

Joint Budget Committee



Interim Supplemental Budget Requests FY 2024-25

Department of Health Care Policy and Financing

JBC Working Document - Subject to Change

Staff Recommendation Does Not Represent Committee Decision

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How to Use this Document: The Department Overview contains a table summarizing the staff recommended changes. Brief explanations of each change follow the table. Each division description includes a similar table but does not repeat the brief explanations. Sections following the Department Overview and the division summary tables provide more details about the changes.

To find decision items, look at the Decision Items Affecting Multiple Divisions or the most relevant division. This applies to both decision items requested by the department and recommended by the staff. Decision items appear in the requested priority order within sections.

Interim Supplemental Requests

County Administration Federal Funds

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Request	\$1,697,439	\$0	\$0	\$0	\$1,697,439	0.0
Recommendation	1,697,439	0	0	0	1,697,439	0.0
Staff Recommendation Higher/-Lower than Request	\$0	\$0	\$0	\$0	\$0	0.0

Does JBC staff believe the request satisfies the interim supplemental criteria of Section 24-75-111, C.R.S.? YES
 [The Controller may authorize an overexpenditure of the existing appropriation if it: (1) Is approved in whole or in part by the JBC; (2) Is necessary due to unforeseen circumstances arising while the General Assembly is not in session; (3) Is approved by the Office of State Planning and Budgeting (except for State, Law, Treasury, Judicial, and Legislative Departments); (4) Is approved by the Capital Development Committee, if a capital request; (5) Is consistent with all statutory provisions applicable to the program, function or purpose for which the overexpenditure is made; and (6) Does not exceed the unencumbered balance of the fund from which the overexpenditure is to be made.]

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? YES
 [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]

Explanation: JBC staff and the Department agree that this request meets the interim supplemental criteria. The expenditure data available at supplemental and figure setting during the 2025 legislative session show inconclusive trends for the County Administration line item.

Request

The Department requests \$1,697,439 federal funds overexpenditure authority for the County Administration line item.

Recommendation

Staff recommends that the Committee approve the request.

Analysis

The County Administration line item in the Department of Health Care Policy and Financing (HCPF) supports county eligibility determinations for Medicaid, the Children's Basic Health Plan, and the Old Age Pension State Medical Program. Funds are distributed to counties based on random moment sampling to determine caseload. The current FY 2024-25 appropriation for county administration is \$123.0 million total funds, including \$21.0 million General Fund. The line item includes matching local and federal funds, as well as \$8.2 million in unmatched General Fund appropriations.

The General Fund appropriation for the County Administration line includes an “(M)” notation (aka, (M) Note). This notation is defined in Section 2 (1)(d) of the Long Bill Headnotes and places additional limitations and constraints on General Fund appropriations that are so notated. The (M) Note is occasionally used on appropriations for federally supported programs that have state-federal matching requirements. The notation requires that “in the event that additional federal funds are available for a federally supported program” the General Fund appropriation for that line item be “reduced by the amount of federal funds earned or received in excess” of the appropriation shown in the Long Bill.

The FY 2024-25 appropriation includes an assumption that the Department will receive \$75.4 million federal funds for matching purposes. The Department reports that match-eligible expenditures by counties for the administration of medical assistance programs will qualify for a total of \$77.1 million federal funds. As a result, the receipt of the additional \$1.7 million in federal funds will require an equivalent reduction in General Fund, due to the (M) Note applied to this appropriation.

Estimated FY 2024-25 County Administration Expenditures					
Item	Total Funds	State Funds ¹	Local Funds	Reapprop Funds	Federal Funds
FY 2024-25 Appropriation	\$123,048,230	\$28,374,914	\$19,254,185	\$0	\$75,419,131
Anticipated expenditures	122,658,909	31,735,789	13,806,550	0	77,116,570
Subtotal - Reversion/-overexpenditure	\$389,321	-\$3,360,875	\$5,447,635	\$0	-\$1,697,439
State overexpenditure to county local funds	0	3,360,875	-3,360,875	0	0
Estimated year-end reversion/-overexpenditure	\$389,321	\$0	\$2,086,760	\$0	-\$1,697,439

¹ Includes \$21.0 million in General Fund and \$7.4 million in cash funds from the HAS Cash Fund.

The Department anticipates an overexpenditure of state funds for county administration in FY 2024-25. As a matter of practice, this overexpenditure in state funds is covered by county local funds. The current estimated *state funds* overexpenditure for this fiscal year is \$3.4 million, while anticipated *local funds* expenditures are projected to be \$5.4 million below what was budgeted. When accounting for the shifting of the state overexpenditure to counties, local funds are anticipated to have \$2.1 million remaining from the budgeted amount.

This interim supplemental request would not address the current anticipated overexpenditure, but would prevent an increase in the amount of that overexpenditure. If spending authority for the addition federal funds is not approved, the FY 2024-25 General Fund appropriation for county administration would be reduced by \$1.7 million, thereby increasing the state overexpenditure to be covered by county local funds by an equal amount. Rather than absorbing the \$3.4 million overexpenditure, counties would have to cover \$5.1 million. While there is sufficient budgetary room in the appropriation, it leaves a slim margin of error (less than \$400,000).

As a result of these circumstances, JBC staff believe it prudent to approve the request for the additional \$1.7 million federal funds spending authority, so as not to exacerbate the overexpenditure situation.