREASE MEDICAID PROVIDER RATES

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
State Expenditures	<u>\$4,564,250</u>	<u>\$4,564,250</u>
General Fund	4,564,250	4,564,250
Federal Funds	4,564,250	4,564,250
Various Sources (General Fund/Cash Funds/Federal Funds)	(4,564,250)	(4,564,250)
FTE Position Change	Reduction in FTE.	
Appropriation Required: Increase of \$9.1 million - Dept. of Health Care Policy & Financing (FY 2016-17). Decrease of \$4.6 million - Multiple agencies (FY 2016-17).		
Future Year Impacts: Ongoing net increase in state expenditures.		

Summary of Legislation

The bill restricts spending by state agencies and institutions of higher education on lobbying expenses and membership fees beginning in FY 2016-17. Specifically, state agencies and institutions must restrict spending on lobbying expenses and membership fees to no more than 50 percent of the amount spent on these items in FY 2015-16. For FY 2016-17 and beyond, the General Assembly must make a General Fund appropriation to the Department of Health Care Policy and Financing to increase Medicaid provider rates by an equal amount as the required spending reduction on lobbying expenses and membership fees.

State Expenditures

The bill increases state spending a net of \$4.6 million per year beginning in FY 2016-17. Appropriations for lobbying and membership expenses, which are paid from the General Fund, cash funds, and federal funds, are reduced by \$4.6 million per year. General Fund appropriations for Medicaid provider reimbursement are increase by this same amount. By spending this General Fund appropriation on Medicaid, an additional \$4.6 million per year in federal matching funds will be available, assuming a fifty percent federal matching rate.

Reduced lobbying and membership expenses. State agencies and institutions of higher education report current spending of \$9.1 million for lobbying expenses and membership fees. These costs, and the resulting reductions in appropriations for these items required under the bill, are shown in Table 1. These costs and the required reduction are paid from variety of funding sources, including General Fund, cash funds, and federal funds. The exact funding split for these funds and the corresponding reduction in FTE has not been calculated at this time.

Table 1. Reduction in Lobbying Expenses and Membership Fees under HB 16-1221				
State Agency	Lobbying Expenses	Membership Fees	Total Spending	Required Reduction
Agriculture	\$40,000	\$50,000	\$90,000	\$45,000
Colorado Energy Office	65,000	18,500	83,500	41,750
Corrections	0	0	70,000	35,000
Education	112,000	45,000	157,000	78,500
Governor	431,000	90,000	521,000	260,500
Health Care Policy and Financing	102,000	82,000	184,000	92,000
Higher Education	23,000	137,000	160,000	80,000
Human Services	160,000	225,000	385,000	192,500
Information Technology	15,000	0	15,000	7,500
Institutions of Higher Education	310,000	5,900,000	6,210,000	3,105,000
Lieutenant Governor	0	5,000	5,000	2,500
Local Affairs	95,000	37,000	132,000	66,000
Military and Veteran Affairs	23,000	0	23,000	11,500
Natural Resources	77,000	0	77,000	38,500
Office of Economic Development and International Trade	11,000	77,000	88,000	44,000
Office of State Planning and Budgeting	0	11,000	11,000	5,500
Personnel and Administration	73,000	50,000	123,000	61,500
Public Health and Environment	55,000	233,000	288,000	144,000
Public Safety	62,000	149,000	211,000	105,500
Regulatory Agencies	115,000	0	115,000	57,500
Secretary of State's Office	50,000	88,000	138,000	69,000
Transportation	42,000	0	42,000	21,000
TOTAL	\$1,757,500	\$7,197,500	\$9,128,500	\$4,564,250

Increased Medicaid provider rates. Based on the reductions shown in Table 1, the bill increases General Fund appropriations for Medicaid provider reimbursement by \$4.6 million per year beginning in FY 2016-17. It is assumed that the increase in state funds for this purpose will increase available federal matching funds by the same amount, resulting in a net increase of \$9.1 million for provider reimbursement.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2016-17, the bill reduces appropriations to multiple agencies by up to \$4,564,250 as shown in Table 1. Correspondingly, the Department of Health Care Policy and Financing requires an appropriation of \$9,128,500, split evenly between General Fund and Federal Funds.

State and Local Government Contacts

All Departments