



Department Priority: S-15 FY 2023-24 Overexpenditures

Summary of Funding Change for FY 2025-26

Fund Type	FY 2025-26 Base Request	FY 2024-25 Incremental Request	FY 2025-26 Incremental Request
Total Funds	\$13,364,771,057	\$0	\$0
General Fund	\$4,095,634,375	\$0	\$0
Cash Funds	\$1,454,952,631	\$0	\$0
Reappropriated Funds	\$120,304,766	\$0	\$0
Federal Funds	\$7,693,879,285	\$0	\$0
FTE	0.0	0.0	0.0

Summary of Request

Problem or Opportunity: In FY 2023-24, the Department exceeded its appropriations in long bill lines (2) Medical Services Premiums, Medical and Long-Term Care Services for Medicaid Eligible Individuals; (4) Office of Community Living (A) Division of Intellectual and Developmental Disabilities, (2) Medicaid Programs, Adult Comprehensive Services, Adult Supported Living Services, and Case Management for People with Disabilities; and (5) Indigent Care Program, Primary Care Fund Program, and Safety Net Provider Payments by \$223.7 million total funds, including \$153.8 million General Fund and \$69.9 million cash funds. The Department under-forecasted Medicaid services expenditures in those areas and as a result of these overexpenditures, the Department's FY 2024-25 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 2023-24 by the amount of the overexpenditures so that the State Controller may lift the accompanying restrictions in the FY 2024-25 budget.

Fiscal Impact of Solution: The Department requests a one-time increase of \$223.7 million total funds, including \$153.8 million General Fund and \$69.9 million cash funds in FY 2023-24.

Requires Legislation	Equity Impacts	Revenue Impacts	Impacts Another Department?	Statutory Authority
Yes/No	Positive / Negative / Mixed / Neutral	Yes/No Fund type/name if yes	Yes/No Department name(s) if yes	XX-XX-XXX (X) (X), C.R.S.

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 \$223,689,786 total funds, including \$153,801,409 in General Fund and \$69,888,377 in cash funds in various line items within the Department's budget.

The Department exceeded the Medical Services Premiums line-item appropriation by \$147,622,287 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 general cash funds as members on Medicaid were being disenrolled as part of the Public Health Emergency unwind. The Department experienced a decline in total Medicaid members, yet total expenditures increased in various services including pharmacy costs, hospital costs, physician services, and other services throughout a variety of populations.

The Department exceeded three Office of Community Living Medicaid Programs' appropriations. Adult Comprehensive Services overexpended by \$6,179,122 General Fund due to under forecasting the per capita costs of members on the Developmental Disability (DD) waiver. Adult Supported Living Services and Case Management for People with Disabilities both over expended by \$1,206,250 and \$460,535 respectively in the Healthcare Affordability and Sustainability cash fund due to under forecasting the caseload of members enrolled in the buy-in program for people with disabilities, which is funded with the cash fund.

As a result of the over expenditure, the Department's FY 2024-25 budget has been restricted by those amounts.

Proposed Solution and Anticipated Outcomes

The Department requests a one-time increase of \$223,689,786 total funds, including \$153,801,409 General Fund and \$69,888,377 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 2023-24 overexpenditures in the Department's various long bill lines and would lift the restrictions on the Departments FY 2024-25 budget. No additional funding is requested. While the Department did over expend 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 2023-24.

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 30, 2024, to the Governor. The letter identified state agencies with fiscal year 2024 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.

<p>Table 1.1 Summary by Line Item FY 2023-24</p>
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Row	Line Item	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
A	(2) Medical Services Premiums	\$204,130,646	\$147,622,287	\$56,508,359	\$0	\$0
B	(4) Office of Community Living (A) Division of Intellectual and Developmental Disabilities (2) Medicaid Programs Adult Comprehensive Services	\$6,179,122	\$0	\$0	\$0	\$0
C	(4) Office of Community Living (A) Division of Intellectual and Developmental Disabilities (2) Medicaid Programs Adult Supported Living Services	\$1,266,250	\$0	\$1,266,250	\$0	\$0
D	(4) Office of Community Living (A) Division of Intellectual and Developmental Disabilities (2) Medicaid Programs Case Management for People with Disabilities	\$460,535	\$0	\$460,535	\$0	\$0
E	(5) Indigent Care Program, Primary Care Fund Program	\$657,795	\$0	\$657,795	\$0	\$0
F	(5) Indigent Care Program, Safety Net Provider Payments	\$10,995,438	\$0	\$10,995,438	\$0	\$0
G	Total Request	\$223,689,786	\$153,801,409	\$69,888,377	\$0	\$0