

# JOINT BUDGET COMMITTEE



## STAFF FIGURE SETTING FY 2017-18

### DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

(Behavioral Health Community Programs)

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 incremental changes followed by brief explanations of each incremental change. A similar overview table is provided for each division, but the description of incremental changes is not repeated, since it is available under the Department Overview. More details about the incremental changes are provided in the sections following the Department Overview and the division summary tables.

Decision items, both department-requested items and staff-initiated items, are discussed either in the Decision Items Affecting Multiple Divisions or at the beginning of the most relevant division. Within a section, decision items are listed in the requested priority order, if applicable.

## DEPARTMENT OVERVIEW

The Department of Health Care Policy and Financing (HCPF) helps pay health and long-term care expenses for low-income and vulnerable populations. To assist with these costs the Department receives significant federal matching funds, but must adhere to federal rules regarding program eligibility, benefits, and other features, as a condition of accepting the federal money. The largest program administered by HCPF is the Medicaid program (marketed by the Department as Health First Colorado), which serves people with low income and people needing long-term care. The Department also performs functions related to improving the health care delivery system. This Joint Budget Committee staff document concerns the behavioral health community programs administered by HCPF.

“Behavioral health” services include both mental health and substance use disorder services. Most behavioral health services are provided to Medicaid-eligible clients through a statewide managed care or "capitated" program. The Department contracts with five regional entities, known as behavioral health organizations (BHOs), to provide or arrange for medically necessary behavioral health services to Medicaid-eligible clients. Each BHO receives a pre-determined monthly amount for each client who is eligible for Medicaid behavioral health services. In addition to funding for capitation payments to BHOs, a separate appropriation covers fee-for-service payments for behavioral health services provided to clients who are not enrolled in a BHO and for the provision of behavioral health services that are not covered by the BHO contract.

Behavioral health services are primarily supported by General Fund and federal funds. Cash fund sources include the Hospital Provider Fee Cash Fund and the Breast and Cervical Cancer Prevention and Treatment Fund.

The HCPF budget also includes appropriations of General Fund and federal Medicaid funds that are transferred to the Department of Human Services for behavioral health programs administered by that department. Please note that these recommendations are excluded from the following "Summary of Staff Recommendations" table, and are instead summarized at the beginning of the narrative concerning that section of the budget (starting on page 15).

## SUMMARY OF STAFF RECOMMENDATIONS

BEHAVIORAL HEALTH COMMUNITY PROGRAMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2016-17 Appropriation</b>						
HB 16-1405 (Long Bill)	\$662,617,330	\$183,627,684	\$16,633,015	\$0	\$462,356,631	0.0
SB 17-162 (Supplemental Bill)	(56,448,298)	(6,379,746)	569,523	0	(50,638,075)	0.0
Long Bill supplemental	8,113,662	(6,824,268)	930,174	0	14,007,756	0.0
<b>TOTAL</b>	<b>\$614,282,694</b>	<b>\$170,423,670</b>	<b>\$18,132,712</b>	<b>\$0</b>	<b>\$425,726,312</b>	<b>0.0</b>
<b>FY 2017-18 RECOMMENDED APPROPRIATION</b>						
FY 2016-17 Appropriation	\$614,282,694	\$170,423,670	\$18,132,712	\$0	\$425,726,312	0.0
R2 Behavioral Health Community Programs	38,108,821	10,542,004	1,485,131	0	26,081,686	0.0
R6 Delivery system and payment reform	(26,717,069)	(7,215,319)	(1,090,836)	0	(18,410,914)	0.0
Standard federal match	0	699,628	20,650	0	(720,278)	0.0

BEHAVIORAL HEALTH COMMUNITY PROGRAMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
ACA "Newly eligible" federal match	0	0	7,605,241	0	(7,605,241)	0.0
Annualize prior year budget actions	8,645	(28,516)	32,856	0	4,305	0.0
<b>TOTAL</b>	<b>\$625,683,091</b>	<b>\$174,421,467</b>	<b>\$26,185,754</b>	<b>\$0</b>	<b>\$425,075,870</b>	<b>0.0</b>
<b>INCREASE/(DECREASE)</b>	<b>\$11,400,397</b>	<b>\$3,997,797</b>	<b>\$8,053,042</b>	<b>\$0</b>	<b>(\$650,442)</b>	<b>0.0</b>
Percentage Change	1.9%	2.3%	44.4%	n/a	(0.2%)	n/a
<b>FY 2017-18 EXECUTIVE REQUEST</b>	<b>\$656,871,450</b>	<b>\$175,977,358</b>	<b>\$26,995,493</b>	<b>\$0</b>	<b>\$453,898,599</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$31,188,359	\$1,555,891	\$809,739	\$0	\$28,822,729	0.0

## DESCRIPTION OF INCREMENTAL CHANGE

### FY 2016-17

**LONG BILL SUPPLEMENTAL:** The recommendation includes an \$8.1 million increase in existing FY 2016-17 appropriations (including a decrease of \$6.8 million General Fund) based on the Department's February 2017 caseload and expenditure forecast.

### FY 2017-18

**R2 BEHAVIORAL HEALTH FORECAST:** The recommendation includes an increase of \$38.1 million total funds, including an increase of \$10.5 million General Fund, for projected caseload and expenditure changes in both the capitation and fee-for-service Medicaid behavioral health programs.

**R6 DELIVERY SYSTEM AND PAYMENT REFORM:** *This request will be addressed by Eric Kurtz on March 8, 2017. The above table reflects the request; staff will ultimately reflect Committee action.* Overall, the Department requests a net increase of \$3.2 million total funds (including a decrease of \$200,342 General Fund), for a number of changes that the Department characterizes as delivery system and payment reforms. The Department proposes taking a portion of the money currently paid to certain providers and transforming it into incentive payments based on health outcomes and performance. With respect to behavioral health, incentive payments would be financed using the savings from further projected decreases in behavioral health capitation rates (a decrease of \$26.7 million, including \$7.2 million General Fund). The behavioral health performance payments related to FY 2017-18 would not be paid out until FY 2018-19, resulting in a one-time savings in FY 2017-18. These savings offset funding requests for administrative expenses and continuation of the “primary care rate bump”.

**STANDARD FEDERAL MATCH:** The recommendation reflects the impact of the decrease in Colorado’s “standard” federal medical assistance percentage (FMAP) from 50.2 percent on SFY 2016-17 to 50.0 percent in SFY 2017-18.

**ACA "NEWLY ELIGIBLE" FEDERAL MATCH:** The recommendation reflects the impact of the decrease in the match rate for services to adults defined as “newly eligible” pursuant to the federal Affordable Care Act (ACA). This match rate will decrease from 97.5 percent in SFY 2016-17 to 94.5 percent in SFY 2017-18.

**ANNUALIZE PRIOR YEAR BUDGET ACTIONS:** The recommendation includes \$8,645 total funds to reflect the second-year impact of two FY 2016-17 budget actions.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
Annualize HB 16-1321 Medicaid buy-in eligibility	\$8,645	(\$28,516)	\$32,837	\$4,324	0.0
Annualize FY 16-17 Cervical cancer eligibility	0	0	19	(19)	0.0
<b>TOTAL</b>	<b>\$8,645</b>	<b>(28,516)</b>	<b>\$32,856</b>	<b>\$4,305</b>	<b>0.0</b>

## MAJOR DIFFERENCES FROM THE REQUEST

*FY 2016-17:* The Department recently provided an updated caseload and expenditure forecast for both FY 2016-17 and FY 2017-18 that incorporates data through December 2016. Due to significant changes reflected in the February forecast, staff has included a recommendation to increase FY 2016-17 appropriations by \$8.1 million (including a reduction of \$6.8 million General Fund) based on the February forecast. This second mid-year adjustment would be included as a separate section within the FY 2017-18 Long Bill.

*FY 2017-18:* Overall, staff's recommendations for FY 2017-18 are \$31.2 million lower than the request (including General Fund recommendations that are \$1.6 million lower than the request) based on the Department's February caseload and expenditure forecast.

## (3) BEHAVIORAL HEALTH COMMUNITY PROGRAMS

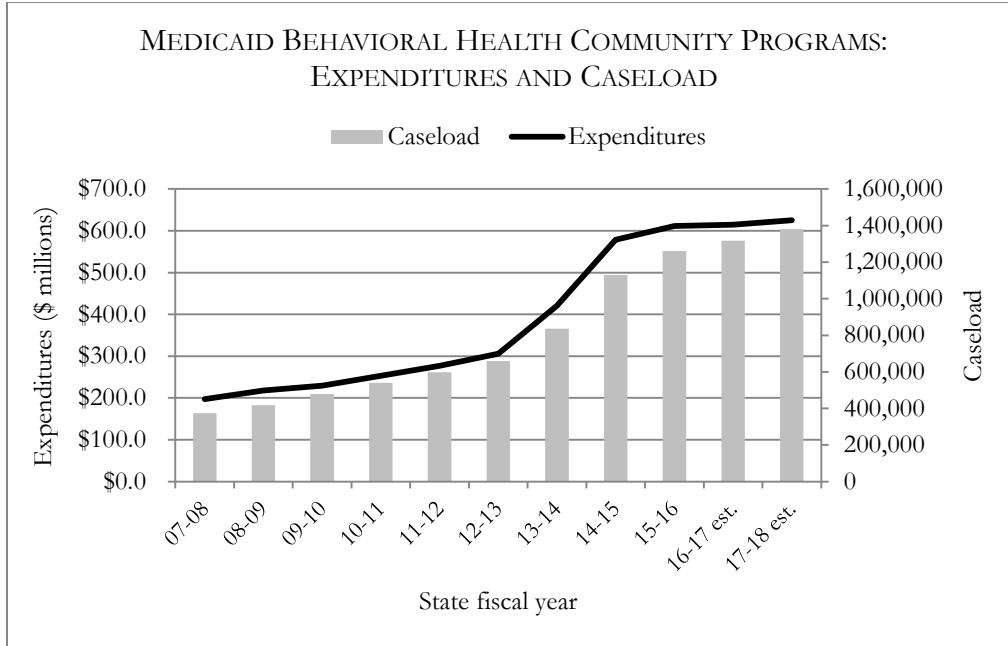
This section of the Department's budget provides funding for the purchase of behavioral health services from five regional behavioral health organizations (BHOs), which manage mental health and substance use disorder services for eligible Medicaid clients in a capitated, risk-based model. This section also includes funding for fee-for-service payments for behavioral health services provided to clients who are not enrolled in a BHO and for the provision of behavioral health services that are not covered by the BHO contracts.

## DECISION ITEMS – BEHAVIORAL HEALTH COMMUNITY PROGRAMS

### → R2 BEHAVIORAL HEALTH COMMUNITY PROGRAMS

*REQUEST:* The Department's November 1, 2016, budget request included a decision item to add \$20.9 million total funds (including a decrease of \$0.4 million General Fund) to cover projected caseload and expenditure changes in both the managed care and fee-for-service Medicaid behavioral health programs. This incremental increase was the difference between the original FY 2016-17 appropriation and the Department's expenditure projections based on data through June 2016, less any incremental changes attributed to prior year legislation and budget decisions.

*RECOMMENDATION:* In order to provide context for the staff recommendations, the following chart presents that most recent caseload and expenditure forecast data for FY 2016-17 and FY 2017-18 along with historical data. Specific recommendations for each fiscal year follow.



The Committee has already taken action to adjust FY 2016-17 appropriations based on the Department's November 2016 caseload and expenditure forecast. The Department recently provided an updated forecast for both FY 2016-17 and FY 2017-18 that incorporates data through December 2016. **Due to significant changes reflected in the February 2017 forecast, staff recommends a further adjustment to FY 2016-17 appropriations and staff recommends lower appropriations than requested for FY 2017-18.**

For FY 2016-17, staff recommends increasing appropriations by a total of \$8,113,662, including an increase of \$8,497,003 for capitation payments and a decrease of \$383,341 for fee-for-service payments. With respect to fund sources, the recommendation includes a \$6,824,268 reduction in General Fund appropriations, offset by increases in the appropriations from cash funds (\$930,174) and federal funds (\$14,007,756).

For FY 2017-18, staff recommends adding \$11.4 million total funds (including an increase of \$4.0 million General Fund). This incremental change is calculated based on the adjusted FY 2016-17 appropriation recommended above. Thus, this change is not directly comparable to the Department's incremental request for R2.

*ANALYSIS:*

FY 2016-17

The most recent forecast reflects a *caseload* that is 30,536 (2.3 percent) lower than projected last November. Primarily, the most recent forecast reflects a lower number of individuals in the “Parents/Caretakers” categories (for both the 0% to 68% of the federal poverty level and the 69% to 138% of the federal poverty level eligibility brackets). The Department indicates that the caseload growth is beginning to flatten out, particularly in income-driven eligibility categories.

The most recent forecast reflects *expenditures* that are \$8.4 million (1.4 percent) higher than projected last November. The increase in expenditures is primarily driven by changes in the timing of when the Department anticipates recouping amounts from BHOs based on problems with the information systems assigning the wrong eligibility category (and thus the wrong capitation rate) to certain individuals. Last November, the Department anticipated making a recoupment in the current fiscal year related to a systems error that is assigning incorrectly high rates for some parents and caretakers in the 69% to 138% of the federal poverty level eligibility bracket. The Department now anticipates making this recoupment in FY 2017-18, which results in higher payments in FY 2016-17. *See Appendix B for the detailed caseload and rate data that underlies the Department's revised capitation payment estimates for FY 2016-17.*

#### FY 2017-18

Overall, staff recommends increasing appropriations by a total of \$11.4 million for FY 2017-18, including \$4.0 million General Fund, \$8.1 million cash funds, and a reduction of \$0.6 million federal funds. The most recent forecast reflects a projected *caseload* increase of 63,812 (4.8 percent) compared to the revised projections for FY 2016-17. The forecast projects continued strong (but slowing) growth in the adult expansion populations. The most recent FY 2017-18 forecast also reflects a \$13 (2.9 percent) decrease in the average per-member-per-month rate paid for all eligibility categories. The following three tables provide a comparison of the Department's most recent Medicaid enrollment and expenditures forecasts for FY 2016-17 and FY 2017-18, by eligibility category.

BEHAVIORAL HEALTH CAPITATION PROGRAM: ENROLLMENT				
CATEGORY	FY 16-17 REVISED	FY 17-18 REVISED	DIFFERENCE	PERCENT
Children to 147% FPL	537,252	548,506	11,254	2.1%
Adults w/out Dependent Children to 138% FPL	364,350	389,466	25,116	6.9%
Parents / Caretakers to 68% FPL; and Pregnant Adults to 200% FPL	180,383	208,397	28,014	15.5%
Parents / Caretakers 69% to 138% FPL	85,317	80,982	(4,335)	-5.1%
Individuals with Disabilities to age 64 (to 450% FPL)	85,055	88,158	3,103	3.6%
Adults age 65+ (to SSI)	43,599	44,144	545	1.3%
Foster Care to 26 years	20,276	20,456	180	0.9%
Breast & Cervical Cancer to 250% FPL	318	253	(65)	-20.4%
<b>TOTAL</b>	<b>1,316,550</b>	<b>1,380,362</b>	<b>63,812</b>	<b>4.8%</b>

BEHAVIORAL HEALTH CAPITATION PROGRAM: ANNUAL EXPENDITURES				
CATEGORY	FY 16-17 REVISED	FY 17-18 REVISED	DIFFERENCE	PERCENT
Children to 147% FPL	\$127,841,665	\$133,470,884	\$5,629,219	4.4%
Adults w/out Dependent Children to 138% FPL	234,546,664	256,487,935	21,941,271	9.4%
Parents / Caretakers to 68% FPL; and Pregnant Adults to 200% FPL	62,649,359	74,012,336	11,362,977	18.1%
Parents / Caretakers 69% to 138% FPL	16,619,932	15,920,385	(699,547)	-4.2%
Individuals with Disabilities to age 64 (to 450% FPL)	143,007,832	151,525,713	8,517,881	6.0%
Adults age 65+ (to SSI)	9,386,256	9,624,246	237,990	2.5%
Foster Care to 26 years	30,549,185	31,708,667	1,159,482	3.8%
Breast & Cervical Cancer to 250% FPL	110,472	89,900	(20,572)	-18.6%
Date of death retractions <sup>1</sup>	(984,347)	(885,913)	98,434	-10.0%
R6 Delivery system and payment reform <sup>1</sup>	0	(26,717,069)	(26,717,069)	n/a
Rate reconciliations <sup>1</sup>	(17,882,376)	(28,401,031)	(10,518,655)	58.8%
<b>TOTAL</b>	<b>\$605,844,642</b>	<b>\$616,836,053</b>	<b>\$10,991,411</b>	<b>1.8%</b>

BEHAVIORAL HEALTH CAPITATION PROGRAM: ANNUAL PER CAPITA EXPENDITURES				
CATEGORY	FY 16-17 REVISED	FY 17-18 REVISED	DIFFERENCE	PERCENT
Children to 147% FPL	\$238	\$243	\$5	2.3%
Adults w/out Dependent Children to 138% FPL	644	659	15	2.3%
Parents / Caretakers to 68% FPL; and Pregnant Adults to 200% FPL	347	355	8	2.3%
Parents / Caretakers to 138% FPL	195	197	2	0.9%
Individuals with Disabilities to age 64 (to 450% FPL)	1,681	1,719	37	2.2%
Adults age 65+ (to SSI)	215	218	3	1.3%
Foster Care to 26 years	1,507	1,550	43	2.9%
Breast & Cervical Cancer to 250% FPL	347	355	8	2.3%
<b>TOTAL <sup>1</sup></b>	<b>\$460</b>	<b>\$447</b>	<b>(\$13)</b>	<b>-2.9%</b>

<sup>1</sup> While date of death retractions, rate reconciliations, and rate reductions that are reflected in R6 appear in the Annual Expenditures table and are used to calculate the overall average per capita expenditure, staff has not reflected these bottom-line reductions by eligibility category.

## → R6 DELIVERY SYSTEM AND PAYMENT REFORM

*REQUEST:* Overall, the Department requests a net increase of \$3.2 million total funds (including a decrease of \$200,342 General Fund), for a number of changes that the Department characterizes as delivery system and payment reforms. The Department proposes taking a portion of the money currently paid to certain providers and transforming it into incentive payments based on health outcomes and performance. With respect to behavioral health, incentive payments would be financed using the savings from further projected decreases in behavioral health capitation rates. The behavioral health performance payments related to FY 2017-18 would not be paid out until FY 2018-19, resulting in a one-time savings in FY 2017-18. These savings offset funding requests for administrative expenses and continuation of the “primary care rate bump”.

*RECOMMENDATION:* **This request is pending for purposes of this document.** This request will be addressed by Eric Kurtz on March 8, 2017. The line item appropriations in this division will be adjusted consistent with Committee action. Staff notes, however, that the \$26.7 million decrease that



affects this section of the budget is anticipated to occur whether or not the Committee approves other elements of R6.

## LINE ITEM DETAIL — BEHAVIORAL HEALTH COMMUNITY PROGRAMS

### BEHAVIORAL HEALTH CAPITATION PAYMENTS

This line item supports the provision of most behavioral health services to Medicaid clients. Behavioral health services, which include both mental health and substance use-related services, are provided to Medicaid clients through a statewide managed care or "capitated" program. The Department contracts with regional entities, known as behavioral health organizations (BHOs), to provide or arrange for behavioral health services for clients within their geographic region who are eligible for and enrolled in the Medicaid program. In order to receive services through a BHO, a client must have a covered diagnosis and receive a covered service or procedure<sup>1</sup> that is medically necessary. *Services that are provided by BHOs to Medicaid clients* are listed below.

#### Covered State Plan Services

- \*inpatient psychiatric hospital services
- outpatient services, including:
  - physician services (including psychiatric care)
  - rehabilitative services (including: individual, group, and family behavioral health therapy; behavioral health assessment; pharmacologic management; day treatment; and emergency/crisis services)
- targeted case management
- school-based behavioral health services
- drug screening and monitoring
- detoxification services
- medication-assisted treatment

#### Covered 1915 (b)(3) Waiver Alternative Services

- vocational services
- assertive community treatment
- intensive case management
- clubhouse and drop-in center services
- recovery services
- \*residential services (24-hour care provided in a non-hospital, non-nursing home setting; excludes room and board)
- prevention/early intervention services
- respite care

Those services noted with an asterisk (\*) are not covered for a client for whom the primary diagnosis is a substance use disorder (SUD). However, the Department does cover service costs

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<sup>1</sup> BHOs offer all Medicaid State Plan mental health services plus services approved through the Department's federal 1915 (b)(3) waiver.

during the assessment period of the client's hospitalization even if the primary diagnosis is ultimately determined to be a SUD.

Each BHO receives a pre-determined monthly amount for each Medicaid client who is eligible for behavioral health services within its geographic area. The "per-member-per-month" rates paid to BHOs are unique for each Medicaid eligibility category in each geographic region. These rates are adjusted periodically based on historical rate experience and data concerning client service utilization. Currently, the state is divided into five geographic regions for the provision of behavioral health services to the following *Medicaid eligibility categories*<sup>2</sup>:

- Adults age 65 and older;
- Children and adults with disabilities under age 65;
- Parents and caretakers;
- Pregnant adults;
- Adults without dependent children;
- Children;
- Children and young adults in or formerly in foster care (through age 26); and
- Adults served through the Breast and Cervical Cancer Treatment and Prevention Program.

Two Medicaid populations that are eligible for certain medical benefits are not eligible for behavioral health services through the Medicaid program: (1) Non-citizens; and (2) Partial dual-eligible individuals (i.e., individuals who are eligible for both Medicare and Medicaid benefits, but for whom the Medicaid benefit is limited to payment of Medicare premiums and co-insurance payments). In addition, the following Medicaid-eligible clients are excluded from enrollment in a BHO:

- Individuals enrolled in a Program of All-inclusive Care for the Elderly (PACE Program).
- Children and youth in the custody of the Department of Human Services' Division of Child Welfare or Division of Youth Corrections who are placed in a psychiatric residential treatment facility (PRTF) of a residential child care facility (RCCF).
- Certain individuals receiving treatment at the Colorado Mental Health Institutes<sup>3</sup>.
- Individuals with intellectual and developmental disabilities (IDD) who:
  - (a) receive IDD services through an intermediate care facility for individuals with intellectual disabilities;
  - (b) receive IDD services through a regional center "waiver bed"; or
  - (c) reside in the state regional centers and associated satellite residences for more than 90 days.

Finally, a Medicaid client may request and receive an individual exemption if BHO enrollment is not in their best clinical interest [pursuant to 10 CCR 2505-10, Section 8.212.2]<sup>4</sup>. For these individuals,

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<sup>2</sup> The Department recently renamed certain eligibility categories to be more consistent with terminology used in other states and to more accurately estimate expenditures by fund source. The term "MAGI" refers to the new federal Modified Adjusted Gross Income standard that states are required to use when determining income for purposes of Medicaid eligibility.

<sup>3</sup> This includes individuals, ages 21 through 64, who receive inpatient treatment at one of the Institutes, as well as patients who are: (1) ordered by a criminal court to be evaluated for competency to stand trial; (2) found by a criminal court to be incompetent to proceed to trial; or (3) found by a criminal court to be not guilty by reason of insanity.

<sup>4</sup> There are generally fewer than 25 Medicaid clients exempted under this State rule.

expenditures related to behavioral health care are covered through the Behavioral Health Fee-for-service Payments line item appropriation in HCPF (described below).

The Department uses a competitive bid process to award BHO contracts for each region. The existing contracts went into effect July 1, 2014. Capitation rates are adjusted periodically based on historical rate experience and recent encounter data (i.e., statewide average costs by diagnosis category). *Capitated behavioral health program expenditures* are affected by caseload changes, rate changes, and changes to the Medicaid State Plan or waiver program that affect the diagnoses, services, and procedures that are covered for Medicaid clients. Caseload changes include changes in Medicaid eligibility, as well as demographic and economic changes that affect the number of individuals eligible within each category. The State's share of expenditures is also affected by changes in the federal match rate for various eligibility categories.

*STATUTORY AUTHORITY:* Articles 4, 5, and 6 of Title 25.5 [Colorado Medical Assistance Act]; Section 25.5-5-411, C.R.S. [Medicaid community mental health services]; Section 25.5-5-415, C.R.S. [Medicaid payment reform and innovation pilot program]

*REQUEST:*

**FY 2016-17:** The Department submitted a request to change the FY 2016-17 appropriation as required in January 2017. The Committee acted on that request in January.

**FY 2017-18:** The Department requests \$647.6 million (including \$174.0 million General Fund) for FY 2017-18 based on its November 2016 caseload and expenditure forecast.

*RECOMMENDATION:*

**FY 2016-17: Staff recommends increasing the existing FY 2016-17 appropriation by \$8.5 million total funds** (including a decrease of \$6.7 million General Fund) **based on the Department's February 2017 caseload and expenditure forecast.**

**FY 2017-18: Staff recommends appropriating \$616.8 million for FY 2017-18** (including \$172.5 million General Fund) **based on the Department's February 2017 caseload and expenditure forecast.**

The staff recommendations for this line item are detailed in the following table. In addition, Appendices B and C detail the caseload and rate data that underlie the Department's February 2017 forecast for FY 2016-17 and FY 2017-18.

BEHAVIORAL HEALTH COMMUNITY PROGRAMS, BEHAVIORAL HEALTH CAPITATION PAYMENTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2016-17 APPROPRIATION</b>						
HB 16-1405 (Long Bill)	\$653,650,029	\$181,949,404	\$16,383,180	\$0	\$455,317,445	0.0
SB 17-162 (Supplemental Bill)	(56,302,390)	(6,672,399)	594,011	0	(50,224,002)	0.0
Long Bill supplemental	8,497,003	(6,692,032)	940,950	0	14,248,085	0.0
<b>TOTAL</b>	<b>\$605,844,642</b>	<b>\$168,584,973</b>	<b>\$17,918,141</b>	<b>\$0</b>	<b>\$419,341,528</b>	<b>0.0</b>

BEHAVIORAL HEALTH COMMUNITY PROGRAMS, BEHAVIORAL HEALTH CAPITATION PAYMENTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2017-18 RECOMMENDED APPROPRIATION</b>						
FY 2016-17 Appropriation	\$605,844,642	\$168,584,973	\$17,918,141	\$0	\$419,341,528	0.0
R2 Behavioral Health Community Programs	37,699,835	10,476,771	1,459,960	0	25,763,104	0.0
R6 Delivery system and payment reform	(26,717,069)	(7,215,319)	(1,090,836)	0	(18,410,914)	0.0
Standard federal match	0	692,038	20,586	0	(712,624)	0.0
ACA "Newly eligible" federal match	0	0	7,475,580	0	(7,475,580)	0.0
Annualize prior year budget actions	8,645	(28,516)	32,856	0	4,305	0.0
<b>TOTAL</b>	<b>\$616,836,053</b>	<b>\$172,509,947</b>	<b>\$25,816,287</b>	<b>\$0</b>	<b>\$418,509,819</b>	<b>0.0</b>
<b>INCREASE/(DECREASE)</b>						
	<b>\$10,991,411</b>	<b>\$3,924,974</b>	<b>\$7,898,146</b>	<b>\$0</b>	<b>(\$831,709)</b>	<b>0.0</b>
Percentage Change	1.8%	2.3%	44.1%	n/a	(0.2%)	n/a
<b>FY 2017-18 EXECUTIVE REQUEST</b>						
Request Above/(Below) Recommendation	\$30,794,252	\$1,457,231	\$796,596	\$0	\$28,540,425	0.0

### BEHAVIORAL HEALTH FEE-FOR-SERVICE PAYMENTS

This line item supports "fee-for-service" payments for: (1) the provision of behavioral health services that are not covered by the BHO contract to BHO-enrolled clients; and (2) the provision of behavioral health services to Medicaid clients who are not enrolled in a BHO.

- *Services Not Covered by BHO Contract.* This line item covers behavioral health expenditures for Medicaid clients who have a diagnosis that is not covered by the BHO contract (e.g., autism spectrum disorder, developmental disability, dementia, etc.).
- *Clients Not Enrolled in BHO.* This line item also covers behavioral health expenditures for Medicaid clients who have received an individual exemption from BHO enrollment. In addition, to the extent that partial dual-eligible individuals receive mental health services under their Medicare benefits package, this line item covers that portion of expenditures that would have been the responsibility of the client.

The fee-for-service program covers all Medicaid State Plan mental health and substance use disorder services<sup>5</sup>.

*STATUTORY AUTHORITY:* Articles 4, 5, and 6 of Title 25.5 [Colorado Medical Assistance Act]

<sup>5</sup> The fee-for-service program does not, however, cover services approved through the Department's federal 1915 (b)(3) waiver.

*REQUEST:*

FY 2016-17: The Department submitted a request to change the FY 2016-17 appropriation as required in January 2017. The Committee acted on that request in January.

FY 2017-18: The Department requests \$9.2 million (including \$2.0 million General Fund) for FY 2017-18 based on its November 2016 caseload and expenditure forecast.

*RECOMMENDATION:*

FY 2016-17: Staff recommends decreasing the existing FY 2016-17 appropriation by \$0.4 million (including a reduction of \$0.1 million General Fund) based on the Department's February 2017 caseload and expenditure forecast.

FY 2017-18: Staff recommends appropriating \$8.8 million for FY 2017-18 (including \$1.9 million General Fund) based on the Department's February 2017 caseload and expenditure forecast. The staff recommendations for this line item are detailed in the following table.

BEHAVIORAL HEALTH COMMUNITY PROGRAMS, BEHAVIORAL HEALTH FEE-FOR-SERVICE PAYMENTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2016-17 APPROPRIATION</b>						
HB 16-1405 (Long Bill)	\$8,967,301	\$1,678,280	\$249,835	\$0	\$7,039,186	0.0
SB 17-162 (Supplemental Bill)	(145,908)	292,653	(24,488)	0	(414,073)	0.0
Long Bill supplemental	(383,341)	(132,236)	(10,776)	0	(240,329)	0.0
<b>TOTAL</b>	<b>\$8,438,052</b>	<b>\$1,838,697</b>	<b>\$214,571</b>	<b>\$0</b>	<b>\$6,384,784</b>	<b>0.0</b>
<b>FY 2017-18 RECOMMENDED APPROPRIATION</b>						
FY 2016-17 Appropriation	\$8,438,052	\$1,838,697	\$214,571	\$0	\$6,384,784	0.0
R2 Behavioral Health Community Programs	408,986	65,233	25,171	0	318,582	0.0
Standard federal match	0	7,590	64	0	(7,654)	0.0
ACA "Newly eligible" federal match	0	0	129,661	0	(129,661)	0.0
<b>TOTAL</b>	<b>\$8,847,038</b>	<b>\$1,911,520</b>	<b>\$369,467</b>	<b>\$0</b>	<b>\$6,566,051</b>	<b>0.0</b>
<b>INCREASE/(DECREASE)</b>	<b>\$408,986</b>	<b>\$72,823</b>	<b>\$154,896</b>	<b>\$0</b>	<b>\$181,267</b>	<b>0.0</b>
Percentage Change	4.8%	4.0%	72.2%	n/a	2.8%	n/a
<b>FY 2017-18 EXECUTIVE REQUEST</b>	<b>\$9,241,145</b>	<b>\$2,010,180</b>	<b>\$382,610</b>	<b>\$0</b>	<b>\$6,848,355</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$394,107	\$98,660	\$13,143	\$0	\$282,304	0.0

## SCHOOL-BASED PREVENTION AND INTERVENTION SUBSTANCE USE DISORDER SERVICES

Senate Bill 14-215 appropriated a total of \$4,363,807 (including \$2,000,000 General Fund and \$2,363,807 federal Medicaid funds) for FY 2014-15 for school-based prevention and intervention substance use disorder services to be provided by behavioral health organizations (BHOs). The act also directed the State Treasurer to transfer \$2,130,000 from the MTICF to the General Fund to offset this General Fund appropriation (including \$130,000 to account for the statutorily-required 6.5 percent General Fund reserve).

Prior to the passage of S.B. 14-215, BHO providers were offering prevention-oriented behavioral health services in 402 schools, as authorized under the Department's federal 1915 (b)(3) waiver. The Department indicates that the federal Centers for Medicare and Medicaid Services (CMS) do not allow a state to make a "supplemental payment" to a BHO. However, a state is allowed to pay an "add-on" rate as long as it is within the actuarially certified capitation rate range for the relevant BHO and eligibility type. Thus, in order to administer the additional funding that was provided through S.B. 14-215, the Department established "add-on" per-member-per-month rates for each BHO for two relevant eligibility categories (Children, and Children and youth in or formerly in foster care). The Department required BHOs to use the additional funds to expand programs into additional schools that were previously without these services.

This funding was not continued in FY 2015-16, and there has not been a request to reinstate funding for either FY 2016-17 or FY 2017-18.

*STATUTORY AUTHORITY:* Articles 4, 5, and 6 of Title 25.5 [Colorado Medical Assistance Act]; Section 25.5-5-411 [Medicaid community mental health services]

## SCHOOL-BASED SUBSTANCE ABUSE PREVENTION AND INTERVENTION GRANT PROGRAM

Senate Bill 14-215 created the School-based Substance Abuse Prevention and Intervention Program in HCPF. This is a competitive grant program for schools and community-based organizations to provide school-based prevention and intervention programs for youth (ages 12 to 19), primarily focused on reducing marijuana use, but including strategies and efforts to reduce alcohol use and prescription drug misuse. The grant program is subject to available appropriations. The grant award must be used to deliver programs and strategies to at-risk youth, regardless of the youths' eligibility for Colorado's medical assistance program. Further, a grant award must be used to implement evidence-based programs and strategies that are designed to achieve the following outcomes:

- An increase in the perceived risk of harm associated with marijuana use, prescription drug misuse, and underage alcohol use among youth;
- A decrease in the rates of youth marijuana use, alcohol use, and prescription drug misuse;
- A delay in the age of first use of marijuana, alcohol, or prescription drug misuse;
- A decrease in the rates of youth who have ever used marijuana or alcohol or misused prescription drugs in their lifetime; and
- A decrease in the number of drug- and alcohol-related violations on school property, suspensions, and expulsions reported by schools.

The act appropriated \$2,000,000 General Fund for FY 2014-15 for the new grant program. The act also directed the State Treasurer to transfer \$2,130,000 from the MTCF to the General Fund to offset this General Fund appropriation (including \$130,000 to account for the statutorily-required 6.5 percent General Fund reserve).

The Department awarded grants totaling \$868,656 to schools, school districts, and community-based organizations.

*STATUTORY AUTHORITY:* Section 25.5-1-206, C.R.S.

*REQUEST:* The funding for this program was not continued in FY 2015-16, and there has not been a request to reinstate funding for either FY 2016-17 or FY 2017-18.

#### CONTRACT REPROCUREMENT

This line item provided a one-time appropriation to ensure that the transition to the new behavioral health organization (BHO) contracts on July 1, 2014, did not affect service delivery for Medicaid clients.

*STATUTORY AUTHORITY:* Articles 4, 5, and 6 of Title 25.5 [Colorado Medical Assistance Act]; Section 25.5-5-411 [Medicaid community mental health services]

## (7) DEPARTMENT OF HUMAN SERVICES MEDICAID-FUNDED PROGRAMS, (F) BEHAVIORAL HEALTH SERVICES – MEDICAID FUNDING

This division reflects the amount of Medicaid funds appropriated for programs administered by the Department of Human Services that are covered in this document

BEHAVIORAL HEALTH SERVICES - MEDICAID FUNDING						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2016-17 APPROPRIATION</b>						
HB 16-1405 (Long Bill)	\$8,833,660	\$4,399,995	\$0	\$0	\$4,433,665	0.0
SB 17-162 (Supplemental Bill)	138,192	68,820	0	0	69,372	0.0
<b>TOTAL</b>	<b>\$8,971,852</b>	<b>\$4,468,815</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,503,037</b>	<b>0.0</b>
<b>FY 2017-18 RECOMMENDED APPROPRIATION</b>						
FY 2016-17 Appropriation	\$8,971,852	\$4,468,815	\$0	\$0	\$4,503,037	0.0
DHS - Standard federal match	0	17,111	0	0	(17,111)	0.0
NP BA2 DHS Mental health institute revenue adjustments	0	0	0	0	0	0.0
DHS - Annualize prior year budget actions	2,296	1,148	0	0	1,148	0.0
<b>TOTAL</b>	<b>\$8,974,148</b>	<b>\$4,487,074</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,487,074</b>	<b>0.0</b>
<b>INCREASE/(DECREASE)</b>	<b>\$2,296</b>	<b>\$18,259</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$15,963)</b>	<b>0.0</b>
Percentage Change	0.0%	0.4%	n/a	n/a	(0.4%)	n/a
<b>FY 2017-18 EXECUTIVE REQUEST</b>	<b>\$8,974,148</b>	<b>\$4,487,074</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,487,074</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

### DESCRIPTION OF INCREMENTAL CHANGES

**DHS - STANDARD FEDERAL MATCH:** The recommendation reflects the impact of the decrease in Colorado’s “standard” federal medical assistance percentage (FMAP) from 50.2 percent on SFY 2016-17 to 50.0 percent in SFY 2017-18.

**NP BA2 DHS MENTAL HEALTH INSTITUTES:** The Department requested increases of \$138,192 total funds for both FY 2016-17 and FY 2017-18 for adjustments to appropriations for the mental health institutes, which are operated by the Department of Human Services. The adjustments reflect updated estimates of the amount of Medicaid “fee-for-service” revenue that will be available to pay for services provided to forensic clients and youth referred from the Division of Youth Corrections. The Committee approved the requested increase for FY 2016-17, and the recommendation for FY



2017-18 reflects continuation of this increase. The change in the federal match rate that relates to this increase is reflected in the above “DHS – Standard federal match” item.

**DHS – ANNUALIZE PRIOR YEAR BUDGET ACTIONS:** The recommendation reflects the transfer of money from FY 2016-17 centrally appropriated line items for salary increases awarded in FY 2016-17.

#### MAJOR DIFFERENCES FROM THE REQUEST

None.

#### DECISION ITEMS – DEPARTMENT OF HUMAN SERVICES MEDICAID-FUNDED PROGRAMS

##### → NP BA2 DHS MENTAL HEALTH INSTITUTE REVENUE ADJUSTMENTS

*REQUEST:* The Department requested adjustments to appropriations of Medicaid funds that support the mental health institutes based on updated institute revenue estimates. This request is associated with a request submitted by the Department of Human Services (BA3). Both departments submitted the same request as a mid-year adjustment for FY 2016-17, with continuation of the requested adjustments for FY 2017-18 (with minor changes based on the applicable Medicaid federal match rate).

*RECOMMENDATION:* **Staff's recommendation is consistent with Committee action on the associated supplemental request for FY 2016-17**, with the requested minor fund source adjustments based on the applicable federal Medicaid matching rate for FY 2017-18.

#### COMMUNITY BEHAVIORAL HEALTH ADMINISTRATION

This line item reflects the amount of Medicaid funds appropriated for the personal services and operating expenses for the Office of Behavioral Health.

*STATUTORY AUTHORITY:* Section 26-1-201, C.R.S. [Programs administered and services provided by DHS]; Section 27-60-101, et seq., C.R.S. [Behavioral health crisis response system]; Section 27-66-101, et seq., C.R.S. [Community mental health services]; Section 27-80-101, et seq., C.R.S. [Alcohol and drug abuse – programs and services]; Section 27-81-101, et seq., C.R.S. [Alcohol abuse, education, prevention, and treatment]; Section 27-82-101, et seq., C.R.S. [Drug abuse prevention, education, and treatment]

*REQUEST:* The Department requests continuation of the current appropriation of \$416,056 total funds, plus the amount awarded for salary increases in FY 2016-17 (\$2,296). The requested fund sources are based on the applicable 50/50 federal match rate for administrative functions.

*RECOMMENDATION:* **Staff recommends approving the request.**

## MENTAL HEALTH TREATMENT SERVICES FOR YOUTH (H.B. 99-1116)

This line item reflects the amount of Medicaid funds appropriated for the Child Mental Health Treatment Act, which provides funding for mental health treatment services for children without the need for county department of human services involvement, when a dependency and neglect action is neither appropriate nor warranted.

*STATUTORY AUTHORITY:* Section 25.5-5-307, C.R.S. [Child mental health treatment and family support program]; Section 27-67-101 et seq., C.R.S. [Child Mental Health Treatment Act]

*REQUEST:* The Department requests \$123,624 total funds, which is the amount appropriated for FY 2016-17. The requested fund sources are based on the applicable 50/50 federal match rate.

*RECOMMENDATION:* **Staff recommends approving the request.**

## HIGH RISK PREGNANT WOMEN PROGRAM

This line item reflects the amount of Medicaid funds appropriated for the "Special Connections" program for pregnant women who are eligible for Medicaid and who have alcohol and/or drug abuse problems. This program, which is administered by the Department of Human Services, helps women have healthier pregnancies and healthier babies by providing case management, individual and group counseling, health education, and residential treatment during pregnancy and up to one year after delivery. This program was developed to: deliver a healthy baby; reduce or stop the substance using behavior of the pregnant woman during and after the pregnancy; promote and assure a safe child-rearing environment for the newborn and other children; and maintain the family unit. The Department of Human Services contracts with several providers to operate Special Connections Programs.

*STATUTORY AUTHORITY:* Section 25.5-5-309 through 312, C.R.S.

*REQUEST:* The Department requests \$1,600,000 total funds, which is the amount appropriated for FY 2016-17. The requested fund sources are based on the applicable 50/50 federal match rate.

*RECOMMENDATION:* **Staff recommends approving the request.** While actual program expenditures continue to fall well below the appropriation, staff recommends maintaining the existing appropriation.

Funding was initially added in FY 2015-16 to implement the following provider rate increases for this program:

- a \$13.98 (91.3 percent) increase in the outpatient group rate;
- a \$31.26 (20.0 percent) increase in the per diem rate; plus
- an overall rate increase of 1.7 percent.

The Department of Health Care Policy and Financing submitted the necessary State Plan Amendment (Clinical Services SPA) on June 3, 2015, and the federal Centers for Medicare and Medicaid Services (CMS) approved it on April 12, 2016. The Department indicated that the increase to the per diem rate, which is the largest portion of expenditure for this line item, was implemented

in April 2016, and the mass adjustment necessary to account for the July 1, 2015, effective date of the increase was completed by May 9, 2016. The adjustments were made directly to the claims in the Medicaid Management Information System (MMIS), and the Department estimates that \$54,464 was paid out in FY 2015-16 for the rate increase. The Department recently confirmed that the outpatient group rate increase and retroactive adjustments were completed in December 2016.

The Department of Human Services estimated that the number of women served through this program could increase by five to ten percent if the proposed rate increases were approved. The existing appropriation of \$1.6 million was based on this estimate plus an additional cushion in the event that additional women could be served. In response to a staff inquiry, the Department of Health Care Policy and Financing indicated that it has spent less than \$500,000 to date for this program. However, there is evidence that utilization of services, particularly in residential services, has increased in the last few months. The Department will continue to monitor utilization trends, but does not recommend a change in the appropriation is not warranted at this time.

## MENTAL HEALTH INSTITUTES

This line item reflects the amount of Medicaid funds appropriated for the Colorado Mental Health Institutes. Medicaid funds support personal services, operating expenses, and pharmaceutical expenses associated with inpatient psychiatric services for individuals under the age of 21 and those over the age of 65.

*STATUTORY AUTHORITY:* Section 25.5-5-202 (1)(a), (i), and (j), C.R.S.

*REQUEST:* The Department requests \$6,832,172 total funds, which is the same as the appropriation for FY 2016-17. The requested fund sources are based on the applicable 50/50 federal match rate.

*RECOMMENDATION:* **Staff recommends approving the request.** The staff recommendation for the affected line items in both the Department of Human Services and the Department of Health Care Policy and Financing are consistent with the action taken by the Committee on a corresponding supplemental request for FY 2016-17 (DHS S8).

## LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION

### LONG BILL FOOTNOTES

There are currently no Long Bill footnotes specific to the divisions covered in this document. Any footnotes that pertain to the Department as a whole will be addressed by Eric Kurtz on March 8, 2017.

### REQUESTS FOR INFORMATION

There are currently no Requests for Information specific to the divisions covered in this document. Any requests that pertain to the Department as a whole will be addressed by Eric Kurtz on March 8, 2017.

*JBC Staff Staff Figure Setting - FY 2017-18*  
*Staff Working Document - Does Not Represent Committee Decision*

**Appendix A: Number Pages**

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
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<p><b>DEPARTMENT OF HEALTH CARE POLICY AND FINANCING</b>  <b>Sue Birch, Executive Director</b></p>
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**(3) BEHAVIORAL HEALTH COMMUNITY PROGRAMS**

This section provides for behavioral health services through the purchase of services from five regional behavioral health organizations (BHOs), which manage mental health and substance use disorder services for eligible Medicaid recipients in a capitated, risk-based model. This section also contains funding for Medicaid behavioral health fee-for-service programs for those services not covered within the capitation contracts and rates. The funding for this section is primarily from the General Fund and federal Medicaid funds. Cash fund sources include the Hospital Provider Fee Cash Fund and the Breast and Cervical Cancer Prevention and Treatment Fund.

Behavioral Health Capitation Payments	<u>565,420,239</u>	<u>603,218,669</u>	<u>605,844,642</u>	<u>647,630,305</u>	<u>616,836,053</u> *
General Fund	173,415,971	166,102,477	168,584,973	173,967,178	172,509,947
Cash Funds	5,333,335	9,773,437	17,918,141	26,612,883	25,816,287
Federal Funds	386,670,933	427,342,755	419,341,528	447,050,244	418,509,819
Behavioral Health Fee-for-service Payments	<u>7,525,423</u>	<u>8,086,839</u>	<u>8,438,052</u>	<u>9,241,145</u>	<u>8,847,038</u> *
General Fund	2,946,662	1,881,329	1,838,697	2,010,180	1,911,520
Cash Funds	20,963	71,017	214,571	382,610	369,467
Federal Funds	4,557,798	6,134,493	6,384,784	6,848,355	6,566,051
School-based Prevention and Intervention Substance Use Disorder Services	<u>4,540,153</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	2,132,374	0	0	0	0
Federal Funds	2,407,779	0	0	0	0
School-based Substance Abuse Prevention and Intervention Grant Program	<u>795,909</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	795,909	0	0	0	0

*JBC Staff Staff Figure Setting - FY 2017-18*  
*Staff Working Document - Does Not Represent Committee Decision*

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
Contract Reprourement	<u>203,752</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	101,876	0	0	0	0
Federal Funds	101,876	0	0	0	0
<b>TOTAL - (3) Behavioral Health Community Programs</b>	578,485,476	611,305,508	614,282,694	656,871,450	625,683,091
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	179,392,792	167,983,806	170,423,670	175,977,358	174,421,467
Cash Funds	5,354,298	9,844,454	18,132,712	26,995,493	26,185,754
Federal Funds	393,738,386	433,477,248	425,726,312	453,898,599	425,075,870

*JBC Staff Staff Figure Setting - FY 2017-18*  
*Staff Working Document - Does Not Represent Committee Decision*

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
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**(7) DEPARTMENT OF HUMAN SERVICES MEDICAID-FUNDED PROGRAMS**

This section reflects the Medicaid funding used by the Department of Human Services. The Medicaid dollars appropriated to that Department are first appropriated in this section and then transferred to the Department of Human Services. See the Department of Human Services for additional details about the line items contained in this division.

**(F) Behavioral Health Services - Medicaid Funding**

**DHS Previous Structure**

Mental Health Institutes	4,444,254	6,693,980	0	0	0
General Fund	1,995,085	3,294,108	0	0	0
Federal Funds	2,449,169	3,399,872	0	0	0
 Community Behavioral Health Administration	 323,369	 416,056	 0	 0	 0
General Fund	161,684	208,028	0	0	0
Federal Funds	161,685	208,028	0	0	0

<b>SUBTOTAL - DHS Previous Structure</b>	4,767,623	7,110,036	0	0	0
<i>FTE</i>	0.0	0.0	0.0	0.0	0.0
General Fund	2,156,769	3,502,136	0	0	0
Federal Funds	2,610,854	3,607,900	0	0	0

**(I) DHS Community Behavioral Health Administration**

Personal Services	0	317,990	403,830	406,126	406,126
General Fund	0	158,994	201,915	203,063	203,063
Federal Funds	0	158,996	201,915	203,063	203,063
 Operating Expenses	 0	 12,226	 12,226	 12,226	 12,226
General Fund	0	6,113	6,113	6,113	6,113
Federal Funds	0	6,113	6,113	6,113	6,113

*JBC Staff Staff Figure Setting - FY 2017-18*  
*Staff Working Document - Does Not Represent Committee Decision*

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
<b>SUBTOTAL - (1) DHS Community Behavioral Health Administration</b>					
<i>FTE</i>	0	330,216	416,056	418,352	418,352
General Fund	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Federal Funds	0	165,107	208,028	209,176	209,176
Federal Funds	0	165,109	208,028	209,176	209,176
<b>(2) DHS Mental Health Community Programs</b>					
Mental Health Treatment Services for Youth (H.B. 99-1116)					
	<u>8,677</u>	<u>8,133</u>	<u>123,624</u>	<u>123,624</u>	<u>123,624</u> *
General Fund	4,284	4,008	61,565	61,812	61,812
Federal Funds	4,393	4,125	62,059	61,812	61,812
<b>SUBTOTAL - (2) DHS Mental Health Community Programs</b>					
<i>FTE</i>	8,677	8,133	123,624	123,624	123,624
General Fund	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Federal Funds	4,284	4,008	61,565	61,812	61,812
Federal Funds	4,393	4,125	62,059	61,812	61,812
<b>(3) DHS Substance Use Treatment and Prevention</b>					
High Risk Pregnant Women Program					
	<u>969,806</u>	<u>735,467</u>	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,600,000</u> *
General Fund	478,103	361,798	796,800	800,000	800,000
Federal Funds	491,703	373,669	803,200	800,000	800,000
<b>SUBTOTAL - (3) DHS Substance Use Treatment and Prevention</b>					
<i>FTE</i>	969,806	735,467	1,600,000	1,600,000	1,600,000
General Fund	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Federal Funds	478,103	361,798	796,800	800,000	800,000
Federal Funds	491,703	373,669	803,200	800,000	800,000

*JBC Staff Staff Figure Setting - FY 2017-18*  
*Staff Working Document - Does Not Represent Committee Decision*

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
<b>(4) DHS Mental Health Institutes - Ft. Logan</b>					
Personal Services	<u>0</u>	<u>0</u>	<u>14,490</u>	<u>14,490</u>	<u>14,490</u> *
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	0	0	7,216	7,245	7,245
Federal Funds	0	0	7,274	7,245	7,245
Operating Expenses	<u>0</u>	<u>0</u>	<u>13,524</u>	<u>13,524</u>	<u>13,524</u> *
General Fund	0	0	6,735	6,762	6,762
Federal Funds	0	0	6,789	6,762	6,762
Pharmaceuticals	<u>0</u>	<u>0</u>	<u>10,178</u>	<u>10,178</u>	<u>10,178</u> *
General Fund	0	0	5,069	5,089	5,089
Federal Funds	0	0	5,109	5,089	5,089
<b>SUBTOTAL - (4) DHS Mental Health Institutes</b>	<b>0</b>	<b>0</b>	<b>38,192</b>	<b>38,192</b>	<b>38,192</b>
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	0	0	19,020	19,096	19,096
Federal Funds	0	0	19,172	19,096	19,096
<b>(4) DHS Mental Health Institutes</b>					
Personal Services	<u>0</u>	<u>7,176,701</u>	<u>6,016,870</u>	<u>6,016,871</u>	<u>6,016,871</u> *
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	0	3,249,703	2,996,401	3,004,715	3,008,435
Federal Funds	0	3,926,998	3,020,469	3,012,156	3,008,436
Operating Expenses	<u>0</u>	<u>0</u>	<u>393,098</u>	<u>393,097</u>	<u>393,097</u> *
General Fund	0	0	195,763	198,332	196,548
Federal Funds	0	0	197,335	194,765	196,549



*JBC Staff Staff Figure Setting - FY 2017-18*  
*Staff Working Document - Does Not Represent Committee Decision*

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
Pharmaceuticals	<u>0</u>	<u>0</u>	<u>366,691</u>	<u>366,691</u>	<u>366,691</u> *
General Fund	0	0	182,612	185,221	183,346
Federal Funds	0	0	184,079	181,470	183,345
Circle Program	<u>0</u>	<u>0</u>	<u>17,321</u>	<u>17,321</u>	<u>17,321</u> *
General Fund	0	0	8,626	8,722	8,661
Federal Funds	0	0	8,695	8,599	8,660
<b>SUBTOTAL - (4) DHS Mental Health Institutes</b>	0	7,176,701	6,793,980	6,793,980	6,793,980
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	0	3,249,703	3,383,402	3,396,990	3,396,990
Federal Funds	0	3,926,998	3,410,578	3,396,990	3,396,990
<b>SUBTOTAL - (F) Behavioral Health Services - Medicaid Funding</b>	5,746,106	15,360,553	8,971,852	8,974,148	8,974,148
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	2,639,156	7,282,752	4,468,815	4,487,074	4,487,074
Federal Funds	3,106,950	8,077,801	4,503,037	4,487,074	4,487,074

NOTE: An asterisk (\*) indicates that the FY 2017-18 request for a line item is affected by one or more decision items.

## APPENDIX B

### FY 2016-17 BEHAVIORAL HEALTH CAPITATION PAYMENTS CALCULATIONS

DESCRIPTION	ELIGIBILITY CATEGORY								TOTAL
	ADULTS AGE 65+ (TO SSI)	INDIVIDUALS WITH DISABILITIES UP TO AGE 64 (TO 450% FPL)	PARENTS/ CARETAKERS (TO 68% FPL); PREGNANT ADULTS (TO 200% FPL)	PARENTS/ CARETAKERS (69% TO 138% FPL)*	ADULTS WITHOUT DEPENDENT CHILDREN (TO 138% FPL)*	CHILDREN (TO 147% FPL)	INDIVIDUALS IN/ FORMERLY IN FOSTER CARE (UP TO AGE 26)	BREAST AND CERVICAL CANCER PROGRAM (TO 250% FPL)	
Weighted capitation rate (per member, per month)	\$17.95	\$140.13	\$28.95	\$16.02	\$53.66	\$19.83	\$125.51	\$28.95	
Estimated monthly caseload	43,599	85,055	180,383	85,317	364,350	537,252	20,276	318	1,316,550
Number of months rate is effective	12	12	12	12	12	12	12	12	
<b>Total estimated capitated payments</b>	<b>\$9,391,225</b>	<b>\$143,025,086</b>	<b>\$62,665,054</b>	<b>\$16,401,340</b>	<b>\$234,612,252</b>	<b>\$127,844,486</b>	<b>\$30,538,089</b>	<b>\$110,473</b>	<b>\$624,588,005</b>
<u>Estimated expenditures:</u>									
Claims paid in current period	\$9,354,599	\$142,724,733	\$62,470,792	\$16,314,413	\$233,626,881	\$127,537,659	\$30,501,443	\$110,451	\$622,640,971
Claims from prior periods	31,657	283,099	178,567	305,519	919,783	304,006	47,742	21	2,070,394
Estimated date of death retractions	(131,773)	(364,984)	(21,571)	(19,158)	(413,379)	(12,342)	(20,409)	(731)	(984,347)
Total expenditures after retractions	\$9,254,483	\$142,642,848	\$62,627,788	\$16,600,774	\$234,133,285	\$127,829,323	\$30,528,776	\$109,741	\$623,727,018
<u>Other payment adjustments:</u>									
Risk corridor reconciliation	\$0	\$0	\$0	(\$973,545)	(\$23,192,045)	\$0	\$0	\$0	(\$24,165,590)
Expansion parents rate reconciliation	0	0	0	6,283,214	0	0	0	0	6,283,214
Adjustment for clients placed in incorrect eligibility categories	0	0	0	0	0	0	0	0	0
<b>NET EXPENDITURES</b>	<b>\$9,254,483</b>	<b>\$142,642,848</b>	<b>\$62,627,788</b>	<b>\$21,910,443</b>	<b>\$210,941,240</b>	<b>\$127,829,323</b>	<b>\$30,528,776</b>	<b>\$109,741</b>	<b>\$605,844,642</b>
<b>Annual per capita expenditure (excl. other payment adjustments)</b>	<b>\$212.26</b>	<b>\$1,677.07</b>	<b>\$347.19</b>	<b>\$194.58</b>	<b>\$642.61</b>	<b>\$237.93</b>	<b>\$1,505.66</b>	<b>\$345.10</b>	<b>\$473.76</b>

\* These are new eligibility categories authorized by S.B. 13-200.

## APPENDIX C

### FY 2017-18 BEHAVIORAL HEALTH CAPITATION PAYMENTS CALCULATIONS

DESCRIPTION	ELIGIBILITY CATEGORY								TOTAL
	ADULTS AGE 65+ (TO SSI)	INDIVIDUALS WITH DISABILITIES UP TO AGE 64 (TO 450% FPL)	PARENTS/ CARETAKERS (TO 68% FPL); PREGNANT ADULTS (TO 200% FPL)	PARENTS/ CARETAKERS (69% TO 138% FPL)*	ADULTS WITHOUT DEPENDENT CHILDREN (TO 138% FPL)*	CHILDREN (TO 147% FPL)	INDIVIDUALS IN/ FORMERLY IN FOSTER CARE (UP TO AGE 26)	BREAST AND CERVICAL CANCER PROGRAM (TO 250% FPL)	
Weighted capitation rate (per member, per month)	\$18.17	\$143.25	\$29.61	\$16.38	\$54.90	\$20.28	\$129.18	\$29.61	
Estimated monthly caseload	44,144	88,158	208,397	80,982	389,466	548,506	20,456	253	1,380,362
Number of months rate is effective	12	12	12	12	12	12	12	12	
<b>Total estimated capitated payments</b>	<b>\$9,625,158</b>	<b>\$151,543,602</b>	<b>\$74,047,622</b>	<b>\$15,917,822</b>	<b>\$256,580,201</b>	<b>\$133,484,420</b>	<b>\$31,710,073</b>	<b>\$89,896</b>	<b>\$672,998,794</b>
<u>Estimated expenditures:</u>									
Claims paid in current period	\$9,587,620	\$151,225,360	\$73,818,074	\$15,833,458	\$255,502,564	\$133,164,057	\$31,672,021	\$89,878	\$670,893,032
Claims from prior periods	36,626	300,353	194,262	86,927	985,371	306,827	36,646	22	1,947,034
Estimated date of death retractions	(118,596)	(328,486)	(19,414)	(17,242)	(372,041)	(11,108)	(18,368)	(658)	(885,913)
Total expenditures after retractions	\$9,505,650	\$151,197,227	\$73,992,922	\$15,903,143	\$256,115,894	\$133,459,776	\$31,690,299	\$89,242	\$671,954,153
<u>Other payment adjustments:</u>									
Risk corridor reconciliation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Expansion parents rate reconciliation	0	0	0	(25,333,333)	0	0	0	0	(25,333,333)
Adjustment for clients placed in incorrect eligibility categories	0	(3,348,474)	0	0	0	280,776	0	0	(3,067,698)
<u>Decision items:</u>									
R6 Delivery system and payment reform	(393,261)	(5,954,038)	(2,986,367)	(827,040)	(9,941,767)	(5,395,734)	(1,216,386)	(2,476)	(26,717,069)
<b>NET EXPENDITURES</b>	<b>\$9,112,389</b>	<b>\$141,894,715</b>	<b>\$71,006,555</b>	<b>(\$10,257,230)</b>	<b>\$246,174,127</b>	<b>\$128,344,818</b>	<b>\$30,473,913</b>	<b>\$86,766</b>	<b>\$616,836,053</b>
<b>Annual per capita expenditure</b>	<b>\$206.42</b>	<b>\$1,609.55</b>	<b>\$340.73</b>	<b>(\$126.66)</b>	<b>\$632.08</b>	<b>\$233.99</b>	<b>\$1,489.73</b>	<b>\$342.95</b>	<b>\$446.87</b>

\* These are new eligibility categories authorized by S.B. 13-200.