



Legislative Council Staff

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Memorandum

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March 29, 2018

TO: Senator Larry Crowder

FROM: Ryan Long, Fiscal Analyst, 303-866-2066

SUBJECT: State Medicaid Expenditures

Summary

This memorandum responds to your request for information regarding the Federal Medical Assistance Percentage (FMAP) for the Medicaid expansion population. Between now and FY 2019-20, when the FMAP drops to 90 percent, state cash fund spending for the Medicaid expansion population will increase by \$54.5 million due to the decrease in federal matching funds.

Background

The federal government matches state funding for Medicaid using the FMAP. The state currently receives an enhanced match rate for expansion populations, which includes all adults with modified adjusted gross incomes of up to 133 percent of all federal poverty level. This enhanced match rate is 94 percent for calendar year 2018. Federal funding for the enhanced match is drawn down using funding from the Colorado Healthcare Affordability and Sustainability Enterprise (CHASE) fee. FMAP percentages for the expansion population are shown in Table 1.

Table 1
FMAP Percentages

Calendar Year	FMAP
2016	100%
2017	95%
2018	94%
2019	93%
2020 and onward	90%

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Healthcare Affordability and Sustainability Fee

Senate Bill 17-267 created the CHASE to collect fee revenue from hospitals, which is used to draw down federal funding for uncompensated care at hospitals, as well as the costs of providing care to the Medicaid expansion populations. Revenue from the CHASE fee is exempt from the state's Taxpayer's Bill of Rights (TABOR).

Costs of Expansion Population

The FMAP will decrease to 90 percent in calendar year 2020. This will increase state CHASE expenditures by \$54.5 million between now and FY 2019-20, based on current caseload projections. Total CHASE expenditures for expansion populations are shown in Table 2. As FMAP percentages change based on the calendar year, the percentages in the table represent an average of the two calendar year percentages in each fiscal year.

Table 2
Projected CHASE Expenditures

Expenditure Category	Total CHASE Expenditures	FMAP
FY 2017-18 (Current fiscal year)		
Medical Services Premiums	\$102,719,537	94.5%
Behavioral Health Capitations	12,014,786	94.5%
Behavioral Health Fee-for-Service	\$241,154	94.5%
FY 2017-18 Total	\$114,975,477	
FY 2018-19		
Medical Services Premiums	\$112,968,388	93.5%
Behavioral Health Capitations	\$15,162,259	93.5%
Behavioral Health Fee-for-Service	\$288,453	93.5%
FY 2018-19 Total	\$128,419,100	
FY 2019-20		
Medical Services Premiums	\$148,816,598	91.5%
Behavioral Health Capitations	\$20,238,182	91.5%
Behavioral Health Fee-for-Service	\$385,187	91.5%
FY 2019-20 Total	\$169,439,967	

While outside the current Medicaid forecast period, it is projected that state CHASE costs in FY 2020-21, the first fiscal year for which there will be a 90 percent match rate, could be up to \$197 million.