



## COLORADO FISCAL POLICY INSTITUTE

### CCLP and COFPI Budget Update April 19, 2009

On Friday, April 17th, the Colorado House of Representatives passed an amended version of the Long Bill. Refusing to cut \$300 million from higher education, the House instead targeted other general fund programs with virtually no debate. The cuts, which are in addition to previous cuts this session, were adopted in Amendment 2, as well as Amendment 7, to the Long Bill and are outlined below:

#### Amendment 2

The following chart shows a summary of House Amendment 2 to the Long Bill (J.147).

<b>2009 Long Bill House Amendments to GF Appropriations – SB09-259 J.147</b>		
Dept	Descriptions	Amount
AGR	Agriculture Markets Division Elimination	\$446,927
ED	Colorado Virtual Library Programs Reduction	\$1,000,000
HCPF	Postpone Administrative Services Organization pilot program from April 2010 to July 2010	\$172,537
HCPF	Reduce Medical Services Premiums -- 4.33% rate reduction for acute care and 2.17% cut for home-health and home- and community-based services (HCBS) (\$29,641,039 in federal match is lost)	\$27,827,447 <b>NOTE this is a total program reduction of more than \$57 million,</b>
HED	Cut Colorado Commission on Higher Education by 25%	\$709,895
<b>Total GF Cuts</b>		<b>\$30,156,806</b>

#### Health Care

The further reduction of Medical Services Premiums is the most troubling of these cuts. Cutting provider rates means less access to medical care for vulnerable Coloradans.

Medicaid providers in Colorado are already reimbursed at a lower rate than providers in most other states, and many lose money or barely break even on Medicaid patients as it is. Colorado was moving in the right direction by raising provider rates over the last two years—and as a result was able to attract new doctors in to the program. Losing ground again now, during an economic downturn, means that growing numbers of low-income children, senior citizens, and adults with disabilities will have a harder time accessing care. .

In addition, balancing the budget by cutting Medicaid makes no fiscal sense—a cut to Medicaid is twice as deep because Colorado also loses federal matching dollars. The provider rate cuts equal a total loss to the State of more than \$57 million, because we will lose more than \$29 million in federal matching funds.

### **Amendment 7**

In House Amendment 7 (J.149), the Long Bill appropriation to Higher Education in FY2008-2009 was adjusted, using \$120.6 million in federal funds to supplant \$120.9 million in cuts in general funds. This adjustment using federal funds was possible because the minimum state-support for higher education was maintained, allowing Colorado to remain eligible for federal recovery dollars.

Additionally, Amendment 7 also included 8 furlough days for non-essential state workers, which reduces the general fund by \$16.05 million, but results in total hit of \$33 million. This means that access to critical programs that provide everything from worker safety net services to health care services could be further limited.

### **Conclusion**

The cuts outlined above, the adjustments to higher education, and the proposed \$30.2 million revenue increase from the repeal of the tobacco tax exemption (HB 1342) come close to erasing the \$300 million gap.

CCLP and COFPI are very concerned about the provider rate cuts and believe that there are better options available, whether it means closing tax loopholes, dipping further into reserves, or other possibilities. As Colorado faces a serious economic situation with rising unemployment and growing number of uninsured, this is exactly the wrong time to be cutting vital health care and safety net services.

As lawmakers finalize the state budget, they must recognize the need to address the revenue side of the fiscal equation, just as they have addressed the appropriations side. Both sides of the ledger must be considered and explored as the state wades through yet another fiscal mess.

### **What's Next**

The Long Bill has passed both the House and Senate, but there are differences between the versions passed by each chamber. The differences will be sorted out in conference committee, which is traditionally comprised of members of the Joint Budget Committee.

In past years, the Republican and Democratic caucuses from each chamber meet separately to discuss with their conferees which amendments they support from each version of the bill, giving direction and positions to their representatives on the conference committee. When the conference committee has reached agreement, the revised budget will be sent to each chamber for consideration.

Further action on the budget is expected as soon as Monday, April 20<sup>th</sup>, and lawmakers are planning to send the budget to the Governor as soon as Wednesday, April 22<sup>nd</sup>.

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