JOINT
BUDGET
COMMITTEE

STAFF FIGURE SETTING
FY 2022-23

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
(CONTINUED)

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 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 major programs administered by the Department include:

- **Medicaid** which serves people with low income and people needing long-term care;
- **Children's Basic Health Plan** which provides a low-cost insurance option for children and pregnant women with income slightly higher than the Medicaid eligibility criteria;
- **Colorado Indigent Care Program** which defrays a portion of the costs to providers of uncompensated and under-compensated care for people with low income, if the provider agrees to program requirements for discounting charges to patients on a sliding scale based on income; and
- **Old Age Pension Health and Medical Program** which serves elderly people with low income who qualify for a state pension but do not qualify for Medicaid or Medicare

The Department also performs functions related to improving the health care delivery system, including advising the General Assembly and the Governor, administering grants such as the Primary Care and Preventive Care Grant Program, and housing the Commission on Family Medicine Residency Training Programs.

SUMMARY OF STAFF RECOMMENDATIONS

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2021-22 APPROPRIATION						
Other Legislation	$20,429,443	($77,611,385)	$43,716,468	($10,231,185)	$64,555,545	19.5
S.B. 21-205 (Long Bill)	13,260,251,994	3,424,533,177	1,552,448,285	97,905,609	8,185,364,923	581.9
H.B. 22-1173 (Supplemental Bill)	40,864,536	(115,756,292)	82,623,350	(749,549)	74,747,027	53.5
Long Bill Supplemental	124,319,601	(190,185,414)	11,178,070	122,413	303,204,532	0.0
TOTAL	**$13,445,865,574**	**$3,040,980,086**	**$1,689,966,173**	**$87,047,288**	**$8,627,872,027**	**654.9**
FY 2022-23 RECOMMENDED APPROPRIATION						
FY 2021-22 Appropriation	$13,445,865,574	$3,040,980,086	$1,689,966,173	$87,047,288	$8,627,872,027	654.9
ENROLLMENT/UTILIZATION TRENDS						
R1 Medical Services Premiums	215,454,048	480,167,054	45,125,954	(5,874,967)	(303,963,993)	0.0
R2 Behavioral health	12,832,408	13,857,322	701,478	0	(1,726,392)	0.0
R3 Child Health Plan Plus	18,265,219	7,894,419	(10,438,034)	0	20,808,834	0.0
R4 Medicare Modernization Act	(3,087,541)	(3,087,541)	0	0	0	0.0
R5 Office of Community Living	58,545,049	88,872,514	(17,301,874)	0	(13,025,591)	0.0
Federal match public health emergency (R2 through R4)	23,537,158	61,894,702	27,825,919	52,900	(66,236,363)	0.0
BA6 County administration resources	18,965,148	2,949,679	1,779,805	0	14,235,664	0.0
Subtotal, Enrollment/Utilization Trends	344,511,489	652,548,149	47,693,248	(5,822,067)	(349,907,841)	0.0
PROVIDER RATES						
R6 Value-based payments	1,653,450	826,725	0	0	826,725	0.0
Targeted provider rate adjustments	106,111,203	39,924,351	6,859,955	0	59,326,897	0.0

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
R10 Provider rates	128,922,402	45,731,229	5,996,297	0	77,194,876	0.0
BA7 Increase base wage for nursing homes	0	0	0	0	0	0.0
Subtotal, Provider Rates	236,687,055	86,482,305	12,856,252	0	137,348,498	0.0
BENEFITS AND ELIGIBILITY						
R7 Utilization management	(3,011,223)	(1,512,985)	116,559	0	(1,614,797)	0.0
R8 County administration	(590,849)	461,138	1,936,919	0	(2,988,906)	5.9
R9 OCL Program enhancements (benefits)	1,445,951	1,368,771	0	0	77,180	0.0
R10 Member contributions	1,910,195	963,283	(1,637)	0	948,549	0.0
DOC transitions to nursing homes	938,820	405,208	64,201	0	469,411	0.0
Subtotal, Benefits and Eligibility	692,894	1,685,415	2,116,042	0	(3,108,563)	5.9
ADMINISTRATION						
R11 ACC and CHP accountability	(1,088,495)	(368,236)	0	0	(720,259)	2.0
R12 Convert contracts to FTE	99,940	0	0	0	99,940	3.0
R13 Compliance FTE	(4,776,152)	(2,440,245)	104,339	0	(2,440,246)	10.0
R14 MMIS true up and administration	(56,199,927)	(10,366,213)	(2,765,239)	0	(43,068,475)	11.8
R15 All-Payer Claims Database	1,209,655	1,209,655	0	0	0	0.0
R16 Urban Indian Health	0	0	0	0	0	0.0
R17 SBIRT training	0	0	0	0	0	0.0
BA8 Behavioral Health Administration	0	0	0	0	0	0.0
BA9 eConsult program	221,516	76,774	111,195	0	33,547	0.0
BA10 HCBS ARPA spending Authority	68,168,079	0	67,424,708	0	743,371	(3.4)
BA12 Safety net provider payment	(3,735,404)	0	15,311,278	0	(19,046,682)	0.0
BA13 Connect for Health Colorado	(2,266,230)	0	(1,004,323)	0	(1,261,907)	0.0
BA14 Centralized eligibility vendor	(274,694)	0	(128,684)	0	(146,010)	0.0
BA15 Drug importation program	0	0	0	0	0	0.0
BA17 CU School of Medicine	1,580,667	217,000	(76,532)	0	1,440,199	(2.0)
BA16 HB 21-1166 Roll forward Authority	0	0	0	0	0	0.0
Family medicine residencies	89,445	44,722	0	0	44,723	0.0
Subtotal, Administration	3,028,400	(11,626,543)	78,976,742	0	(64,321,799)	21.4
NONPRIORITIZED REQUESTS AND OTHER						
NP budget request package	18,439	7,436	1,243	347	9,413	0.0
NP CSEAP resources	3,180	1,253	282	36	1,609	0.0
NP Paid Family Medical Leave Act	5,978	2,411	403	112	3,052	0.0
NP OIT CBMS admin costs	3,477,278	738,945	417,243	(5,381)	2,326,471	0.0
NP Department of Early Childhood	8,047,702	4,023,851	0	0	4,023,851	0.0
NP Colorado WINS Partnership Agreement	564,979	280,251	15,288	(2,345)	271,785	0.0
NP Savings from nursing facility transitions	(3,396,132)	(1,698,066)	0	0	(1,698,066)	0.0
NP Equity officers	216,966	0	0	108,483	108,483	2.0
Human Services	1,003,275	501,637	0	0	501,638	0.0
Transfers to other state agencies	141,804	53,758	0	0	88,046	0.0
Tobacco forecast	(35,188)	0	(35,188)	0	0	0.0
Centrally appropriated items	4,086,275	1,963,124	132,187	141,270	1,849,694	0.0
Annualize prior year budget actions	111,611,183	89,565,839	(41,619,218)	5,120,457	58,544,105	5.1
Federal match for HCBS (annualization)	412	214,144,666	15,174,728	0	(229,318,982)	0.4
Technical adjustments	0	0	0	0	0	0.0
Subtotal, Nonprioritized Requests and Other	125,746,151	309,585,105	(25,913,032)	5,362,979	(163,288,901)	7.5
TOTAL	**$14,156,531,563**	**$4,079,654,517**	**$1,805,695,425**	**$86,588,200**	**$8,184,593,421**	**689.7**

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
INCREASE/(DECREASE)	**$710,665,989**	**$1,038,674,431**	**$115,729,252**	**($459,088)**	**($443,278,606)**	**34.8**
Percentage Change	5.3%	34.2%	6.8%	(0.5%)	(5.1%)	5.3%
FY 2022-23 EXECUTIVE REQUEST	**$13,755,841,750**	**$3,998,654,564**	**$1,760,716,470**	**$92,576,709**	**$7,903,894,007**	**725.8**
Request Above/(Below) Recommendation	($400,689,813)	($80,999,953)	($44,978,955)	$5,988,509	($280,699,414)	36.1

DESCRIPTION OF INCREMENTAL CHANGES

FY 22-23

PROVIDER RATES

R6 VALUE-BASED PAYMENTS: Staff recommends an increase of $1.7 million total funds, including $0.8 million General Fund, for stakeholder engagement and actuarial analysis related to the implementation of alternative payment models, including shared savings for pharmacy prescribers, bundled payments in maternity care, partial capitation payments to primary care providers, and the Colorado Providers of Distinction initiative.

TARGETED PROVIDER RATE ADJUSTMENTS (INCLUDING THOSE IN R9 AND R10): During the March 3, 2022, staff figure setting presentation, the Committee delayed action on the Department's R9 (provider rates) request and on targeted rate increases for Durable Medical Equipment in the Department's R10 request. For the delayed items, staff recommends approval of the Department's request.

R9 OFFICE OF COMMUNITY LIVING PROGRAM ENHANCEMENTS TARGETED PROVIDER RATE ADJUSTMENTS					
RATE	CHANGE	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS
Brain Injury Waiver (high acuity members)					
Transitional Living Program (change in rate methodology)	41.6 percent increase	$208,321	$104,161	$0	$104,160
Supported Living Program (newly negotiated rate)	new tier, 20 percent above tier 6 - $538.38	(264,159)	(132,080)	0	(132,079)
SUBTOTAL BRAIN INJURY WAIVER		($55,838)	($27,919)	$0	($27,919)
Case Management					
Rate alignment	various increases	$839,791	$419,896	$0	$419,895
Children with Complex Needs					
Respite and residential rates (alignment)	various increases	$222,811	$111,405	$0	$111,406
TOTAL PROVIDER RATE ADJUSTMENTS		**$1,006,764**	**$503,382**	**$0**	**$503,382**

FY 2022-23 JBC STAFF RECOMMENDATION R10 PROVIDER RATE ADJUSTMENTS					
RATE	CHANGE	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS
Across the board rate adjustment	2.0 percent increase	$128,922,402	$45,731,229	$5,996,297	$77,194,876
Targeted rate increases					

FY 2022-23 JBC STAFF RECOMMENDATION R10 PROVIDER RATE ADJUSTMENTS					
RATE	CHANGE	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS
Durable medical equipment	Rebalancing (between 80 and 100 percent)	$1,596,720	$798,360	$0	$798,360
Massage therapy	34.5 percent increase	27,293	13,647	0	13,646
Non-emergent medical transport	Increase rates below 70 percent up to 70 percent	29,724,365	9,631,987	5,230,197	14,862,181
Emergency medical transport	Increase rates below 70 percent up to 70 percent	22,385,308	5,256,215	1,224,514	15,904,579
Non-medical transport	Increase rates below 80 percent up to 80 percent	5,049,816	2,524,908	0	2,524,908
Speech therapy	Increase rates below 80 percent up to 80 percent	2,514,912	1,257,456	0	1,257,456
Outpatient physical/occupational therapy	Increase rates below 80 percent up to 80 percent	4,404,513	2,202,256	0	2,202,257
Home- and community-based services	Maintain $15/hr wage through remainder of FY 2022-23	33,373,436	16,686,725	0	16,686,711
SUBTOTAL TARGETED RATE INCREASES		$99,076,363	$38,371,554	$6,454,711	$54,250,098
Changes to member contributions					
Changes to copayments	Increase fr $6 to $8	($26,920)	($5,275)	($1,637)	($20,008)
Personal needs allowance	Increase fr $152.00 to $383.33	1,937,115	968,558	0	968,557
SUBTOTAL CHANGES TO MEMBER CONTRIBUTIONS		$1,910,195	$963,283	($1,637)	$948,549
TOTAL JBC STAFF RECOMMENDATION		**$229,908,960**	**$85,066,066**	**$12,449,371**	**$132,393,523**

BENEFITS/ELIGIBILITY ADJUSTMENTS

R8 COUNTY ADMINISTRATION: Staff recommends a net decrease of $0.6 million total funds, including an increase of $0.5 million General Fund, and 5.9 FTE to:

- Address county administration funding issues;
- Increase funding for pay-for-performance though the County incentives Program allocation;
- Hire additional staff to provide proper fiscal and programmatic oversight of county administrative-related activities; and
- Reduce the amount of time it takes to conduct on-site compliance reviews of all 64 counties.

ADMINISTRATION

R12 CONVERT CONTRACTS TO FTE: Staff recommends an increase of $99,940 federal funds and 3.0 FTE for administrative and oversight activities related to the University of Colorado School of Medicine physician supplemental payments.

R13 COMPLIANCE FTE: Staff recommends a net decrease of $4.8 million total funds, including a decrease of $2.4 million General Fund, and an increases of 10.0 FTE to expand and strengthen operational compliance and program oversight and accountability.

R14 MMIS TRUE-UP AND ADMINISTRATION: Staff recommends a decrease of $56.2 million total funds, including $10.4 million General Fund, and 11.8 FTE to accurately reflect current costs associated with operating the Medicaid Management Information Systems (MMIS) and current federal match rates.

BA17 CU SCHOOL OF MEDICINE: Staff recommends a net increase of $1.6 million total funds, including $0.2 million General Fund, for Medical Student Diversity Scholarships through the University of Colorado School of Medicine. In addition, staff recommends a decrease of $153,064 total funds and 2.0 temporary Department FTE responsible for calculating School of Medicine performance metrics, validating data, and measuring provider enrollment and member access.

MAJOR DIFFERENCES FROM THE REQUEST

Major non-technical differences discussed in this document include:

- R6 Value-based Payments – The staff recommendation is lower than the Governor's request by $21.2 million total funds, including $6.6 million General Fund. Staff's recommendation is only for funding for stakeholder engagement and actuarial analyses related to the development of the alternative payment models.
- Targeted provider rate adjustments – The staff recommendation is higher than the Governor's request by $27.4 million total funds, including $8.7 million General Fund, for higher targeted provider rate adjustments for ambulance services and speech therapy than were requested, and for targeted rate increases for outpatient physical and occupational therapy services.
- R12 Convert contractor resources to FTE – The staff recommendation is higher than the Governor's request by $439,458 federal funds. Staff recommendation includes funding for 3.0 FTE will a limited reduction in funding for contract services.
- BA6 County administration resources – That staff recommendation is higher than the Governor's request in FY 2022-23 by $8.8 million total funds, including $1.9 million General Fund, in order to accurately reflect anticipated expenditures across two fiscal years.

DECISION ITEMS

PROVIDER RATES

➔ R6 VALUE-BASED PAYMENTS

DEPARTMENT REQUEST

The Department requests $22,850,574 total funds, including $7,403,648 General Fund, and 9.6 FTE in FY 2022-23 for the planning and implementation of three alternative payment models (APMs) in which provider participation will be mandatory. The request includes:

- $1.1 million total funds, including $0.4 million General Fund, for the Pharmacy Prescriber APM,
- $5.8 million total funds, including $1.0 million General Fund, for the Maternity Bundle APM,
- $2.8 million total funds, including $0.7 million General Fund, for the Adult Primary Care APM,
- $2.4 million total funds, including $0.7 million General Fund, for the Pediatric Primary Care APM,
- $9.9 million total funds, including $4.1 million General Fund, for the hospital incentive program, Colorado Providers of Distinction, and
- $1.1 million total funds, including $0.5 million General Fund, and 9.6 FTE for program administration.

The Department requests roll-forward authority for $11.4 million for the development phase of the project.

The request annualizes to $14,227,538 total funds, including $4,671,497 General Fund, and 10.0 FTE in FY 2023-24.

JBC STAFF RECOMMENDATION

JBC staff recommends an appropriation of $1,653,450 total funds, including $826,725 General Fund, for use by the Department to ensure an adequate stakeholder process and actuarial rate development is conducted for each of the alternative payment models. In addition, staff recommends that the Department be required to submit, on November 1st, a report containing the details of and outcomes from the stakeholder process, the plan for development and implementation of the alternative payments models, including provider training, support, and technical assistance, and the cost of ongoing development and implementation.

FY 2022-23 JBC STAFF RECOMMENDATION
DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
R6 VALUE-BASED PAYMENTS

ALTERNATIVE PAYMENT MODEL	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE
Pharmacy Prescriber	$193,900	$96,950	$0	$0	$96,950	0.0
Maternity Bundle	394,650	197,325	0	0	197,325	0.0
Adult Primary Care	480,100	240,050	0	0	240,050	0.0
Pediatric Primary Care	289,300	144,650	0	0	144,650	0.0
Colorado Providers of Distinction	295,500	147,750	0	0	147,750	0.0
TOTAL JBC STAFF RECOMMENDATION, FY 2022-23	**$1,653,450**	**$826,725**	**$0**	**$0**	**$826,725**	**0.0**

FY 2023-24 OUT-YEAR IMPACT (ANNUALIZATION) OF STAFF RECOMMENDATION DEPARTMENT OF HEALTH CARE POLICY AND FINANCING R6 VALUE-BASED PAYMENTS						
ALTERNATIVE PAYMENT MODEL	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE
Pharmacy Prescriber	$199,600	$99,800	$0	$0	$99,800	0.0
Maternity Bundle	243,200	121,600	0	0	121,600	0.0
Adult Primary Care	493,900	246,950	0	0	246,950	0.0
Pediatric Primary Care	384,900	192,450	0	0	192,450	0.0
Colorado Providers of Distinction	304,500	152,250	0	0	152,250	0.0
TOTAL JBC STAFF RECOMMENDATION, FY 2023-24	**$1,626,100**	**$813,050**	**$0**	**$0**	**$813,050**	**0.0**

BACKGROUND INFORMATION

During the 2017 legislative session, the Joint Budget Committee (JBC) sponsored H.B. 17-1353 (Implement Medicaid Deliver and Payment Initiatives), which sets forth requirements for the existing Accountable Care Collaborative (ACC) and authorizes performance payments to Medicaid providers. Performance payments may be made, but need not be limited to: primary care providers, federally qualified health clinics, providers of long-term services and supports, and behavioral health service providers. The bill requires the Department to submit to the JBC evidence that performance-based payments are designed to achieve budget savings or a budget request for the costs associated with performance payments. In addition, the Department must submit information about performance-based payments and the stakeholder feedback process. Annually, the Department must submit a description of the performance payments and their goals and objectives.

ANALYSIS

In its FY 2022-23 R6 Value Based Payments budget request, the Department requests $22.9 million total funds, including $7.4 million General Fund for the planning and implementation of three alternative payment models in which participation by providers will be mandatory. In addition, the Department requests $11.4 million in roll-forward authority in the event that the development phase is delayed. The Department's request is intended to meet the statutory requirements outlined in H.B. 17-1353. The intent is to drive improved health outcomes and care quality while reducing health care costs and health disparities.

Pursuant to H.B. 17-1353, in addition to submitting evidence that performance-based payments are designed to achieve budget savings or a budget request for the costs associated with performance payments, the Department must submit to the JBC:

- The estimated performance-based payments compared to total reimbursements for the affected service; and
- A description of the stakeholder engagement process for developing the performance-based payments, including the participants in the process and a summary of the stakeholder feedback, and the Department's response to the stakeholder feedback.

The bill requires this information to be provided on or before November 1 for performance-based payments that will take effect in the following fiscal year unless the Department includes with its submission an explanation of the need for faster implementation of the payment. If faster implementation is requested, the Department must provide the information at least three months prior to the implementation of the performance-based payments unless compliance with federal law necessitates shorter notice.

PERFORMANCE-BASED PAYMENTS REPORT

The Department submitted the Performance-based Payments report to the JBC on November 1, 2021, including a summary of the Value-based Payments for Primary Care and Chronic Care Management. This APM provides a per member per month fee for attributed members, allowing providers to receive additional payments for managing defined chronic condition episodes. The report states that "extensive stakeholder engagement, actuarial data analysis, and Medical Services Board rule approval have occurred." It also states that the APM will "go live January 2022, pending CMS approval."

A summary of the Maternity Bundled Payment is also provided in the report, including information on the expansion of the APM, including:

- Finalizing program quality measures selection by collecting internal and external stakeholder feedback, which will be used to evaluate a provider's annual performance;
- Finalizing performance reporting and incentive payment calculations for existing providers based on improvements to outcomes and health equity;
- Recruiting more providers to join the program;
- Selecting and purchasing a data sharing solution for the upcoming program years to timely share program performance data with participating providers; and
- Updating the program rule to reflect program stakeholder feedback.

The report indicates that "as a final step before the rule is reviewed by the medical services board, the Department is collaborating with stakeholders to craft updates aimed at further strengthening program levers to close health disparities and incentivize the use of Medicaid covered midwifery care through the bundle framework. The rule is aiming to be effective in early 2022."

Finally, the report summarizes the Hospital Transformation Program which ties provider fee-funded hospital payments to quality-based initiatives. This program will roll out over the course of five years during which time the payments will transition from pay-for-process to a pay-for-performance structure. Under the program, hospitals must implement quality-based initiatives, meaningfully engage community leaders and organizations, and improve health outcomes. The goals include:

- Improving patient outcomes through care redesign and integration of care across settings;
- Improving patient experience in the delivery system by ensuring appropriate care in appropriate settings;
- Lowering Medicaid costs through reductions in avoidable hospital utilization and increased effectiveness and efficiency in care delivery;
- Accelerating hospitals' organizational, operational, and systems readiness for value-based payments; and
- Increasing collaboration between hospitals and other providers, particularly Regional Accountable Entities (RAEs).

ALTERNATIVE PAYMENTS MODELS – DEPARTMENT REQUEST

Alternative payment models are designed to provide incentive payments for the delivery of high-quality and cost-effective care. Many of these programs were initiated upon the creation of the Center for Medicare and Medicaid Innovation, established under the Affordable Care Act of 2010. The Innovation Center and the Centers for Medicare and Medicaid Services (CMS) "support the development and testing of innovative health care payment and service delivery models" and "is

driving a national public-private effort to adopt alternative payment models that reward the quality of health care over quantity."[1] The Department proposes to pay incentive payments to providers for improved patient outcomes and lower costs through three alternative payment models and a fourth incentive program.

PHARMACY PRESCRIBER TOOL

The Prescriber Tool is intended to ensure that providers have information on prescription drug costs and affordable alternatives. The goal of the Prescriber Tool is to help improve patient health outcomes and service, reduce administrative burden for prescribers, and improve prescription drug affordability. Senate Bill 18-266 (Controlling Medicaid Costs) appropriated funding to the Department for the implementation of the Prescriber Tool. The tool makes available to providers information concerning the Department's drug cost information, preferred drug listing, prior authorization requirements, and member-based risk factors based on the diagnosis.

In FY 2022-23, the Department requests $1.1 million total funds, including $364,529 General Fund, in order to implement an alternative payment model requiring prescribers to have the Pharmacy Prescriber Tool enabled. The Department intends to require mandatory participation by providers effective FY 2022-23. The Department will enroll all prescribers into a shared savings model to incentivize usage of the prescriber tool and lower spending on prescription drugs.

The Department reports that the Prescriber Tool leads to better utilization management of drugs by connecting physicians to the Department's preferred drug list. Prescribers earn shared savings as they increase their percentage of prescriptions drugs chosen from the list or choose a lower cost option from multiple drug choices on the list. The Department will distribute savings realized from use of the tool on a quarterly basis. To ensure that high-quality care is provided, prescribers are required to meet quality goals to earn shared savings. The Department is developing and preparing to implement the model within existing resources in FY 2021-22. The model will include a quality and financial model to incentivize prescribers to use the tool.

Fiscal year 2022-23 funding will be used for stakeholder engagement, actuarial payment development and shared savings calculations, and updates to the payment and quality model based on stakeholder feedback and learned experience while operating the model. Ongoing funding will be used for the continuation of annual stakeholder engagement processes, development of payment targets with the Department's actuary, and professional evaluation of the program.

PHARMACY PRESCRIBER ALTERNATIVE PAYMENT MODEL – FY 2022-23					
ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
Stakeholder engagement	$98,500	$49,250	$0	$49,250	0.0
Actuarial contractor for savings reimbursement	95,400	47,700	0	47,700	0.0
Program development consulting	151,500	75,750	0	75,750	0.0
Analytical tools & systems costs	901,839	225,460	0	676,379	0.0
Costs avoided	(125,856)	(33,631)	(7,197)	(85,028)	0.0
TOTAL PHARMACY PRESCRIBER APM	**$1,121,383**	**$364,529**	**($7,197)**	**$764,051**	**0.0**

[1] Pham, Katherine. "Alternative payment approaches for advancing comprehensive medication management in primary care." US National Library of Medicine, National Institutes of Health. Retrieved on December 1, 2021 from https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7739512/

MATERNITY CARE BUNDLED PAYMENTS

Maternity Care Bundled Payments were implemented by the Department in November 2020 with the intent of improving maternal health. At this time, the provider participation in the program is optional, with three providers participating, and funding for its implementation is limited. Bundled payment methodology is based on the total episode cost reconciled retrospectively with the provider. Shared savings are distributed on a quarterly basis. Payments of shared savings are not distributed to obstetrical providers who have a statistically significant difference in the total cost of care, or the number of services rendered, between the sub-group of pregnant people of color and white pregnant people. Participating obstetrical providers are required to complete a cultural competency training to ensure person-centered care is being provided.

The bundled payment methodology is based on a target budget for the entire maternity episode, including all services related to that condition. According to the Department, the budget will be based on historical average expenditures for the episode, with a targeted reduction to the costs associated with avoidable clinical events (such as a Cesarean delivery for a low risk delivery) for that episode. The Department will continue to pay providers based on submitted claims, but after the episode is completed the actual expenditures with be reconciled for each service to the budget. If expenditures are higher than the budget, the main care provider will owe the Department 50 percent of the difference. If expenditures are lower than the budget, the Department will share 50 percent of the savings with obstetrical care providers if all quality goals were met.

The Department requests $5.8 million total funds, including $1.0 million General Fund to expand the maternity bundled payments model to all 242 obstetrical providers in Colorado. Funding will be used to engage stakeholders, develop the budgets for obstetrical providers with the Department's actuary, and hire a vendor to assist with project management and strategy development. In addition, the Department will hire a vendor to engage obstetrical providers, stakeholders, and Medicaid members to determine updates to the program before it becomes mandatory in FY 2023-24.

MATERNITY BUNDLE ALTERNATIVE PAYMENT MODEL					
ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
Stakeholder engagement	$246,250	$123,125	$0	$123,125	0.0
Actuarial Rate Development	$148,400	74,200	0	74,200	0.0
Project management	$249,750	124,875	0	124,875	0.0
Program development consulting	$494,900	247,450	0	247,450	0.0
Analytical tools & systems costs	$4,614,060	461,406	0	4,152,654	0.0
TOTAL MATERNITY BUNDLE APM	**$5,753,360**	**$1,031,056**	**$0**	**$4,722,304**	**0.0**

A large portion of the funding is requested to cover the design, development, and implementation cost for a data sharing solution integrated with the Colorado Business Intelligence and Data Management system. This will be designed to integrate into provider electronic health records to supply obstetrical providers with up to date performance data compared with budgets and performance compared with program quality metrics. Pursuant to Joint Rule 45(b), the JBC referred this portion of the budget request to the Joint Technology Committee (JTC) for review. The JTC expressed no concern regarding the information technology portion of the request. JBC staff's recommendation will be specific to the policy, timing, and funding.

PRIMARY CARE PHYSICIAN PARTIAL CAPITATION

The Department has developed two alternative payment models for primary care. The first uses a modified fee-for-service payment methodology and an incentive payment methodology when quality metrics are met. The second voluntary model provides a partial capitation advanced payment to providers for services that are expected to be delivered in a given month. The Department requests funding to implement the prospective partial capitation alternative payment model for both adult and pediatric primary care beginning in January 2022 on a voluntary basis with provider participation becoming mandatory in FY 2024-25.

The Department anticipates that the payment arrangement will result in increased cash flow for primary care providers even while demand may fluctuate. Under this model, physicians will select the share of monthly revenue attributed to the prospective payments and the rest will come from fee for service payments. In addition, meeting quality metrics will be incentivized when chronic conditions are appropriately managed. Providers will earn shared savings from reductions in the total cost of care on their patient panel.

The Department requests $2.6 million total funds, including $0.7 million General Fund, for the primary care alternative payment model for providers serving adults; and $2.4 million total funds, including $0.7 million General Fund, for pediatric providers. Funding will be used to engage stakeholders, develop the budgets for primary care providers with the Department's actuary, and hire a vendor to assist with project management and strategy development. In addition, the Department will hire a vendor to engage both adult and pediatric primary care doctors, stakeholders, and Medicaid members to determine updates to the program before it is made mandatory for 850 primary care providers in FY 2024-25.

ADULT PRIMARY CARE ALTERNATIVE PAYMENT MODEL					
ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
Stakeholder engagement	$98,500	$49,250	$0	$49,250	0.0
Actuarial Rate Development	$381,600	190,800	0	190,800	0.0
Project management	$249,750	124,875	0	124,875	0.0
Program development consulting	$494,900	247,450	0	247,450	0.0
Analytical tools & systems costs	$1,349,263	134,926	0	1,214,337	0.0
TOTAL ADULT PRIMARY CARE APM	**$2,574,013**	**$747,301**	**$0**	**$1,826,712**	**0.0**

PEDIATRIC PRIMARY CARE ALTERNATIVE PAYMENT MODEL					
ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
Stakeholder engagement	$98,500	$49,250	$0	$49,250	0.0
Actuarial Rate Development	$190,800	95,400	0	95,400	0.0
Project management	$249,750	124,875	0	124,875	0.0
Program development consulting	$494,900	247,450	0	247,450	0.0
Analytical tools & systems costs	$1,349,263	134,926	0	1,214,337	0.0
TOTAL PEDIATRIC PRIMARY CARE APM	**$2,383,213**	**$651,901**	**$0**	**$1,731,312**	**0.0**

A large portion of the funding is requested to cover the design, development, and implementation cost for a data sharing solution integrated with the Colorado Business Intelligence and Data Management system. This will be designed to integrate into provider electronic health records to supply providers with up to date performance data compared with budgets and performance compared with program quality metrics. Pursuant to Joint Rule 45(b), the JBC referred this portion

of the budget request to the Joint Technology Committee (JTC) for review. The JTC expressed no concern regarding the information technology portion of the request. JBC staff's recommendation will be specific to the policy, timing, and funding.

COLORADO PROVIDERS OF DISTINCTION

The Department requests funding to plan and implement separate Colorado Providers of Distinction programs in primary care, specialty care, and hospital-based procedures, starting in FY 2023-24. The Colorado Providers of Distinction programs identify health care providers that deliver high-value care and demonstrate better outcomes for Colorado patients and families. The programs will evaluate and report on health care outcomes and episode price for specific conditions in primary care, specialty care, and hospital-based procedures to offer insights to providers and patients and promote referrals to the respective provider of distinction in their region. The Department indicates that through implementation of evidence-based practices, patients will receive a better quality of care and a reduced likelihood of developing complications and ending up in the hospital.

In order to implement Providers of Distinction in primary care, specialty care, and for hospital based procedures, the Department needs to develop episode based analytics to identify the separate groups of Providers of Distinction, stakeholders need to be engaged from each group and analytics to alter member choice of provider, and the Department needs support with strategy and clinical design concerning each of the three programs in FY 2022-23. The Department's request includes funds for the design and implement of a solution that will integrate the Colorado Providers of Distinction analytics with the Department's eConsult system to influence referrals between primary care and specialty care.

The Department requests $9.9 million total funds, including $4.1 million General Fund for the development and implementation of the Colorado Providers of Distinction programs.

COLORADO PROVIDERS OF DISTINCTION					
ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
Analytics	$3,912,750	$1,956,375	$0	$1,956,375	0.0
Stakeholder engagement	295,500	147,750	0	147,750	0.0
Strategy/design consulting	3,484,500	1,742,250	0	1,742,250	0.0
Systems costs	2,251,102	225,110	0	2,025,992	0.0
Total Colorado Providers of Distinction	**$9,943,852**	**$4,071,485**	**$0**	**$5,872,367**	**0.0**

Pursuant to Joint Rule 45(b), the JBC referred this portion of the budget request to the Joint Technology Committee (JTC) for review. The JTC expressed no concern regarding the information technology portion of the request. JBC staff's recommendation will be specific to the policy, timing, and funding.

DEPARTMENT FTE

Finally, the Department requests $1.1 million total funds, including $0.5 million General Fund, and 9.6 FTE in FY 2022-23 for staff to support the implementation of the alternative payment models and the Colorado Providers of Distinction programs. This includes 4.0 Rate/Financial Analyst III positions, 5.0 Administrator IV positions, and 1.0 Statistical Analyst III position. JBC staff has provided the total cost for the positions based on project components in the table below, but, because

staff is recommending denial of the request for Department FTE, did not include the by-position breakdown in this analysis (see JBC Staff Concerns, below).

ALTERNATIVE PAYMENT MODEL AND COLORADO PROVIDERS OF DISTINCTION SUPPORT					
ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
APM and CPD financial rate analysts	$299,132	$149,566	$0	$149,566	3.8
Analytic tools statistical analyst	77,038	38,519	0	38,519	1.0
APM and CPD program administrators	211,086	105,543	0	105,543	2.9
RAE alignment program administrators	140,724	70,362	0	70,362	1.9
TOTAL APM AND POD SUPPORT	**$727,980**	**$363,990**	**$0**	**$363,990**	**9.6**

FTE COSTS					
ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
FTE centrally appropriated costs	$201,273	$100,636	$0	$100,637	0.0
FTE operating costs	79,500	39,750	0	39,750	0.0
FTE leased space	66,000	33,000	0	33,000	0.0
TOTAL APM AND POD FTE COSTS	**$346,773**	**$173,386**	**$0**	**$173,387**	**0.0**

JBC STAFF CONCERNS

Pursuant to H.B. 17-1353, **prior to implementing performance-based payments and for payments that will take effect in the following fiscal year**, the Department is required to submit to the JBC:

- Evidence that the payments are designed to achieve budget savings or a budget request associated with the payments;
- The estimated payments compared with the total reimbursements for affected services; and
- A description of the stakeholder engagement process for developing the payments, including the participants, a summary of the stakeholder feedback, and the Department's response to the feedback.

The Department indicates that it will implement the Prescriber Tool in FY 2021-22 within existing resources. In order to do so, notice must have been provided to the JBC at least three months prior to implementation, unless compliance with federal law requires a faster implementation. In addition to concerns related to the implementation timeline of the Prescriber Tool, staff is concerned about the development and implementation of the Providers of Distinction initiative. The Department reports that it "will begin extensive stakeholder engagement in FY 2022-23," however statute requires that it take place prior to implementing a performance-based payment.

In its budget request, the Department identified budget savings that would result from the implementation of the APM. During the Department's hearing on December 16, 2021, the list of stakeholders were identified and a brief description of the stakeholder engagement process for developing the payments was provided. A summary of stakeholder feedback and the Department's response to the feedback was not included.

JBC staff has heard from multiple providers in three of the four initiatives identified in this request. Providers indicate that the Department's stakeholder process was insufficient and that the implementation is premature. Given that in one instance, JBC staff was notified that an agreement had been reached between the Department and providers a week before the first Department figure

setting deadline and that all providers who contacted staff indicated that the request lacks clarity, **JBC staff believes that implementation of the value-based payments identified in this request is premature and recommends that only funding for stakeholder engagement and actuarial analyses be appropriated in FY 2022-23. Staff recommends that the Department provide the statutorily required information to the JBC, including the stakeholder feedback and Department responses in the future. In addition, staff recommends that a more concise plan for implementation of the APMs be submitted to the JBC in November 2022, including information concerning provider training, support, and technical assistance.**

The Department plans to develop the alternative payment models in partnership with the Division of Insurance and the Department of Personnel in order to establish an aligned approach to value-based payment across public and private payers in Colorado. **Staff recommends that the information submitted to the JBC in November 2022 include an explanation of its work with the Division of Insurance and Department of Personnel and how the Department is ensuring that stakeholder engagement and work associated with the development and implementation of the APMs are complimentary and not duplicative of the work performed by other state agencies.**

Finally, the Department's request indicates that the cost of developing and implementing the four initiatives identified in the R6 request is $51.8 million total funds, including $17.3 million General Fund and $34.5 million federal funds, over three fiscal years (FY 2022-23 through FY 2024-25) and that it will take 10.0 ongoing FTE to administer the initiatives. In contrast, the cost savings over that same three year period is identified as $15.7 million total funds, including $5.8 million General Fund, $0.3 million cash funds, and $9.6 million federal funds. These figures support staff's long held belief that cost "savings" is rarely realized in state government and that the initiatives are more likely to generate a cost shift, primarily toward expensive information technology projects. That said, if that shift results in more people getting better care in a more timely fashion, the shift may be determined to be worth the investment. Staff recommends, though, that the Department perform an evaluation on the changes in outcomes associated with an increase in provider rates (see R9 and R10) and compare the intended patient outcomes of these initiatives with that data.

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING THREE-YEAR COST AVOIDANCE OR SAVINGS RESULTING FROM IMPLEMENTATION OF ALTERNATIVE PAYMENT MODELS

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE
FY 2022-23						
Pharmacy Prescriber APM	($125,856)	($33,631)	($7,197)	$0	($85,028)	0.0
FY 2023-24						
Pharmacy Prescriber APM	($603,366)	($161,235)	($34,501)	$0	($407,630)	0.0
Maternity Bundle APM	(1,646,207)	(791,583)	0	0	(854,624)	0.0
Primary Care APM/Providers of Distinction	(1,303,840)	(385,552)	(70,814)	0	(847,474)	0.0
SUBTOTAL FY 2023-24	**($3,553,413)**	**($1,338,370)**	**($105,315)**	**$0**	**($2,109,728)**	**0.0**
FY 2024-25						
Pharmacy Prescriber APM	($1,080,876)	($288,837)	($61,806)	$0	($730,233)	0.0
Maternity Bundle APM	(3,292,413)	(1,583,166)	0	0	(1,709,247)	0.0
Primary Care APM/Providers of Distinction	(7,608,264)	(2,521,393)	(141,628)	0	(4,945,243)	0.0
SUBTOTAL FY 2024-25	**($11,981,553)**	**($4,393,396)**	**($203,434)**	**$0**	**($7,384,723)**	**0.0**
TOTAL COST SAVINGS OR AVOIDANCE	**($15,660,822)**	**($5,765,397)**	**($315,946)**	**$0**	**($9,579,479)**	**0.0**

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING THREE-YEAR COST OF IMPLEMENTING ALTERNATIVE PAYMENT MODELS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE
FY 2022-23						
Pharmacy Prescriber APM	$1,247,239	$398,160	$0	$0	$849,079	0.0
Maternity Bundle APM	5,753,360	1,031,056	0	0	4,722,304	0.0
Primary Care APM/Providers of Distinction	14,901,078	5,470,687	0	0	9,430,391	0.0
Department FTE	1,074,753	537,376	0	0	537,377	9.6
SUBTOTAL FY 2022-23	**$22,976,430**	**$7,437,279**	**$0**	**$0**	**$15,539,151**	**9.6**
FY 2023-24						
Pharmacy Prescriber APM	$1,347,481	$449,170	$0	$0	$898,311	0.0
Maternity Bundle APM	1,843,815	584,154	0	0	1,259,661	0.0
Primary Care APM/Providers of Distinction	13,547,691	4,455,561	0	0	9,092,130	0.0
Department FTE	1,041,963	520,981	0	0	520,982	10.0
SUBTOTAL FY 2023-24	**$17,780,950**	**$6,009,866**	**$0**	**$0**	**$11,771,084**	**10.0**
FY 2024-25						
Pharmacy Prescriber APM	$1,347,481	$449,170	$0	$0	$898,311	0.0
Maternity Bundle APM	1,798,185	561,339	0	0	1,236,846	0.0
Primary Care APM/Providers of Distinction	6,901,506	2,327,902	0	0	4,573,604	0.0
Department FTE	1,041,963	520,981	0	0	520,982	0.0
SUBTOTAL FY 2024-25	**$11,089,135**	**$3,859,392**	**$0**	**$0**	**$7,229,743**	**0.0**
TOTAL COST OVER THREE FISCAL YEARS	**$51,846,515**	**$17,306,537**	**$0**	**0**	**$34,539,978**	**10.0**

Staff recommends denial of the Department's request for FY 2022-23 and ongoing funding for other components of the request, including denial of the request for funding to cover the cost of 9.6 FTE and for roll-forward authority for $11.4 million total funds.

LEVEL OF EVIDENCE PURSUANT TO S.B. 21-284

As defined in S.B. 21-284 (Evidence-based Evaluations for Budget), an evidence-informed program or practice is defined as one that "reflects a moderate, supported, or promising level of confidence of effectiveness, ineffectiveness, or harmfulness as determined by an evaluation with a comparison group, multiple pre- and post-evaluations, or an equivalent measure." The Department provided research related to the implementation of alternative payment models in its request. While JBC staff was unable to perform an exhaustive literature review, she agrees with the Department's identification of this budget request as evidence-informed.

➔ R9 OFFICE OF COMMUNITY LIVING ENHANCEMENTS (RATES)

During the JBC Staff Figure Setting presentation for the Department of Health Care Policy and Financing on March 3, 2022, the Committee delayed action requested additional information concerning the integration of the programs in this R9 budget request with the American Rescue Plan Act (ARPA) Home- and Community-based Services (HCBS) Spending Plan. Pursuant to the federal Act, the spending plan utilizes an enhanced federal match for eligible services to enhance or expand existing programs or initiatives. The R9 budget request is specifically related to targeted rate adjustments for existing services and is not related to the expansion or enhancement of those services. The funding identified in the ARPA HCBS Spending Plan is only available for one-time programs and on a limited basis, whereas the rates identified in the R9 request are for existing ongoing services. As

a result, the Department separated the information and calculations into two different budget requests – one for existing ongoing services, and the other for time limited one-time initiatives. Anything identified in the spending plan is considered one-time and if it is intended that the funding be ongoing, the Department will need to submit a request for General Fund to cover the future cost. Further, if the spending plan funding is allocated to other programs or services, funding for services and initiatives identified in the spending plan will need to be reduced.

DEPARTMENT REQUEST

The Department requests $2,452,715 total funds, including $1,872,153 General Fund, to increase rates and expand benefits for individuals enrolled in the Home- and Community-based Services waivers, increase provider bed capacity, and create additional opportunities for care in the community. The R9 budget request include funding for:

- The expansion of Home Delivered Meals;
- Maintenance of the current funding and enrollment levels of state-only programs for people with intellectual and developmental disabilities;
- An increase in the rate for the Transitional Living Program;
- Creation of a negotiated rate for the Supported Living Program;
- Alignment of the rates for long-term care case management activities; and
- Alignment of service limits and rates between Children's Habilitation Residential Program (CHRP) waiver and other HCBS waivers.

This analysis will consider the: increased rates for the Transitional Living Program, negotiated rate for the Supported Living Program, rates for long-term care case management activities, and alignment of service limits and rates between the CHRP waiver and other HCBS waivers. The FY 2022-23 funding requested for these items is $1,420,724 total funds, including $710,363 General Fund, comprised of:

- A net reduction $215,634 total funds, including $107,817 General Fund, for high acuity brain injury waiver members;
- An increase of $1,379,791 total funds, including $689,896 General Fund, for case management quality performance initiatives; and
- A net increase of $256,567 total funds, including $128,284 General Fund, for service and supports for children with complex needs.

JBC STAFF RECOMMENDATION

JBC staff recommends approval of the Department's request. The recommendation annualizes to an increase of $1,686,070 total funds, including $843,036 General Fund, in FY 2023-24.

BACKGROUND INFORMATION

The Department of Health Care Policy and Financing, Office of Community Living manages ten Medicaid long-term services and supports waivers – four for individuals with intellectual and developmental disabilities (IDD) and six for individuals without IDD:

- IDD Waivers –
    - Adult Comprehensive Services;
    - Supported Living Services;
    - Children's Extensive Services; and
    - Children's Habilitation Residential Program.

- Non-IDD Waivers –
  - Elderly, Blind, and Disabled (EBD);
  - Community Mental Health Supports (CMHS);
  - Children's Home and Community-based Services (CHCBS);
  - Brain Injury (BI);
  - Children with Life Limiting Illness (CLLI); and
  - Spinal Cord Injury (SCI).

In addition, the Department manages programs that provide services to individuals with IDD who do not qualify for Medicaid, including:

- State Supported Living Services; and
- Family Support Services Program.

In addition to the Department's R10 Provider Rates request to apply targeted provider rate adjustments or a common policy provider rate adjustment, rate increases are requested in the Department's FY 2022-23 R9 Office of Community Living Enhancements budget request. These rate increases are identified in the following table:

R9 Office of Community Living Program Enhancements					
Rate	Change	Total Funds	General Fund	Cash Funds	Federal Funds
Brain Injury Waiver (high acuity members)					
Transitional Living Program (change in rate methodology)	41.6 percent increase	$208,321	$104,161	$0	$104,160
Supported Living Program (newly negotiated rate)	new tier, 20 percent above tier 6 - $538.38	(264,159)	(132,080)	0	(132,079)
Subtotal Brain Injury Waiver		($55,838)	($27,919)	$0	($27,919)
Case Management					
Rate alignment	various increases	$839,791	$419,896	$0	$419,895
Children with Complex Needs					
Respite and residential rates (alignment)	various increases	$222,811	$111,405	$0	$111,406
Total Provider Rate Adjustments		**$1,006,764**	**$503,382**	**$0**	**$503,382**

Brain Injury Waiver

Individuals enrolled in the Brain Injury Waiver program receive additional home- and community-based services in order to live in their communities. Eligibility is limited to individuals 16 years or older with a brain injury that occurred prior to the 65th birthday and who in need of long-term services that might otherwise be provided in a nursing home or hospital. The highest rates available to providers for two programs that serve individuals with high acuity brain injuries are insufficient to ensure the necessary capacity to serve members who need these services.

Transitional Living Program

The Transitional Living Program (TLP) is available through the Brain Injury waiver and offers intensive services in an assisted living setting for recently injured people with high acuity brain injuries. It is designed to help members transition back into the community post-injury. It is available within 18 months after the first brain injury or three months after the second brain injury with a hospital stay. The Department reports that the program is successful in reducing hospital readmissions, however the number of utilizers is significantly limited due to provider capacity issues. The TLP has five tiers of rates, however the rate for high acuity brain injuries is not sufficient to encourage increased

community capacity. The Department is requesting funding to increase the average daily rate for TLP from $463.58 to $656.47.

TRANSITIONAL LIVING PROGRAM (TLP) RATE ADJUSTMENT			
ITEM	FY 2022-23	FY 2023-24	FY 2024-25
ESTIMATED COST TO INCREASE RATE FOR TRANSITIONAL LIVING PROGRAM			
Maximum Number of Patients	6	6	6
Estimated Utilization in Days	180	180	180
Current Average Daily Rate for TLP	$463.58	$463.58	$463.58
New Proposed Daily Rate	$656.47	$656.47	$656.47
Difference	$192.89	$192.89	$192.89
TOTAL COST OF TLP RATE INCREASE	$208,321	$208,321	$208,321
ESTIMATED SAVINGS FROM TLP RATE INCREASE			
Average Per Utilizer Inpatient Cost	($159,796)	($159,796)	($159,796)
TOTAL IMPACT	**$48,525**	**$48,525**	**$48,525**

Supported Living Program

The Supported Living Program (SLP) is available through the Brain Injury waiver and is a specialized assisted living service for people with high acuity brain injuries. It includes 24-hour oversight, assessment, training and supervision of self-care, medication management, behavioral management, and cognitive supports. The SLP has six tiers of rates, however the rates for high acuity brain injuries is not sufficient to increase access to care for members. The Department is requesting funding to create a negotiated daily rate of $538.38 for high acuity utilizers in this program in order to increase the number of members who are able to receive care in the community as opposed to in a hospital.

NEGOTIATED RATE FOR SUPPORTED LIVING PROGRAM (SLP) SERVICE			
ITEM	FY 2022-23	FY 2023-24	FY 2024-25
ESTIMATED COST OF SLP LEVEL 7 RATE			
Number of Utilizers	2	5	7
Estimated Negotiated SLP Daily Rate	$538.38	$538.38	$538.38
Estimated Number of Days	139	277	277
ESTIMATED COST OF LEVEL 7 SLP UTILIZATION	$149,670	$745,656	$1,043,919
ESTIMATED SAVINGS FROM SLP LEVEL 7 RATE			
Average Cost Per Client for Alternative Care	$206,914.70	$206,915	$206,915
ESTIMATED COST OF ALTERNATIVE CARE	$413,829	$1,034,574	$1,448,403
TOTAL IMPACT	**($264,159)**	**($288,918)**	**($404,484)**

CHILDREN'S HABILITATION RESIDENTIAL PROGRAM

The Children's Habilitation Residential Program (CHRP) provides services and supports for children and youth who have an intellectual or developmental disability and very high needs. Pursuant to H.B. 18-1328 (Redesign Residential Child Health Care Waiver), administration of the CHRP waiver was transferred to the Department in FY 2018-19 and expanded in order to allow children or youth who are not in the custody of child welfare agencies to enroll in the waiver. Members of the waiver can access residential supports if they require out-of-home placement. Options for placement include foster homes, group homes, and Residential Child Care Facilities, but do not include host home residential care. While many residential service providers offer both foster home and host home care to members, the reimbursement rates for the services are not aligned. Foster home rates across all support levels are lower than those for host homes.

The Department is requesting funding to align respite reimbursement rates for CHRP placements with similar services provided through the Children's Extensive Services (CES) waiver. Currently, respite limits for the CES waiver are 1,880 units plus 30 days in a service plan year. CHRP respite limits are 28 days in a calendar year. Whereas a CES "day" is equal to 10 or more hours, a CHRP day is calculated as any amount of time spent in one day. The Department reports that families have chosen to enroll their children in the CES waiver because of the amount of respite units/days provided even though the CHRP waiver may be better suited to the child's needs.

In addition, the Department requests funding to increase CHRP reimbursement rates for foster home and group home care to align with the rates paid for host home and group residential care on the Comprehensive waiver. Rate adjustments include:

- Increases of approximately 17 percent for each of the six levels of CHRP foster home rates to align with Individual Residential Services and Supports/Host Home rates; and
- Increases for each of the six levels of CHRP group home rates to align with Group Residential Services and Supports:
    - Level 1 – 42.0 percent (from $84.32 to $119.74);
    - Level 2 – 29.9 percent (from $111.00 to $144.23);
    - Level 3 – 24.8 percent (from $160.76 to $163.20);
    - Level 4 – 17.0 percent (from $154.46 to $186.20);
    - Level 5 – 19.5 percent (from $170.64 to $203.95); and
    - Level 6 – 17.7 percent (from $201.22 to $236.90).

Host homes and foster homes are residential settings available to individuals with IDD. Host homes are typically single-family homes with up to three adults in the home who are receiving residential services and supports. There is no difference between the services and supports provided in foster homes and host homes. In both foster homes and host homes, the primary caregiver resides in the home and provides support, and both settings provide members services that meet their needs in a personal home.

SUMMARY OF HCBS-CHRP UNIT AND RATE ALIGNMENT INITIATIVES

ITEM	FY 2022-23	FY 2023-24	FY 2024-25
Align Foster Home Rates	$304,729	$304,729	304,729
Align Group Home Rates	137,128	137,128	137,128
Align Respite Rates	3,765	3,765	3,765
Implementation (per year)	50%	100%	100%
TOTAL ESTIMATED ANNUAL IMPACT	$222,811	$445,622	445,622

CASE MANAGEMENT

Case management is provided to members enrolled in an HCBS waiver and includes facilitation of the member's enrollment in a program that meets their level of care requirements; locating, coordinating, and monitoring needed HCBS waiver services; and coordinating with non-waiver resources, including medical, social, and educational resources. Of the 49 case management agencies (CMAs), 24 are Single Entry Points (SEPs), 20 are Community Centered Boards (CCBs), and 5 are private agencies. Case management rates vary between SEPs and CCBs across activities. The Department is requesting funding to align rates for case management training, appeals, and ongoing monitoring. The rate adjustments include:

- An increase of 0.4 percent in the CCB Training rate (from $602.79 to $605.39);

- An increase of 44.6 percent in the CCB Appeals rate (from 343.02 to $496.08);
- An increase of 62.7 percent in the SEP Appeals Hearing rate (from $281.65 to $458.15); and
- An increase of 17.1 percent in the SEP Monitoring rate (from $83.45 to $97.74).

FY 2022-23 ESTIMATED IMPACT OF ALIGNING SINGLE ENTRY POINT (SEP) AND COMMUNITY-CENTERED BOARD (CCB) RATES FOR CASE MANAGEMENT ACTIVITIES

ITEM	TRAINING DELIVERABLE	CREATION OF THE PACKET (APPEAL)	ATTENDANCE AT APPEAL HEARING	MONITORING	TOTAL
Proposed Rate	$605.39	$496.08	$458.16	$97.74	n/a
Current CCB Rate	$602.79	$343.02	$458.16	$97.74	n/a
Difference Between Proposed Rate and Current CCB Rate	$2.60	$153.06	$0	$0	n/a
Current SEP Rate	$605.39	$496.08	$281.65	$83.45	n/a
Difference Between Proposed Rate and Current SEP Rate	$0	$0	$176.51	$14.29	n/a
Estimated CCB Utilization	40	16	5	48,905	48,966
Estimated SEP Utilization	48	49	74	57,675	57,846
FISCAL IMPACT	$104	$2,449	$13,062	$824,176	$839,791

In addition to the fiscal impact identified above, the Department requests an additional $540,000 to purchase 12,000 surveys at a cost of $45 each to sample the case management agencies to measure the performance and quality of services provided by CCB and SEP case managers.

LEVEL OF EVIDENCE PURSUANT TO S.B. 21-284

Senate Bill 21-284 defines a "theory-informed program or practice" as one that "reflects a moderate to low or promising level of confidence of effectiveness, ineffectiveness, or harmfulness as determined by tracking and evaluating performance measures including pre- and post-intervention evaluation of program outcomes, evaluation of program outputs, identification and implementation of a theory of change, or equivalent measure." The Department has identified the targeted rate portion of this request as theory-informed. In an October 2019, health bulletin entitled "Increased Medicaid reimbursement Rates Expand Access to Care,"[2] however, the Nation Bureau of Economic Research found that

> *…for every $10 increase in Medicaid reimbursement per visit, parents were 0.5 percentage points more likely to report no difficulty finding a provider for their Medicaid-insured children, a 25 percent change relative to the mean. Similarly, adult recipients were less likely to report being told that a physician was not accepting new patients or did not accept their insurance coverage.*

The researchers studied the variation in the magnitude of reimbursement rate change resulting from the reduction in geographic dispersion in reimbursement after a 2013 mandate required that Medicaid reimbursement rates for certain primary care services to match Medicare rates. The report also indicates that the increase in access

> *…translated into a rise in health care utilization and improved health outcomes. Each $10 increase in Medicaid reimbursement per visit generated a 0.3 percentage point, or 1.4 percent, increase in the probability that a Medicaid recipient reported a doctor visit in the past two weeks and a 0.6 percentage point, or 1.1 percent,*

[2] https://www.nber.org/bh/increased-medicaid-reimbursement-rates-expand-access-care

increase in the probability that a recipient reported very good or excellent health. In addition, the same $10 increase in payment per visit reduced reported school absences among primary school-aged Medicaid recipients by 14 percent, a finding that the researchers corroborate using administrative data from the National Assessment of Educational Progress.

Finally, the researchers found little evidence that Medicaid reimbursement changes had any offsetting impact on privately insured individuals.

As defined in S.B. 21-284, an evidence-informed program or practice is defined as one that "reflects a moderate, supported, or promising level of confidence of effectiveness, ineffectiveness, or harmfulness as determined by an evaluation with a comparison group, multiple pre- and post-evaluations, or an equivalent measure." While JBC staff was unable to perform an exhaustive literature review, she believes that documentation does exist that supports labeling this budget request as "evidence-informed."

➔ R10 PROVIDER RATE ADJUSTMENTS

During the JBC Staff Figure Setting presentation for the Department of Health Care Policy and Financing on March 3, 2022, the Committee approved JBC staff recommendation for R10 with a further increase in the rate for Emergency Medical Transport. The Committee delayed action on requested additional information concerning the targeted rate adjustment for Durable Medical Equipment. The Committee approved staff recommendation but also requested information concerning the Department's request for General Fund to cover the ongoing cost of the $15 minimum wage for home- and community-based services (HCBS) providers (see the American Rescue Plan Act (ARPA) HCBS Spending Plan for more information).

DEPARTMENT REQUEST

For Durable Medical Equipment, the Department requests an increase of $1,596,720 total funds, including $798,360 General Fund, to rebalance provider rates between 80 and 100 percent of the benchmark.

JBC STAFF RECOMMENDATION

JBC staff recommended approval of the Department's request to rebalance DME rates.

BACKGROUND INFORMATION

Durable Medical Equipment (DME) rates were analyzed during the 2021 Medicaid Provider Rate Review process. The 2021 Medicaid Provider Rate Review Recommendation Report made the following recommendations.

DURABLE MEDICAL EQUIPMENT

Analysis of Durable Medical Equipment (DME) services identified rates that fell below 80 percent of the Medicare benchmark for some services and above 100 percent of the benchmark for others. The Department's request includes an increase of rates up to 80 percent for those falling below the 80 percent benchmark, and to reduce rates down to 100 percent for those that are above the 100 percent benchmark. The Department requests $1.6 million total funds, including $0.8 million General Fund, to rebalance DME rates. **JBC staff recommends approval of the Department's request.**

The Department projects that the rate rebalance will result in more providers with an overall increase in payments compared to providers with an overall decrease in payments, primarily in rural counties. For providers with a net reduction, the impact ranges from a decrease of $2 to $408,330 annually; for providers with a net increase, the impact ranges from an increase of $1 to $235,841.

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ESTIMATED NUMBER OF PROVIDERS WITH NET INCREASE VS NET DECREASE DUE TO RATE REBALANCE				
ITEM	RURAL	URBAN	TOTAL	NOTES
Net Increase	47	30	77	Number of providers projected to have a net increase
Net Decrease	3	26	29	Number of providers projected to have a net decrease

The cost of increasing rates that are below 80 percent of the benchmark up to 80 percent of the benchmark, without rebalancing the rates that are above 100 percent, is provided in the following table. DME is eligible for a 50.0 percent federal match in FY 2022-23. The total General Fund impact is $1,395,392 in FY 2022-23.

REPRICING DURABLE MEDICAL EQUIPMENT RATES TO 80% OF BENCHMARK		
ITEM	FY 2022-23	FY 2023-24
Durable Medical Equipment Expenditure	$14,892,919	$14,892,919
Repriced to 80% of Benchmark	$17,916,267	$17,916,267
INCREMENTAL DIFFERENCE	**$3,023,348**	**$3,023,348**
Percentage of the Year Affected	92.31%	100.00%
ESTIMATED IMPACT OF ALIGNING BENCHMARKS	**$2,790,783**	**$3,023,348**
Estimated Impact of Rebalancing 80%-100%	$1,596,720	$1,729,780
Incremental from Original Repricing Proposal	$1,194,063	$1,293,568

DME services are eligible for the 10.0 percent enhanced federal match for home- and community-based services (HCBS) through March 31, 2022. The General Fund savings from that enhanced match must be used to enhance or expand services. The initiatives identified in the American Rescue Plan Act HCBS Spending Plan are one-time and, other than the $15 per hour minimum wage increase, do not include rate adjustments for providers. All anticipated General Fund savings and federal matching funds have been accounted for in the approved spending plan. If the funding is used for something other than what is identified in the spending plan, funding for the identified and approved initiatives must be reduced.

HOME- AND COMMUNITY-BASED SERVICES

During the March 3, 2022 figure setting presentation, the Committee approved the Department's request for an ongoing $15 per hour minimum wage for frontline HCBS staff, however requested information concerning the use of the HCBS Improvement Fund for related expenses through FY 2023-24. All anticipated General Fund savings and federal matching funds have been accounted for in the approved spending plan. If the funding is used for something other than what is identified in the spending plan, funding for the identified and approved initiatives must be reduced. The Department will submit requests for adjustments to fund sources during the budget process and throughout implementation of the plan. If it is determined that additional cash funds are available to cover the cost of this wage increase, the funds will be reallocated and the General Fund reduced.

Staff Figure Setting Analysis

Home- and community-based services allow individuals to receive essential care and remain in a community setting. As a part of the ARPA Spending Plan approved by the JBC and the Centers for

Medicare and Medicaid Services (CMS) in September 2021, the Department increased rates for certain HCBS services with a required wage pass through for providers to pay at least $15 per hour base wage for frontline staff providing direct hands-on care. Increases under the spending plan are effective from January 1, 2022 through April 15, 2023 for targeted services, including:

- Adult day;
- Alternative care facility;
- Consumer-direct attendant support services (CDASS);
- Community connector;
- Day habilitation;
- Homemaker;
- In-home support services (IHSS);
- Mentorship;
- Personal care;
- Prevocational services;
- Residential habilitation;
- Respite care;
- Supported community connections; and
- Supportive living program.

The Department's budget request includes $33,373,436 million, including $16,686,725 million General Fund, to continue the $15 wage pass through from April 16 through June 30, 2023. This request annualizes to $159,841,194 million total funds, including $79,920,605 General Fund in FY 2023-24. **JBC staff recommends approval of the Department's request.**

PROJECTED COSTS OF INCREASING RATES TO REFLECT $15/HOUR MINIMUM WAGE

SERVICE	WAIVER	FY 2021-22 EXPENDITURE (PROJ.)	WAGE PASS THROUGH 04/16/2023 – 06/30/2023		WAGE PASS THROUGH 07/01/2023 – 06/30/2024	
Adult Day Services	SCI, EBD, CMHS, BI	$24,999,805	24.21%	$1,263,699	24.21%	$6,052,453
Alternative Care Facility	EBD, CMHS	81,453,386	33.75%	5,739,778	33.75%	27,490,518
Community Connector	CES, CHRP	6,949,910	6.95%	100,850	6.95%	483,019
Consumer Directed Attendant Support Services (CDASS) - Denver	SCI, EBD, CMHS, BI, SLS	10,823,520	0.95%	21,378	0.95%	102,390
Consumer Directed Attendant Support Services (CDASS) - Outside Denver	SCI, EBD, CMHS, BI, SLS	167,782,418	12.63%	4,424,478	12.63%	21,190,919
Day Habilitation	SLS, DD	134,682,908	14.29%	4,018,435	14.29%	19,246,188
Homemaker - Denver	SCI, CES, EBD, CMHS, BI, SLS	7,163,249	0.00%	0	0.00%	0
Homemaker - Outside Denver	SCI, CES, EBD, CMHS, BI, SLS	40,244,087	11.99%	1,007,473	11.99%	4,825,266
In-Home Support Services - Denver	SCI, CHCBS, EBD	36,546,397	3.92%	299,118	3.92%	1,432,619
In-Home Support Services - Outside Denver	SCI, CHCBS, EBD	178,812,451	9.71%	3,625,177	9.71%	17,362,689
Mentorship	SLS	1,780,637	5.81%	21,600	5.81%	103,455

PROJECTED COSTS OF INCREASING RATES TO REFLECT $15/HOUR MINIMUM WAGE						
SERVICE	WAIVER	FY 2021-22 EXPENDITURE (PROJ.)	WAGE PASS THROUGH 04/16/2023 – 06/30/2023		WAGE PASS THROUGH 07/01/2023 – 06/30/2024	
Non Medical Transportation	SCI, EBD, CMHS, BI, SLS, DD	48,695,683	0.00%	0	0.00%	0
Personal Care - Denver	EBD, SCI, BI, CMHS, SLS	59,612,194	0.00%	0	0.00%	0
Personal Care - Outside Denver	EBD, SCI, BI, CMHS, SLS	131,759,216	11.99%	3,298,469	11.99%	15,797,930
Prevocational Services	SLS, DD	4,430,145	18.62%	172,230	18.62%	824,893
Residential Habilitation - Denver	DD	29,616,528	0.00%	0	0.00%	0
Residential Habilitation - Outside Denver	DD	422,544,201	9.01%	7,948,939	9.01%	38,071,233
Respite Care	CES, SCI, EBD, CMHS, BI, SLS, CHRP, CLLI	24,172,167	11.24%	567,276	11.24%	2,716,952
Supported Community Connections	CHRP, SLS	10,039,609	0.00%	0	0.00%	0
Supported Living Programs	BI	26,861,524	6.00%	336,507	6.00%	1,611,691
Supported Employment	SLS, DD	36,283,776	6.97%	528,029	6.97%	2,528,979
TOTAL		**$1,485,253,811**		**$33,373,436**		**$159,841,194**

ADMINISTRATION AND OTHER

➔ R8 COUNTY ADMINISTRATION

DEPARTMENT REQUEST

The Department requests a net decrease of $590,849 total funds, including an increase of $461,138 General Fund, and an increase of 5.9 FTE to:

- Address county administration funding issues;
- Increase funding for pay-for-performance though the County Incentives Program allocation;
- Hire additional staff to provide proper fiscal and programmatic oversight of county administrative-related activities; and
- Reduce the amount of time it takes to conduct on-site compliance reviews of all 64 counties.

JBC STAFF RECOMMENDATION

JBC staff recommends approval of the Department's request. As a result of the number of FTE included in the Department's total budget request, staff recommends approval of the associated centrally appropriated, operating, and leased space costs. The FY 2023-24 annualized cost of the recommendation is a reduction of $17,261,512 total funds, including $3,422,571 General Fund, and 6.0 FTE.

BACKGROUND INFORMATION

The Department of Health Care Policy and Financing's County Administration appropriation provides federal and state reimbursement to 64 county departments of human or social services for costs associated with performing Medicaid, Children's Basic Health Plan (CHP+), Long-Term Services and Supports (LTSS) and Old Age Pension (OAP) State Medicaid Program eligibility

determinations, program integrity, and appeals. To help offset local share, the Department provides incentive payments to counties based on the achievement of performance benchmarks.

ADDRESSING AUDIT FINDINGS

The Department is required to provide proper fiscal policy monitoring and compliance oversight of the counties administering the County Administration program and ensure that accountability and quality assurance efforts are met. As identified in the Single Statewide Audit (SSWA) reports conducted by the Office of State Auditor (OSA), error rates continue to rise, with the OSA reporting that they are approaching 30 percent. The OSA identified at least one error within 26 percent (32 case files) of the 125 Medicaid case files tested; and identified at least one error within 64 percent (16 case files) of the 25 CHP+ case files tested. Based on the sample size, the OSA estimated the projected Medicaid questioned costs resulting from payments made on behalf of ineligible beneficiaries between July 1, 2019, and February 29, 2020. The result is estimated to be approximately $165.6 million and to be at least $41.1 million but not more than $290.0 million (with a 90 percent confidence). The calculation indicates that if auditors tested the entire population, there is a 90 percent likelihood of finding the actual amount of questioned costs to be between $41.1 million and $290.0 million.

Audit findings are directly related to the Department's capacity to perform timely Quality Assurance and Management Evaluation Reviews (discussed below). In order to address the audit findings and prevent possible future disallowances of federal funds, the Department requests $230,001 total funds, including $69,172 General Fund, and 1.9 FTE in FY 2022-23 and ongoing. JBC staff recommends the Department's request.

AUDITS AND FINDINGS						
ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE
FTE						
FTE Salary, PERA, Medicare	$158,406	$47,640	$31,563	$0	$79,203	1.9
FTE AED, SAED, STD, HLD	42,495	12,780	8,467	0	21,248	0.0
FTE Operating and Leased Space	29,100	8,752	5,798	0	14,550	0.0
TOTAL AUDITS AND FINDINGS	**$230,001**	**$69,172**	**$45,828**	**$0**	**$115,001**	**1.9**

ON-SITE COMPLIANCE REVIEWS

Pursuant to Section 25.5-1-114 C.R.S., the Department is required to conduct adequate oversight of counties and the local administration of the Medical Assistance Program. Additionally, pursuant to 45 CFR § 75.303(a), as a recipient of federal funds, the Department must establish and maintain effective internal controls over its federal awards in order to provide reasonable assurance that the Department is managing federal grants in compliance with federal statutes, regulations, and award terms and conditions.

QUALITY ASSURANCE REVIEWS

In order to meet oversight requirements, the Eligibility Quality Assurance (QA) Program conducts monthly case reviews for all counties and eligibility sites. During the quality assurance reviews, the Department monitors the accuracy and timeliness of eligibility determinations for medical assistance. In addition to reviewing county-caused errors, the Eligibility QA Program also reviews state guidance and systems to ensure compliance with federal and state requirements. These reviews produce data that allows the Department to address potential audit findings or compliance issues prior to the discovery of errors in external audits.

While the Department's Oversight and Accountability (O&A) Program is designed to find and address issues at the county level before they become audit findings, current resources allow for only 120 case reviews per month across all 64 counties and 12 medical assistance sites carrying a combined caseload of almost 1.5 million members. The result is an inability of the Department to conduct quality reviews for all sites on a monthly basis, subsequently contributing to increased OSA error rates.

The Department requests $152,157 total funds, including $45,761 General Fund, and 1.0 FTE to increase capacity for the performance of quality assurance reviews. The Department intends to reduce the number of errors identified in the SSWA and reduce the risk to the State of having to reimburse the federal Centers for Medicare and Medicaid Services for inaccurate eligibility determinations. JBC recommends approval of the Department's request.

QUALITY ASSURANCE						
ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE
FTE						
FTE Salary, PERA, Medicare	$56,648	$17,037	$11,287	$0	$28,324	1.0
FTE AED, SAED, STD, HLD	19,209	5,777	3,828	0	9,604	0.0
FTE Operating and Leased Space	14,550	4,376	2,899	0	7,275	0.0
Eligibility Quality Assurance Program Review Documentation System	61,750	18,571	12,304	0	30,875	0.0
TOTAL QUALITY ASSURANCE REVIEWS	**$152,157**	**$45,761**	**$30,318**	**$0**	**$76,078**	**1.0**

MANAGEMENT EVALUATION REVIEWS

Management Evaluation (ME) reviews includes on-site compliance and member experience reviews of the counties and eligibility sites, and currently occur over a three-year review cycle. To meet the three-year review cycle, Department staff must travel to at least two counties or eligibility sites monthly, resulting in 24 annual reviews. Unlike eligibility QA reviews, ME reviews do not review case-specific information, but rather focus on the county's operations. These reviews ensure member access to eligibility determinations, program integrity activities, and compliance with non-discrimination laws, accessibility and civil rights, and aspects of federal and state requirements for Medical Assistance.

On-site reviews are the only verifiable methodology to ensure county compliance across all their operations, however, the Department reports that the program review timeline is extended to that three-year review cycle due to the lack of staff. A more appropriate review cycle would take place over a two year period of time. By moving toward a two-year management review cycle of all the counties, the Department anticipates increased compliance for county operations and a focus on non-discrimination, language services, and accessibility for applicants and members.

The Department requests $119,340 total funds, including $35,891 General Fund, and 1.0 FTE to increase capacity to perform more frequent Management Evaluation Reviews and improve county and medical assistance site compliance. JBC staff recommend approval of the Department's request.

MANAGEMENT EVALUATION REVIEWS						
ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE
FTE						
FTE Salary, PERA, Medicare	$70,362	$21,161	$14,020	$0	$35,181	1.0
FTE AED, SAED, STD, HLD	20,448	6,150	4,074	0	10,224	0.0

MANAGEMENT EVALUATION REVIEWS						
ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE
FTE Operating and Leased Space	14,550	4,376	2,899	0	7,275	0.0
Travel	13,980	4,204	2,786	0	6,990	0.0
TOTAL MANAGEMENT EVALUATION REVIEWS	**$119,340**	**$35,891**	**$23,779**	**$0**	**$59,670**	**1.0**

COUNTY ADMINISTRATION FUNDING

County staff are responsible for eligibility determination and redetermination for members enrolled in Medicaid and the amount appropriated for County Administration can have a direct impact on the eligibility determination audit findings. Funding for this purpose is appropriated in both the Department of Human Services and the Department of Health Care Policy and Financing. Counties have reported a deficit in total funding for several years. With detailed analysis, it was determined that the deficit currently exists in the Medicaid budget and not in the Human Services budget. Since FY 2015-16, the Department has exhausted all state funding available in the County Administration appropriation that pays for county-related costs. As a result, counties collectively have had to invest an average of $4.5 million annually to cover the funding shortfall.

In order to addressing the issues related to county error rates, the Department requests funding for 1.0 FTE who would be responsible for designing and implementing a new county administration fiscal policy monitoring and compliance program with components that are aligned with federal and state standards. This FTE would monitor County Administration funding, county staffing levels and operational compliance, issue fiscal policy guidance, determine annual funding allocations, issue recommendations for fiscal and programmatic oversight of counties, and review expenditures to ensure they are classified within the appropriate county administration funding streams.

County Administration funding is allocated to counties through a formula developed through a 2009 county workload study. The allocation methodology includes workload-related data points but does not include external elements such as poverty rate or population data. The methodology is driven solely on activity minutes related to the overall workload, which is then used to determine each county's percentage of funding. The Department requests funding to contract with a vendor to develop a new county administration allocation methodology that better supports the smaller and more rural counties. The methodology would be developed in consultation with all counties and the Department of Human Services.

The contractor will manage county stakeholder outreach, conduct policy analysis and research and propose a new allocation. The proposed methodology must include research on wages, ability of the county to self-fund, poverty rates, and other external factors that impact the ability of the county to address its caseload. The Department intends to have the vendor propose methodologies to differentiate targeted funding for county functions such as customer service and long-term services and supports. It is intended that the contractor will provide an annual update of the allocation model and continued recommendations for improvement of the allocation methodology.

To address the funding shortfall, hire a contractor to develop a new county allocation methodology, and provide support to and oversight of counties, the Department requests $12,775,899 total funds, including $1,617,291 General Fund, and 1.0 FTE. JBC staff recommends approval of the Department's request.

COUNTY ADMINISTRATION FUNDING AND OVERSIGHT						
ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE
Funding Shortfall	$12,398,333	$1,503,738	$2,662,929	$0	$8,231,666	0.0
Allocation Methodology Contractor	252,925	76,067	50,396	0	126,462	0.0
FTE Salary, PERA, Medicare	88,044	26,479	17,543	0	44,022	1.0
FTE AED, SAED, STD, HLD	22,047	6,631	4,393	0	11,023	0.0
FTE Operating and Leased Space	14,550	4,376	2,899	0	7,275	0.0
TOTAL COUNTY ADMINISTRATION FUNDING	**$12,775,899**	**$1,617,291**	**$2,738,160**	**$0**	**$8,420,448**	**1.0**

COUNTY INCENTIVES PROGRAM

Through the County Incentives Program, counties can earn additional funding by meeting the criteria outlined in the contract for each of the incentives, meeting benchmarks averaged over two six-month reporting periods, and completing submission of all required deliverables. This funding does not reimburse counties for standard activities that would be paid from the County Administration appropriation. It is intended to encourage counties to meet goals and objectives that are beyond regular operations, and provide a means through which counties may offset their local share. The Department expects increased member satisfaction and applicant experience through additional funding, new performance benchmarks, and increased staff for monitoring. Long-term goals include reducing call center as soon as available times to five minutes or less and increasing long-term services and supports eligibility determination timeliness to 95 percent.

The Department requests funding to increase available incentives by 20 percent, to develop new benchmarks, and to provide support to and oversight of counties. The Department requests $2,585,027 total funds, including $2,511,354 General Fund, and 1.0 FTE for this purpose. JBC staff recommends approval of the Department's request.

COUNTY INCENTIVE PROGRAM						
ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE
20 percent increase in incentive funding	$2,479,667	$2,479,667	$0	$0	$0	0.0
FTE Salary, PERA, Medicare	70,362	21,161	14,020	0	35,181	1.0
FTE AED, SAED, STD, HLD	20,448	6,150	4,074	0	10,224	0.0
FTE Operating and Leased Space	14,550	4,376	2,899	0	7,275	0.0
TOTAL COUNTY INCENTIVE PROGRAM	**$2,585,027**	**$2,511,354**	**$20,993**	**$0**	**$52,680**	**1.0**

COST SAVINGS

The Department anticipates that the additional resources for county funding, management evaluation reviews, quality assurance reviews, addressing audit findings, eligibility systems reports and tools that can indicate potential errors, and data analysis that supports improvement-driven decision-making, could address some of the findings in the OSA report. Assuming that the Department can capture 25 percent of the issues, it is estimated that by disenrolling ineligible members, 3 percent of the identified ineligibly enrolled beneficiaries would be reduced by 0.75 percent. This process would be applied specifically to Modified Adjusted Gross Income (MAGI) and Children's Basic Health Plan (CHP+) populations, minimizing the impact to highly vulnerable populations such as people receiving long-term services and supports. The Department estimates that the cost savings resulting from disenrollment of ineligible members currently enrolled in Medicaid and CHP+ will result in a reduction of $16.5 million total funds, including $3.8 million General Fund, in FY 2022-23, and a savings of $17.3 million total funds, including $3.4 million General Fund, in FY 2023-24.

LEVEL OF EVIDENCE PURSUANT TO S.B. 21-284

Senate Bill 21-284 states that a program or practice is "evidence-informed" if it "reflects a moderate, supported, or promising level of confidence of effectiveness, ineffectiveness, or harmfulness as determined by an evaluation with a comparison group, multiple pre- and post-evaluations, or an equivalent measure." The Department identified this budget request as an evidence-informed practice because "most of the initiatives included in this request [have] clear program objectives and the collection of evidence, analysis of data, or other form of testing to assess if program objectives are being met."

The question of whether or not "evidence" informs this budget request, however, should be specifically related to whether or not increased FTE/staffing will result in improved compliance, and not whether or not the programs over which this oversight will occur have identified measurable outcomes. In a March 2020 Strategic Management Services post entitled "2019 Compliance Office Staffing Levels," Richard Kusserow remarked that "the OIG [Office of the Inspector General] compliance guidance notes that, for a compliance program to evidence effectiveness, the compliance office must be adequately staffed and provided with budgetary resources that allow it to meet its objectives." He also notes that the roles of compliance officers have evolved beyond the original guidance to include HIPAA Privacy and Internal Audit.[3]

Wai-Hang Yee, et. al., report in the Journal of Public Administration Research and Theory, that key findings related to regulatory compliance are "premised on the existence of the rule of law."[4] The global payroll company FMP, citing a study called "The True Cost of Compliance with Data Protection Regulations," indicates that the cost of non-compliance is more than twice what it costs to implement meaningful compliance measures.[5] While JBC staff was unable to find scholarly articles specifically measuring the effectiveness of compliance and oversight on related outcomes of cost effectiveness and reduced penalties, staff believes that the information provided in reports related to compliance can serve as a basis for developing a theory concerning the importance of compliance itself.

The question of staffing levels and its impact on quality is another question, entirely. One must assume in this context that each FTE has a given capacity to successfully achieve a certain amount of deliverables. Deliverables specific to this budget request are those related to regulatory and compliance activities. Limited capacity to monitor regulatory and compliance activities may result in diminished care for patients, increased fines and fees levied on the State, and potential recoupment of federal dollars. While the research that staff found related to staffing levels is specific to direct service delivery (i.e. staffing levels in nursing homes[6] or child welfare caseload[7]), staff does believe there is merit to a premise that states that the Department may reduce the risk to the State of possible federal fund clawbacks or a loss of federal funds as a result of inadequate implementation of federal law, rules, and guidance with increased staffing levels.

JBC staff believes that, pursuant to S.B. 21-284 (Evidence-based Evaluations for Budget), the budget request is for funding to support a theory-informed practice.

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[3] https://www.compliance.com/resources/2019-compliance-office-staffing-levels/
[4] https://academic.oup.com/jpart/article/26/1/95/2614389?login=true
[5] https://fmpglobal.com/blog/the-cost-of-non-compliance/
[6] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4833431/
[7] https://www.childwelfare.gov/pubpdfs/case_work_management.pdf

➔ R12 CONVERT CONTRACTS TO FTE

DEPARTMENT REQUEST

The Department requests a net reduction of $339,518 total funds, including a reduction of $155,265 General Fund, and an increase of 23.2 FTE in order to repurpose funding currently appropriated for contractor resources to that of hiring state FTE.

JBC STAFF RECOMMENDATION

Given the number of new FTE that has been approved and is recommended by JBC staff in other prioritized requests, at this time staff recommends denial of the Department's request to convert contractor resources to FTE, with the exception of the 3.0 FTE related to the University of Colorado School of Medicine Physician Supplemental Payments. The recommendation is provided below.

FY 2022-23 CUSOM PHYSICIAN SUPPLEMENTAL PAYMENTS						
ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE
FTE Costs	$337,880	$0	$0	$168,940	$168,940	3.0
Contractor Cost Reductions	(138,000)	0	0	(69,000)	(69,000)	0.0
Supplemental Payments Offset	(99,940)	0	0	(99,940)	0	0.0
TOTAL JBS STAFF RECOMMENDATION	**$99,940**	**$0**	**$0**	**$0**	**$99,940**	**3.0**

FY 2023-24 CUSOM PHYSICIAN SUPPLEMENTAL PAYMENTS						
ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE
FTE Costs	$316,886	$0	$0	$158,440	$158,446	3.0
Contractor Cost Reductions	(138,000)	0	0	(69,000)	(69,000)	0.0
Supplemental Payments Offset	(89,440)	0	0	(89,440)	0	0.0
TOTAL FY 2023-24 ANNUALIZATION	**$89,446**	**$0**	**$0**	**$0**	**$89,446**	**3.0**

ANALYSIS

The Department requests a reduction of $339,518 total funds, including a reduction of $155,265 General Fund, and an increase of 23.2 FTE in FY 2022-23; and a reduction of $597,425 total funds, including a reduction of $266,965 General Fund, and an increase of 24.0 FTE in FY 2023-24 and ongoing to build internal efficiencies, develop institutional knowledge, and support multiple administrative duties while realizing savings in total funds, General Fund, cash funds, and federal funds. The Department has identified an opportunity to enhance several administrative functions by repurposing funding already appropriated for contractor resources and hiring FTE to perform these duties instead. The Department has also identified administrative functions which lack adequate ongoing support and cannot be absorbed within existing resources.

LONG-TERM CARE UTILIZATION MANAGEMENT

The Department contracts with a Long-term Care Utilization Management vendor to evaluate home- and community-based services (HCBS) waiver administration and to perform Quality Improvement Strategies and Performance and Quality Reviews. This request will eliminate contractor funding for Quality Improvement Services and Performance and Quality Reviews and add 4.0 FTE to the Department to perform these functions instead. This includes 1.0 Program Manager, 1.0 Administrator, and 2.0 Compliance Specialists.

HCBS WAIVER CLAIMS POST-PAYMENT REVIEW

Until recently, the Department contracted with a vendor to perform Post-Payment Reviews for all HCBS waiver programs. These reviews address Centers for Medicare and Medicaid Services (CMS) requirements to conduct claims sampling, data analysis, and review of provider-submitted medical records for at least 5,000 HCBS waiver program claims per state fiscal year. In FY 2020-21, the Department chose not to renew the contract and instead shifted the work in-house to two term-limited FTE to save money and improve the quality and accuracy of the reviews. The Department does not have a permanent appropriation for these FTE but is able to temporarily absorb their cost in the Personal Services and compensation-related common policy line items. This request will eliminate contractor funding to perform the reviews and add 2.0 Compliance Specialist FTE to the Department on a permanent basis to perform these functions instead.

PRIMARY CARE FUND AND COLORADO INDIGENT CARE PROGRAM REVIEWS

The Department currently contracts with a vendor to review Primary Care Fund and Colorado Indigent Care Program (CICP) applicant agencies, comprised of approximately 50 hospitals and 32 community clinics. Reviews consist of both desk and on-site reviews of patient files such as financial eligibility, billing data, and processes and procedures to ensure program compliance with state and federal regulations. This request will eliminate contractor funding for the reviews and add 4.0 Administrator FTE to the Department to perform these functions instead.

ALTERNATIVE PAY MODEL RATE SETTING

To support the alternative payment models, the Department contracts with an actuarial vendor that provides rate-setting services, including preparation of base data, data analysis, evaluation of member utilization and churn, and assessment of risk and cost trends to determine appropriate rates for the value-based payment programs. This request will reduce contractor funding for actuaries used in the value-based payment rate setting process and add 1.0 new Rate/Financial Analyst FTE to the Department to perform the work that does not require an actuary. The request will not eliminate the contractor funding entirely because actuarial work is still required in the rate-setting process.

PROGRAM ELIGIBILITY AND APPLICATION KIT OUTREACH AND COLORADO BENEFITS MANAGEMENT SYSTEM

The Department and the Departments of Human Services and Public Health and Environment jointly fund a contract managed by the Governor's Office of Information Technology (OIT) to provide Program Eligibility and Application Kit (PEAK) Outreach. The vendor enhances PEAK by researching user pain-points experienced by the public and frontline workers, developing and coordinating system improvements, and ensuring compliance with regulations and industry standards. Additionally, the departments jointly fund a PEAK Product Manager and a Colorado Benefits Management System (CBMS) Deputy Product Owner, who oversee the development of these systems by interfacing with multiple stakeholders, determining system requirements, and monitoring implementation processes. This request will eliminate contractor funding for PEAK Outreach and add 4.0 new FTE to the Department to perform this function instead. This includes 1.0 Administrator, 2.0 Analysts, and 1.0 Project Manager. Additionally, this request will repurpose funding from the Department's Colorado Benefits Management System (CBMS) Operating and Contract Expenses line item to the Department's personal services-related line items to add 2.0 permanent Program Manager FTE for PEAK and CBMS oversight.

INDEPENDENT VERIFICATION AND VALIDATION

The Department contracts with a vendor to perform Independent Verification and Validation (IV&V) of system changes and implementations within the Medicaid Enterprise, which consists of four primary services including the Medicaid Management Information System (MMIS) and Fiscal Agent Services, Business Intelligence and Data Management (BIDM) services, the Pharmacy Benefit Management System (PBMS), and CBMS. Until recently, CMS required IV&V for monitoring and reviewing in-progress system implementations as well as final certification. New CMS guidance in 2020 eliminates the IV&V final certification requirements in favor of Outcome-Based Certification methods, which focus on evaluation of how well the system is meeting expected business outcomes. This request will reduce contractor funding to perform IV&V and instead add 2.0 new Project Manager FTE to the Department to perform Outcome-Based Certification work. This request will not eliminate the contractor funding entirely because even with the recent changes to CMS IV&V requirements, IV&V is still required in certain cases, such as monitoring and reviewing certain projects and reporting the results to CMS.

MMIS TRAINING

The Department contracts with its MMIS and Fiscal Agent Services vendor to provide training to providers and Department staff on using the MMIS. The vendor offers regular training to providers on basic billing procedures, provider portal usage, and the basics of Medicaid programs. The vendor also offers providers and Department staff training as needed for any system changes that alter system functionality or entail program and policy updates. The vendor provides written training materials, user-guides, reference materials, and system documentation. This request will eliminate contractor funding to perform MMIS Training and add 2.0 new Administrator FTE to the Department to perform this function instead.

UNIVERSITY OF COLORADO SCHOOL OF MEDICINE PHYSICIAN SUPPLEMENTAL PAYMENTS

During the 2021 legislative session, the Joint Budget Committee appropriated funding for 2.0 FTE to the Department to help oversee the University of Colorado School of Medicine (CUSOM) Physician Supplemental Payment program; however, it was unclear if these FTE were permanent. Funding for these FTE is eliminated in the Department's BA17 prioritized budget request, discussed below. Additionally, the Department currently contracts with a vendor to calculate and report a federally-required Upper Payment Limit for CUSOM Physician Supplemental Payments. This request will make permanent the 2.0 FTE appropriated in FY 2021-22 and eliminate the Upper Payment Limit contractor funding to add 1.0 new FTE to perform this function instead. The requested FTE include 1.0 Administrator, 1.0 Rate/Financial Analyst, and 1.0 Statistical Analyst.

The requested Statistical Analyst and Administrator will make permanent the 2.0 FTE approved by the JBC and will be responsible for calculating CUSOM performance metrics, validating CUSOM data, measuring provider enrollment and member access, holding CUSOM accountable to Department goals, supporting community collaboration efforts and access to care work, and providing program-level support such as meeting and site visit coordination, reporting, and deliverable-tracking. The requested Rate/Financial analyst will perform functions currently performed by a vendor and this request will eliminate the contract funding for the FTE to perform the functions instead; these functions include calculating and reporting the federally required CUSOM Upper Payment Limit according to the Department's State Plan and federal regulations, identifying and validating specific providers and other professionals eligible for participation, analyzing claims data, obtaining payer data including commercial charge and payment data, calculating the total allowable payment at the average commercial rate, and preparing the required documentation for CMS.

JBC STAFF CONCERNS

The Department's budget request includes multiple prioritized requests that seek to increase the number of state FTE by 116.4 in FY 2022-23. Of that number, 50.1 FTE are temporary and were approved in September 2021 as part of the American Rescue Plan Act (ARPA) Home- and Community-based Services (HCBS) Spending Plan. This R12 budget request includes 23.2 FTE (annualizing to 24 FTE in FY 2023-24). The Department contends that:

- State FTE are better suited to manage the Medicaid benefit and policy rules from a federal and state regulatory compliance level;
- Transition from one vendor to another results in delays in completion of deliverables, but that this would not occur with state FTE;
- The continued use of contractor resources will require oversight and management by state FTE in order to ensure continuity of Medicaid and CHP+ rules;
- State FTE is necessary to ensure contractors understand workflow requirements; and
- State FTE typically cost less than paying an hourly rate for contracted work.

JBC staff does not necessarily disagree with the position of the Department concerning the cost of state FTE versus contracted resources, she is concerned about whether or not the Department will be able to successfully fill this many newly created positions in the current workforce environment and when applicants can go to work for a contractor that offers a better total compensation package. In addition, she does not agree that the Department will not experience transition-related delays in deliverables with state FTE like they have when using contracted vendors. JBC staff is concerned for three reasons:

1) In Fall 2021, the Department reported an overall turnover rate of 9 percent and an overall vacancy rate of 12 percent, therefore turnover, hiring practices, and training needs will impact capacity to achieve deliverables;[8]
2) The Department reports delays in filling some positions approved in the ARPA HCBS Spending Plan;
3) Applications per job decreased by 32 percent in state and local governments between 2019 and 2021; and
4) The quality of the received applications has also declined.[9]

Given the number of new FTE that has been approved and is recommended by JBC staff in other prioritized requests, at this time staff recommends denial of the Department's request to convert contractor resources to FTE, with the exception of the 3.0 FTE related to the University of Colorado School of Medicine Physician Supplemental Payments. The recommendation is provided below.

[8] Department of Health Care Policy and Financing response to Joint Budget Committee's Request for Information (multiple departments) #1. Retrieved on November 30, 2021 from https://hcpf.colorado.gov/sites/hcpf/files/HCPF%20Common%20LRFI%20%231%20FTE%20vacancy%20and%20turnover%20rate.pdf

[9] Barrett, Katherine and Richard Greene. Route Fifty. "The Government Job Application Drop-off is 'Snow-balling.;" Retrieved on November 30, 2021 from https://www.route-fifty.com/health-human-services/2021/11/state-and-local-government-employment-application-drop-snowballing/186824/

CUSOM PHYSICIAN SUPPLEMENTAL PAYMENTS						
ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE
FTE Costs	$337,886	$0	$0	$168,940	$168,946	3.0
Contractor Cost Reductions	(138,000)	0	0	(69,000)	(69,000)	0.0
Supplemental Payments Offset	(99,940)	0	0	(99,940)	0	0.0
TOTAL	**$99,946**	**$0**	**$0**	**$0**	**$99,946**	**3.0**

LEVEL OF EVIDENCE PURSUANT TO S.B. 21-284

Senate Bill 21-284 (Evidence-based Evaluations for Budget) defines a "theory-informed" program or practice as one "that reflects a moderate to low or promising level of confidence of effectiveness, ineffectiveness, or harmfulness as determined by tracking and evaluating performance measures including pre- and post-intervention evaluation of program outcomes, evaluation of program outputs, identification and implementation of a theory of change, or equivalent measures." As no research exists identifying specific measurable outcomes related to increasing the number of FTE in a department, JBC staff has determined that, pursuant to S.B. 21-284, assignment of a level of evidence is not applicable to this request.

➔ R13 COMPLIANCE FTE

DEPARTMENT REQUEST

The Department requests a FY 2022-23 net reduction of $4,678,266 total funds, including $2,393,350 General Fund, and an increase of 10.8 FTE to improve compliance, oversight, and reporting related to services delivered to Medicaid members.

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING FY 2022-23 R13 COMPLIANCE FTE BUDGET REQUEST						
LINE ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
EXECUTIVE DIRECTOR'S OFFICE, GENERAL ADMINISTRATION						
Personal Services	$779,816	$353,318	$73,180	$0	$353,318	10.8
Health, Life, and Dental	154,946	70,430	14,086	0	70,430	0.0
Short-term Disability	1,112	504	104	0	504	0.0
S.B. 04-257 Amortization Equalization Disbursement	34,705	15,724	3,257	0	15,724	0.0
S.B. 06-235 Supplemental Amortization Equalization Disbursement	34,705	15,724	3,257	0	15,724	0.0
Operating Expenses	87,450	39,750	7,950	0	39,750	0.0
Leased Space	72,600	33,000	6,600	0	33,000	0.0
SUBTOTAL, GENERAL ADMINISTRATION	$1,165,334	$528,450	$108,434	$0	$528,450	10.8
PROVIDER AUDITS AND SERVICES						
Professional Audit Contracts	$162,400	$81,200	$0	$0	$81,200	0.0
MEDICAL SERVICES PREMIUMS						
Medical and Long-Term Care Services for Medicaid Eligible Individuals	($6,006,000)	($3,003,000)	$0	$0	($3,003,000)	0.0
TOTAL DEPARTMENT REQUEST	**($4,678,266)**	**($2,393,350)**	**$108,434**	**$0**	**($2,393,350)**	**10.8**

JBC STAFF RECOMMENDATION

JBC staff recommendation is itemized in the table below. Staff recommends approval of the funding for centrally appropriated line items given the Department-wide recommended increase. The

difference between the recommendation and the request is that staff calculated the personal services appropriation based on the minimum salary of each position's range (based on the Legislative Council Staff fiscal note spreadsheet) and accounted for the pay date shift.

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING FY 2022-23 R13 COMPLIANCE FTE JBC STAFF RECOMMENDATION						
LINE ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
EXECUTIVE DIRECTOR'S OFFICE, GENERAL ADMINISTRATION						
Personal Services	$750,856	$338,643	$73,571	$0	$338,642	10.0
Health, Life, and Dental	100,000	45,000	10,000	0	45,000	0.0
Short-term Disability	1,064	480	104	0	480	0.0
S.B. 04-257 Amortization Equalization Disbursement	33,239	14,991	3,257	0	14,991	0.0
S.B. 06-235 Supplemental Amortization Equalization Disbursement	33,239	14,991	3,257	0	14,991	0.0
Operating Expenses	83,050	37,750	7,550	0	37,750	0.0
Leased Space	66,000	29,700	6,600	0	29,700	0.0
SUBTOTAL, GENERAL ADMINISTRATION	$1,067,448	$481,555	$104,339	$0	481,554	10.0
PROVIDER AUDITS AND SERVICES						
Professional Audit Contracts	$162,400	$81,200	$0	$0	$81,200	0.0
MEDICAL SERVICES PREMIUMS						
Medical and Long-Term Care Services for Medicaid Eligible Individuals	($6,006,000)	($3,003,000)	$0	$0	($3,003,000)	0.0
TOTAL DEPARTMENT REQUEST	**($4,776,152)**	**($2,440,245)**	**$104,339**	**$0**	**($2,440,246)**	**10.0**

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING FY 2023-24 OUT-YEAR IMPACT OF R13 COMPLIANCE FTE (ANNUALIZATION)						
LINE ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
EXECUTIVE DIRECTOR'S OFFICE, GENERAL ADMINISTRATION						
Personal Services	$821,670	$374,050	$73,571	$0	$374,049	11.0
Health, Life, and Dental	110,000	50,000	10,000	0	50,000	0.0
Short-term Disability	1,164	530	104	0	530	0.0
S.B. 04-257 Amortization Equalization Disbursement	36,373	16,558	3,257	0	16,558	0.0
S.B. 06-235 Supplemental Amortization Equalization Disbursement	36,373	16,558	3,257	0	16,558	0.0
Operating Expenses	14,850	6,750	1,350	0	6,750	0.0
Leased Space	72,600	33,000	6,600	0	33,000	0.0
SUBTOTAL, GENERAL ADMINISTRATION	$1,093,030	$497,446	$98,139	$0	$497,445	11.0
PROVIDER AUDITS AND SERVICES						
Professional Audit Contracts	$167,300	$83,650	$0	$0	$83,650	0.0
MEDICAL SERVICES PREMIUMS						
Medical and Long-Term Care Services for Medicaid Eligible Individuals	($6,006,000)	($3,003,000)	$0	$0	($3,003,000)	0.0
TOTAL DEPARTMENT REQUEST	**($4,745,670)**	**($2,421,904)**	**$98,139**	**$0**	**($2,421,905)**	**11.0**

BACKGROUND INFORMATION

The Department of Health Care Policy and Financing is responsible for oversight and compliance of the State's Medicaid and Child Health Plan Plus (CHP+) programs. As a condition of the receipt of federal funds, the Department is required by the Centers for Medicare and Medicaid Services (CMS)

to establish and maintain internal controls and ensure that the State is compliant with federal statutes, regulations, and the terms and conditions of any federal awards.

The Department's request contains two parts: 1) a reduction in funding for contract services; and 2) an increase in funding to cover the cost of 11.0 new FTE and additional contract services. The additional staff and contractor resources will be responsible for: addressing operational compliance and oversight deficiencies across multiple programs; ensuring quality assurance and additional accountability within the Department's programs; and complying with legislative and policy requirements.

QUALITY, ACCOUNTABILITY, AND OVERSIGHT

The Department requests 3.0 FTE to address gaps in quality assurance, accountability, compliance, and oversight in various programs. Failure to comply with CMS rules and guidelines may result in reduced federal funding.

- Quality (1.0 FTE) – This position will be responsible for developing quality programs and initiatives with emphasis on evidence-based outcome measures. Currently the Department is unable to report on several core measures; including, Hospital Quality Improvement Payment, Hospital Transformation Program, Minimum Loss Ratio, CHP+, Dental, and Substance Abuse Disorder (SUD) Waiver. Failure to comply with CMS reporting requirements may result in a loss or reduction in federal funding. Beginning in FY 2024-25, the Department is required to report on the core set of quality measures for children enrolled in Medicaid and CHP+ and the core set of behavioral health measures for adults enrolled in Medicaid.
- Accountability (1.0 FTE) – This position will be responsible for addressing audit findings reported in the Officer of the State Auditor's (OSA) annual statewide financial audit and audits required by the American Rescue Plan Act of 2021. The expansion of data audited by the OSA has resulted in the Department's accountant spending 25 percent of their time coordinating and delegating research requests to comply with OSA requirements. In addition, the Department has been undergoing an OIG Overpayment/Recovery Audit since September 2019, increasing the workload of the accountants.
- Oversight (1.0 FTE) – This position will be responsible for tracking and implementing rules, federal mandates, and rate changes related to new and expanded programs in order to ensure that rules and the State Plan remain in compliance with CMS.

OLMSTEAD COMPLIANCE

The Department requests 1.0 FTE to manage and oversee the implementation of the Colorado Community Living Plan (Olmstead Plan). On June 22, 1999, the United States Supreme Court found in Olmstead v. L.C. that unnecessary segregation of individuals with disabilities in institutions is a form of discrimination based on disability. Referring to the Americans with Disabilities Act (ADA), the Olmstead decision holds states accountable for providing community-based care whenever appropriate, rather than placing individuals with disabilities in institutional settings. The Olmstead decision was reinforced on June 18, 2001, when President George W. Bush signed an Executive Order requiring states to provide community-based alternatives for individuals with disabilities in compliance with the terms of the Olmstead decision. The State's Olmstead Plan must be updated on a regular basis to ensure that it remains in compliance with federal law and rule. The Department of Justice (DOJ) undertakes legal action against states that do not meet the Olmstead agreement requirements.

On March 3, 2022, the Department was notified that after a multi-year investigation, the Justice Department has concluded that Colorado is in violation of the Americans with Disabilities Act (ADA) and the Supreme Court's decision in Olmstead v. L.C., for unnecessarily segregating people with physical disabilities in nursing facilities. The Department reports that it is working to compare the HCBS initiatives in process to determine what needs to be done to address the opportunities identified by the DOJ.

PACE OVERSIGHT

The Department requests 1.0 FTE to develop a pay-for-performance framework that includes identifying and developing key performance metrics and to redesign PACE capitation rates. The pay-for-performance plan is intended to utilize the current rate process to allow PACE providers to earn an additional percentage of the Upper Payment Limit (UPL) by meeting key performance goals such as decreasing hospitalization, decreasing disenrollment, and increasing staffing ratios. The staff will perform contract management, enrollment and disenrollment, monitoring quality of care, establishing key performance benchmarks, stakeholder engagement, and work with counties to align processes for the PACE program. The position will also be responsible for enhanced oversight and development of inspection and review structures to ensure the health, safety, and welfare of PACE members.

The Upper Payment Limit (UPL) sets a maximum allowable payment to a particular provider and is developed by identifying a comparable population using fee-for-service equivalents such as Home- and Community-Based Services and Nursing Facility claims that reflects the cost that the Medicaid program would have otherwise incurred for the population enrolled in the PACE program. The Centers for Medicare & Medicaid Services (CMS) requires the UPL to assure that payment rates for PACE do not exceed the costs of other Medicaid-covered services for beneficiaries eligible for a nursing home level of care. The establishment of the UPL provides a baseline assurance that PACE organizations do not exceed institutional costs of care and abide by contractual requirements of both the Department and CMS.

Because the Department is allowed to pay up to the UPL, the Department has the flexibility to implement a pay-for-performance plan to incentivize the providers to prioritize specific areas as long as the capitation rate plus the incentive payment falls under the UPL. The outcome measures the Department currently captures are 30 quality measures, annual satisfaction survey results, exit survey results, and encounter data.

ELIGIBILITY APPEALS

The Department requests 1.0 FTE to ensure eligibility appeals are processed consistently in a timely manner pursuant to H.B. 16-1277 (Concerning the Appeal Process for Medical Assistance Benefits) in order to address the OSA audit findings and to address error rates and issues with eligibility appeals processes. The current staff was created in 2013 in preparation for the implementation of the Affordable Care Act, but since that time member caseload and appeals have increased.

RECOVERY AUDIT CONTRACT PROGRAM

The Department is requesting 3.0 FTE for program integrity review and fraud capture. Under 42 CFR § 455 Subpart F, all states are mandated to contract with a vendor to conduct post-payment claim audits on all programs. The Department must have staff to work with the vendor on the identified overpayments in an effort to recover the improper payments. The Recovery Audit Contract Program runs several review projects on an ongoing basis, auditing multiple provider types including durable medical equipment providers, hospitals, laboratories, and physicians. The vendor has identified an

opportunity to recover significantly more overpayments, but the Department does not have the companion staff to work those cases.

The OIG stated that during FYs 2010-11 and 2011-12, the State did not always claim Medicaid payments for Medicare Part B deductibles and coinsurance in accordance with Federal requirements and the approved State plan. Specifically, for 30 of the 100 claims in the OIG sample, the State did not limit payment of Medicare Part B deductibles and coinsurance by State Medicaid plan rates as required under the State plan. Using the 30 errors in the sample of 100 claims, the OIG estimated that the State agency claimed unallowable Medicaid payments of at least $3,139,895, including $1,670,386 federal funds. They recommend that the Department refund $1,670,386 to the Federal Government for unallowable Medicaid payments for Medicare Part B deductibles and coinsurance. The sample data the OIG used to identify improper payments were 588,804 Medicare Part B crossover claims totaling $33,844,394, from which they drew the random sample of 100 claims. From that sample, the OIG's stated that the State paid $4,802 but should have paid $2,831, a difference of $1,971, including $1,047 federal funds. The OIG extrapolated that $1,047 to $1,670,386 based on the sample size.

NURSING FACILITY MINIMUM WAGE

The Department is requesting 1.0 FTE and contractor resources to implement and administer the new supplemental payment program for nursing facilities introduced by H.B. 19-1210 (Prohibitions on a Local Government Establishing Minimum Wage Laws within its Jurisdiction) and comply with the bill's requirements. The Department's fiscal note included administrative resources, but the final bill did not appropriate any funding for this purpose. The Department is unable to approve eligible nursing facilities, calculate and distribute appropriate supplemental payment amounts, and ensure payments are used in accordance with the bill. The FTE will be responsible for reviewing facility applications to determine eligibility, calculating payments to eligible facilities using reported wage data and available appropriations, communicating explanations of payment calculations to eligible facilities, distributing payments on a regularly established basis, and recovering any payments determined to be used improperly. The contractor resources will be used to audit the nursing facility supplemental payments to ensure they are used to increase compensation for facility employees up to the local minimum wage and refer any improperly used payments to the Department for recovery.

CMP COMPLIANCE

The Department is requesting 1.0 FTE to manage the Civil Monetary Penalty (CMP) program with the Department of Public Health and Environment (CDPHE). A CMP is a monetary penalty imposed on nursing facilities by the CMS following survey findings in which a facility is found to be out of compliance with one or more participation requirements for Medicare or Medicaid. A portion of collected CMPs are returned by CMS to be reinvested in projects that benefit nursing facility residents, pursuant to 42 CFR § 488.433. No resources were appropriated to the Department in S.B. 21-128 (Modification to Administration of the Nursing Home Penalty Cash Fund), and the Department and CDPHE coordinated on an interim plan to temporarily fund the Department's position until more permanent funding could be secured. There is no General Fund impact for this position; funding will be from the Nursing Facility Penalty Cash Fund. Senate Bill 21-128 allows up to 10.0 percent of the total funding available from the cash fund to be appropriated for administration. Additional federal funding is not available for this position, as the cash fund is partially funded with federal funds collected from providers.

LEVEL OF EVIDENCE PURSUANT TO S.B. 21-284

Senate Bill 21-284 states that a program or practice is "evidence-informed" if it "reflects a moderate, supported, or promising level of confidence of effectiveness, ineffectiveness, or harmfulness as determined by an evaluation with a comparison group, multiple pre- and post-evaluations, or an equivalent measure." The Department identified this budget request as an evidence-informed practice because "most of the initiatives included in this request [have] clear program objectives and the collection of evidence, analysis of data, or other form of testing to assess if program objectives are being met."

The question of whether or not "evidence" informs this budget request, however, should be specifically related to whether or not increased FTE/staffing will result in improved compliance, and not whether or not the programs over which this oversight will occur have identified measurable outcomes. In a March 2020 Strategic Management Services post entitled "2019 Compliance Office Staffing Levels," Richard Kusserow remarked that "the OIG [Office of the Inspector General] compliance guidance notes that, for a compliance program to evidence effectiveness, the compliance office must be adequately staffed and provided with budgetary resources that allow it to meet its objectives." He also notes that the roles of compliance officers have evolved beyond the original guidance to include HIPAA Privacy and Internal Audit.[10]

Wai-Hang Yee, et. al., report in the Journal of Public Administration Research and Theory, that key findings related to regulatory compliance are "premised on the existence of the rule of law."[11] The global payroll company FMP, citing a study called "The True Cost of Compliance with Data Protection Regulations," indicates that the cost of non-compliance is more than twice what it costs to implement meaningful compliance measures.[12] While JBC staff was unable to find scholarly articles specifically measuring the effectiveness of compliance and oversight on related outcomes of cost effectiveness and reduced penalties, staff believes that the information provided in reports related to compliance can serve as a basis for developing a theory concerning the importance of compliance itself.

The question of staffing levels and its impact on quality is another question, entirely. One must assume in this context that each FTE has a given capacity to successfully achieve a certain amount of deliverables. Deliverables specific to this budget request are those related to regulatory and compliance activities. Limited capacity to monitor regulatory and compliance activities may result in diminished care for patients, increased fines and fees levied on the State, and potential recoupment of federal dollars. While the research that staff found related to staffing levels is specific to direct service delivery (i.e. staffing levels in nursing homes[13] or child welfare caseload[14]), staff does believe there is merit to a premise that states that the Department may reduce the risk to the State of possible federal fund clawbacks or a loss of federal funds as a result of inadequate implementation of federal law, rules, and guidance with increased staffing levels.

JBC staff believes that, pursuant to S.B. 21-284 (Evidence-based Evaluations for Budget), the budget request is for funding to support a theory-informed practice.

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[10] https://www.compliance.com/resources/2019-compliance-office-staffing-levels/
[11] https://academic.oup.com/jpart/article/26/1/95/2614389?login=true
[12] https://fmpglobal.com/blog/the-cost-of-non-compliance/
[13] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4833431/
[14] https://www.childwelfare.gov/pubpdfs/case_work_management.pdf

➔ R14 MMIS TRUE-UP AND ADMINISTRATION

DEPARTMENT REQUEST

The Department requests a FY 2022-23 reduction of $56,079,142 total funds, including $10,347,479 General Fund, and an increase of 12.5 FTE to rebalance the Medicaid Management Information System (MMIS) Maintenance and Projects line item to accurately reflect current costs associated with operating the MMIS and current federal match rates.

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
R14 MMIS TRUE-UP AND ADMINISTRATION
FY 2022-23 DEPARTMENT REQUEST

LINE ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
EXECUTIVE DIRECTOR'S OFFICE, GENERAL ADMINISTRATION					
Personal Services	$930,109	$144,260	$93,848	$692,001	12.5
Health, Life, and Dental	183,118	28,402	18,477	136,239	0.0
Short-term Disability	1,325	205	134	986	0.0
S.B. 04-257 Amortization Equalization Disbursement	41,393	6,420	4,176	30,797	0.0
S.B. 06-235 Supplemental Amortization Equalization Disbursement	41,393	6,420	4,176	30,797	0.0
Operating Expenses	103,350	16,030	10,428	76,892	0.0
Leased Space	85,800	13,308	8,657	63,835	0.0
SUBTOTAL, GENERAL ADMINISTRATION	$1,386,488	$215,045	$139,896	$1,031,547	12.5
EXECUTIVE DIRECTOR'S OFFICE, INFORMATION TECHNOLOGY					
Medicaid Management Information System Maintenance and Projects	($57,465,630)	($10,562,524)	($2,892,948)	($44,010,158)	0.0
TOTAL, DEPARTMENT REQUEST	($56,079,142)	($10,347,479)	($2,753,052)	($42,978,611)	12.5

JBC STAFF RECOMMENDATION

JBC staff recommendation is provided in the table below. Staff recommends approval of the funding for centrally appropriated line items given the Department-wide recommended increase. The difference between the recommendation and the request is that staff calculated the personal services appropriation based on the minimum salary of each position's range (based on the Legislative Council Staff fiscal note spreadsheet) and accounted for the pay date shift.

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
R14 MMIS TRUE-UP AND ADMINISTRATION
FY 2022-23 JBC STAFF RECOMMENDATION

LINE ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
EXECUTIVE DIRECTOR'S OFFICE, GENERAL ADMINISTRATION					
Personal Services	$891,482	$138,269	$89,951	$663,262	11.8
Health, Life, and Dental	118,000	18,302	11,907	87,791	0.0
Short-term Disability	1,263	195	128	940	0.0
S.B. 04-257 Amortization Equalization Disbursement	39,464	6,121	3,981	29,362	0.0
S.B. 06-235 Supplemental Amortization Equalization Disbursement	39,464	6,121	3,981	29,362	0.0
Operating Expenses	98,150	15,223	9,903	73,024	0.0
Leased Space	77,880	12,080	7,858	57,942	0.0
SUBTOTAL, GENERAL ADMINISTRATION	$1,265,703	$196,311	$127,709	$941,683	11.8

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING R14 MMIS TRUE-UP AND ADMINISTRATION FY 2022-23 JBC STAFF RECOMMENDATION					
LINE ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
EXECUTIVE DIRECTOR'S OFFICE, INFORMATION TECHNOLOGY					
Medicaid Management Information System Maintenance and Projects	($57,465,630)	($10,562,524)	($2,892,948)	($44,010,158)	0.0
TOTAL, JBC STAFF RECOMMENDATION	($56,199,927)	($10,366,213)	($2,765,239)	($43,068,475)	11.8

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING FY 2023-24 OUT-YEAR IMPACT R14 MMIS TRUE-UP AND ADMINISTRATION (ANNUALIZATION)					
LINE ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
EXECUTIVE DIRECTOR'S OFFICE, GENERAL ADMINISTRATION					
Personal Services	$891,482	$138,269	$89,951	$663,262	11.8
Health, Life, and Dental	118,000	18,302	11,907	87,791	0.0
Short-term Disability	1,263	195	128	940	0.0
S.B. 04-257 Amortization Equalization Disbursement	39,464	6,121	3,981	29,362	0.0
S.B. 06-235 Supplemental Amortization Equalization Disbursement	39,464	6,121	3,981	29,362	0.0
Operating Expenses	98,150	15,223	9,903	73,024	0.0
Leased Space	77,880	12,080	7,858	57,942	0.0
SUBTOTAL, GENERAL ADMINISTRATION	$1,265,703	$196,311	$127,709	$941,683	11.8
EXECUTIVE DIRECTOR'S OFFICE, INFORMATION TECHNOLOGY					
Medicaid Management Information System Maintenance and Projects	($57,465,630)	($10,562,524)	($2,892,948)	($44,010,158)	0.0
TOTAL, JBC STAFF RECOMMENDATION	($56,199,927)	($10,366,213)	($2,765,239)	($43,068,475)	11.8

BACKGROUND INFORMATION

The Medicaid Enterprise consists of the following:

- The Medicaid Management Information System (MMIS) which supports the core MMIS functions such as clams processing and Fiscal Agent services;
- The Business Intelligence and Data Management (BIDM) system which provides data analytics services;
- The Pharmacy Benefit Management System (PBMS) which provides pharmacy management services; and
- The Colorado Benefits Management System (CBMS) which provides eligibility determination services.

Funding for all but CBMS is appropriated in the MMIS appropriation in the Long Bill, and pursuant to Section 25.5-4-211 C.R.S., unexpended appropriations for the MMIS is rolled forward at the end of each fiscal year. Each of the four services is provided through separate contractors. As Centers for Medicare and Medicaid Services (CMS) guidance concerning the re-procurement or transition of vendors for information systems services moves towards interoperable module implementations, integration of the four systems increases in importance. Services Integration ensures that the numerous modules provided by different vendors in the Medicaid Enterprise are fully integrated and interoperable, with accurate and consistent communication and flow of data between modules, well-

designed modular system architecture, and alignment with CMS requirements. The Department received funding to begin integration work in FY 2019-20.

ANALYSIS

The Department's FY 2022-23 R14 MMIS Funding Adjustment and Contractor Conversion budget request includes three components:

- A one-time reduction to its FY 2022-23 appropriation to accurately reflect current costs associated with operating the overall system and current federal match rates;
- Reallocation of one-time reduction to increase Department staff by 8.0 FTE to address gaps in operation and management for current and upcoming Medicaid Enterprise modular re-procurements and for the maintenance and improvements of the electronic visit verification system; and
- Reallocation of Services Integrator contract funding to 5.0 permanent state FTE.

CURRENT MMIS OPERATING COSTS

Section 25.5-4-211, C.R.S., requires any unexpended General Fund appropriation made for the MMIS to be made available for expenditures in the next fiscal year. The Department reports that it has created efficiencies that have reduced costs and shortened project timelines that have resulted in an excess of available funds in FY 2022-23. This includes: a change from 75.0 percent to 90.0 percent in the federal financial participation match for in-production software; combining projects; negotiation of lower hourly rates, license costs, and travel costs for MMIS vendors; and collaboration with other states concerning business practices for vendor negotiations.

The Department analyzed the MMIS line item expenditures and roll-forward authority and determined that an excess of spending authority is available for FY 2022-23. As a result, the Department requests a one-time reduction in the FY 2022-23 appropriation in order to use the historically unspent funds. For FY 2023-24 and ongoing, the Department will reduce the line item request.

ADMINISTRATIVE RESOURCES

Integration and interoperability of the systems in order to align with CMS requirement is shifting the procurement process from one focused on individual components to one focused on modules. Under the current contract structure, the Department is required to re-procure or re-evaluate each component on a modular timeline, resulting in the management of multiple procurements on different timelines and an increased workload. The Department indicates that it does not have sufficient staff to manage the contracts under the CMS modular re-procurement rules because each contract requires a dedicated individual to manage the multifaceted components to meet state and federal regulations as well as ensure vendors are collaborating with stakeholders to meet and implement the department's initiatives and project goals

While the Department states that several IT projects have come in under budget year after year, it argues that outside vendors are a less cost-effective way to meet the Department's goals for the administrative duties because they cost more than state FTE. The Department contends that:

- State FTE are better suited to manage the Medicaid Enterprise systematic benefit and policy rules from a federal and state regulatory compliance level;
- Transition from one vendor to another results in delays in completion of deliverables, but that this would not occur with state FTE;

- The continued use of contractor resources will require oversight and management by state FTE in order to ensure continuity of Medicaid and CHP+ rules on the forefront of every project;
- State FTE is necessary to ensure contractors understand workflow requirements; and
- State FTE typically cost less than paying an hourly rate for contracted work.

JBC staff does not necessarily disagree with the position of the Department concerning the cost of state FTE versus contracted resources, she is concerned about whether or not the Department will be able to successfully fill newly created positions in the current workforce environment and when applicants can go to work for a contractor that offers a better total compensation package. In addition, she does not agree that the Department will not experience transition-related delays in deliverables with state FTE like they have when using contracted vendors. JBC staff is concerned for three reasons:

1) In the Fall, the Department reported an overall turnover rate of 9 percent and an overall vacancy rate of 12 percent, therefore turnover, hiring practices, and training needs will impact capacity to achieve deliverables;[15]
2) Applications per job decreased by 32 percent in state and local governments between 2019 and 2021; and
3) The quality of the received applications has also declined.[16]

That said, staff is recommending approval of the Department's request for funding to increase FTE.

SERVICES INTEGRATOR CONTRACTOR CONVERSION

The Department requests a conversion of the Services Integrator contract funding to permanent state staff to align current resources with workload. It will reduce contractor funding initially approved in FY 2019-20 and replace it with five state FTE. The 5.0 Service Integrator state FTE include four analysts and one Project Manager who will be responsible for:

- Defining technical requirements on Medicaid Enterprise enhancement projects and interfacing with contractors to ensure the Department's business requirements are fulfilled (Business Analyst);
- Leading the Department's services operations and other staff and coordinating the overseeing process adherence related to modular implementation activities (Modular Program Lead);
- Coordinating all system testing efforts, providing process direction and assistance to Department staff and monitoring contractor testing performance (Quality Assurance Analyst);
- Overall testing of integrated services, testing of multiple modules across multiple services to ensure proper integration, and supporting all testing to ensure the service functions as designed before going into production (Quality Assurance Tester); and
- Oversight of staff and comprehensive program and project oversight of the planning and execution of modular service projects across the Medicaid Enterprise, including communication, organizational change management, and risk management (Project Manager).

[15] Department of Health Care Policy and Financing response to Joint Budget Committee's Request for Information (multiple departments) #1. Retrieved on November 30, 2021 from https://hcpf.colorado.gov/sites/hcpf/files/HCPF%20Common%20LRFI%20%231%20FTE%20vacancy%20and%20turnover%20rate.pdf

[16] Barrett, Katherine and Richard Greene. Route Fifty. "The Government Job Application Drop-off is 'Snow-balling.;" Retrieved on November 30, 2021 from https://www.route-fifty.com/health-human-services/2021/11/state-and-local-government-employment-application-drop-snowballing/186824/

MODULAR RE-PROCUREMENT RESOURCES

The Department requests 8.0 FTE to fill operational and managerial needs of modular reprocurement to ensure that functional responsibilities are carried out and improvement of the systems continue in order to meet CMS requirements. Treating each module individually significantly increases the administrative burden to manage multiple contracts with multiple vendors. The Department is in the early stages of procuring these additional modules, but as the volume increases, current resources will not be able to manage the various components with the attention they need. This increased workload includes: development of system requirements with the additional functionality, review and approval of system requirements and design documents, testing of the modular changes, and outreach to internal and external stakeholders. This has led to a delay in progress toward system change and the creation of a backlog in system processing. The Department reports that a failure to implement projects may result in the loss of federal funds. The Department requests funding for the following new FTE:

- Federal Advanced Planning Specialists (2 FTE) – who will be responsible for drafting and managing the APDs in order to secure enhanced federal funding for the Department's IT projects; and for performing detailed analysis, reconciliation and resolution of projects and utilization data for the APDs, billings and inventory review, and internal audit analysis associated with the APDs;
- Electronic Visit Verification Business Analysts (2 FTE) – who will support the Electronic Visit Verification system and associated modifications, program rules, and reporting capabilities for stakeholders;
- Contract Managers (2 FTE) – who will be responsible for managing the increased contracts resulting from the shift to modular re-procurement, including drafting agreements, monitoring contractor progress and performance to ensure goods and services conform to contract requirements; identifying potential problems and solutions or mitigations; reviewing invoices and authorizing payments consistent with the contract terms; arranging for contractor access to state facilities, equipment, data, staff, materials and information, as applicable; establishing reporting requirements; maintaining appropriate records; and participating in audits;
- Program Integrity/Recovery Tracking Business Analyst (1 FTE) – who will provide continuous technical support for overpayment recovery tracking performed by the Department; and
- Federal Reporting Business Analyst (1 FTE) – who will serve as dedicated system development support for complying with mandatory quarterly federal expenditure reports and will ensure that the Department maintains the appropriate level of internal support including historical knowledge if vendors change.

WORKLOAD-RELATED FUNDING

In its presentation to the Joint Technology Committee, the Department explained that in order to receive CMS approval of the MMIS Enterprise plan and receive an enhanced federal match, the system must be transitioned to the modular design model. The modular reprocurement expectation of CMS increases workload for which the Department is requesting funding for 8.0 additional Department FTE. The remaining 5.0 FTE for which the Department is requesting funding will take on the responsibilities related to the services integrator currently performed by contractors.

Adjustments for the Department's R14 budget request are provided in the following tables.

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING R14 MMIS FUNDING ADJUSTMENT AND CONTRACTOR CONVERSION FY 2022-23							
LINE ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE	FFP RATE
ROLL FORWARD ADJUSTMENTS							
Reduction to MMIS appropriation to account for excess roll forward authority	($57,362,559)	($9,703,222)	($4,213,847)	$0	($43,445,490)	0.0	75.7%
MODULAR REPROCUREMENT							
MMIS base funding	1,634,355	(589,827)	1,496,206	0	727,976	0.0	44.5%
Operational FTE costs	832,260	129,084	83,974	0	619,202	7.7	74.4%
SUBTOTAL, MODULAR REPROCUREMENT	$2,466,615	($460,743)	$1,580,180	$0	$1,347,178	7.7	54.6%
SERVICE INTEGRATION							
Reduction to service integration contract	(1,737,426)	(269,475)	(175,307)	0	(1,292,644)	0.0	74.4%
Service integration workload FTE	554,228	85,961	55,922	0	412,345	4.8	74.4%
SUBTOTAL, SERVICE INTEGRATION	($1,183,198)	($183,514)	($119,385)	$0	($880,299)	4.8	74.4%
TOTAL REQUEST	**($56,079,142)**	**($10,347,479)**	**($2,753,052)**	**$0**	**($42,978,611)**	**12.5**	

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING R14 MMIS FUNDING ADJUSTMENT AND CONTRACTOR CONVERSION OUT-YEAR IMPACT, FY 2023-24 (ANNUALIZATION)							
LINE ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE	FFP RATE
ROLL FORWARD ADJUSTMENTS							
Reduction to MMIS appropriation to account for excess roll forward authority	$0	$0	$0	$0	$0	0.0	0.0%
MODULAR REPROCUREMENT							
MMIS base funding	1,105,521	(1,044,566)	1,518,913	0	631,174	0.0	44.5%
Operational FTE costs	800,416	124,144	80,762	0	595,510	8.0	74.4%
SUBTOTAL, MODULAR REPROCUREMENT	$1,905,937	($920,422)	$1,599,675	$0	$1,226,684	8.0	54.6%
SERVICE INTEGRATION							
Reduction to service integration contract	(1,737,426)	(269,475)	(175,307)	0	(1,292,644)	0.0	74.4%
Service integration workload FTE	535,690	83,086	54,051	0	398,553	5.0	74.4%
SUBTOTAL, SERVICE INTEGRATION	($1,201,736)	($186,389)	($121,256)	$0	($894,091)	5.0	74.4%
TOTAL REQUEST	**$704,201**	**($1,106,811)**	**$1,478,419**	**$0**	**$332,593**	**13.0**	

➔ BA17/S17 REMOVE CUSOM CLINICAL REVENUE FUNDING [INCLUDES LONG BILL ADD-ON]

DEPARTMENT REQUEST

The Department requests a FY 2021-22 and ongoing reduction of $26.2 million total funds, including $11.5 million cash funds from an intergovernmental transfer of clinical revenue from the University of Colorado School of Medicine. The request to create this transfer was initiated by the University and approved during FY 2021-22 comeback presentations by the Office of State Planning and Budgeting.

JBC STAFF RECOMMENDATION

The Department's request eliminates funding for Medical Diversity Scholarships and the support for the Aurora Community Health Commons. Both of these are identified by JBC staff as evidence-informed policies or practices. Staff considered the merits of each initiative through that lens and believes there is value in funding both of them, however, at this time staff recommends a refinance of the cash funds used for the Medical Diversity Scholarships with General Fund in FY 2021-22 and FY 2022-23, including:

- FY 2021-22 appropriation: $3,500,000 total funds, including $1,533,000 General Fund and $1,967,000 federal funds;
- FY 2022-23 annualization: $3,500,000 total funds, including $1,750,000 General Fund and $1,750,000 federal funds.

JBC staff recommends reconsideration of the funding during the FY 2023-24 budget cycle.

In addition, JBC staff recommends approval of the Department's request for a reduction of $153,064 total funds and 2.0 FTE.

BACKGROUND INFORMATION

During the 2021 legislation session, the University School of Medicine proposed using federal matching funds for new programs that would expand access to health care. Through a State Plan amendment that was approved by the Centers for Medicare and Medicaid Services (CMS), additional federal funds are able to be captured under a program only available to public medical schools. Capturing the federal funds requires the School of Medicine to make a payment to the State of Colorado. Because these funds are used to pay for Medicaid eligible activities, programs, and services, the Department makes a payment to the School of Medicine equal to the initial payment made to the State plus the federal matching funds.

The initial School of Medicine investment of $11.5 million would be returned to the School's operating budget and the $14.7 million of matching federal funds would be used to create new programs to improve access to health care. The FY 2021-22 and FY 2022-23 appropriation to the Medical Services Premiums line item includes $26,229,678 total funds, including $11,488,599 cash funds from the School of Medicine and $14,741,079 federal Medicaid funds. At the time of the request, the School of Medicine proposed that the funding be time limited, because the initiative would increase TABOR revenue to the state.

ANALYSIS

The School of Medicine proposal included five components:

- Aurora Community Health Commons – A one-time investment of $11.2 million to support the development of the Commons in order to expand access to primary and specialty care, address community needs, develop and implement evaluation methods to inform health equity change, and provide inter-professional training;
- Education – A $10.5 million investment over four years ($3.5 million per year) to provide full or half tuition scholarships to improve medical student diversity; and additional funding to implement an undergraduate health sciences curriculum and to fund a Longitudinally Integrated Clerkship at Salud Family Health Centers.

- Community Wealth Building and Workforce Development – Implementation of training programs for dental assistants, doulas, pharmacy technicians, community health workers, and administrative support, and to provide scholarships for the Medical Assistant Advancement Program;
- Community Engagement and Outreach, including social determinants of health; and
- Telehealth.

Of the five components, the $14.7 million in federal funds was allocated to the one-time investment in the Aurora Community Health Commons and the Medical Student Diversity Scholarships. The four-year scholarships have been awarded for the entrants in the current academic year. The School of Medicine will honor these awards, however additional four-year scholarships will not be awarded in the next academic year. Because the School of Medicine will cover the cost of these awards over the next four years, the School will be required to reduce expenditures in other areas, including work that is being done in the area of unhoused and jail-to-community transitions. The School of Medicine anticipates a delay in the development of the Aurora Wellness Community and is concerned about the negative impact those residents who currently do not have access to primary health care.

TABOR

During the December 2021 Legislative Council Staff economic forecast, it was reported that "the ongoing economic and jobs recovery from the COVID-19 recession will increase General Fund revenue collections by a projected 11.7 percent above year-ago levels. Based on the enacted budget and before adjustments for any supplemental appropriations, the General Fund is projected to end the year with a 28.4 percent reserve, $1.85 billion above the required 13.4 percent reserve. Revenue subject to TABOR is expected to exceed the Referendum C cap by $1.9 billion." The $11.5 million cash funds transferred from the School of Medicine represents 0.6 percent of this amount.

DEPARTMENT FTE

The initial appropriation included approximately $150,000 total funds for 2.0 temporary FTE, responsible for calculating School of Medicine performance metrics, validating data, measuring provider enrollment and member access, holding the School of Medicine accountable to Department goals, supporting community collaboration efforts and access to care work, and providing program-level support such as meeting and site visit coordination, reporting, and deliverable tracking. The Department's request includes a reduction in the FY 2022-23 appropriation and a reduction of 2.0 FTE. The Department included in its FY 2022-23 R12 budget request an increase in funding for 2.0 permanent positions through reappropriated General Fund from the Department of Higher Education.

LEVEL OF EVIDENCE PURSUANT TO S.B. 21-284

The Department did not assign a level of evidence to this budget request, however S.B. 21-284 (Evidence-based Evaluations for Budget) does allow for discussions concerning reductions in funding to be evaluated within the context of evidence.

AURORA COMMUNITY HEALTH COMMONS

JBC staff believes that the concept of the Aurora Community Health Commons combines the tenants of both "community-based care" and "integrated care." In the conference paper prepared for the International Journal for Quality in Health Care by T. Plonchg and N. S. Klazinga, entitled "Community-based integrated care: myth or must?", the authors states that "combination of these

concepts promotes integration of public health functions, medical care functions, and social services on a local or regional level."[17] In describing community-based care, Plonchg, et. al., argue that

> *Community-based care features a health system that is based upon and driven by community health needs. Moreover, it is tailored to the health beliefs, preferences, and societal values of that community and assures a certain level of 'community participation'. It is assumed that such a community approach maximizes health outcomes in two way. Firstly, taking the health needs, beliefs, and values of the community as the starting point will result in locally or regionally organized health services that are the most beneficial (given the available resources) for the health status of that community. Secondly, it will enhance the engagement and compliance of communities with their own health care systems.*[18]

The authors describe integrated care as "methods and types of organization that aim to reduce fragmentation in health care delivery by increasing co-ordination and continuity of care between difference institutions."[19] Finally, the authors posit that distinct rationales exist within the three decision-making categories that influence the complexity of health care systems, including patient care, organizational context, and financing and policy. The differences between how these three categories are approached "can often result in ambiguity of goals, conflicting interests between decision makes, bureaucracy, poor information transfer, and limited use of the available scientific knowledge."[20] Most importantly, T. Plonchg, et. al., identify community-based integrated care as a promising approach to successfully confronting issues related to increased complexity of health care systems. Complexity that results from the three categories' differing rationales when addressing cultures, disciplines, and traditions influencing the delivery of health care services.[21]

Senate Bill 21-284 defines an evidence-informed program or practice as one that "reflects a moderate, supported, or promising level of confidence of effectiveness, ineffectiveness, or harmfulness as determined by an evaluation with a comparison group, multiple pre- and post-evaluations, or an equivalent measure." While JBC staff did not perform an exhaustive literature review, she believes that implementation of a community-based integrated care model such as the Aurora Community Health Commons qualifies as evidence-informed pursuant to S.B. 21-284.

MEDICAL STUDENT DIVERSITY SCHOLARSHIPS

In their paper entitled "Increasing Racial and Ethnic Diversity Among Physicians: An Intervention to Address Health Disparities?" Raynard Kington, etl. al., reviewed and synthesized the scientific evidence concerning the potential impact of increasing the racial and ethnic diversity of U.S. physicians on racial and ethnic differences in health outcomes. They states that "Strong, compelling evidence suggests that minority physicians are indeed more likely to provide precisely those services that may be most likely to reduce racial and ethnic health disparities, namely primary care services for underserved poor and minority populations."[22] The authors contend that "the strength of that evidence alone is sufficient to support continued efforts to increase the numbers of physicians from underrepresented minority groups."

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[17] Plonchg, T. and N. S. Klazinga, "Community-based integrated care: myth or must?" International Journal for Quality in Health Care 2002; Volume 14, Number 2, pg 91-101.
[18] Ibid.
[19] Ibid.
[20] Ibid.
[21] Ibid.
[22] Kington, Raynard, Diana Tisnado, David M. Carlisle, "Increasing Racial and Ethnic Diversity Among Physicians: An Intervention to Address Health Disparities?"

Senate Bill 21-284 defines an evidence-informed program or practice as one that "reflects a moderate, supported, or promising level of confidence of effectiveness, ineffectiveness, or harmfulness as determined by an evaluation with a comparison group, multiple pre- and post-evaluations, or an equivalent measure." While JBC staff did not perform an exhaustive literature review, she believes that Medical Student Diversity Scholarships qualify as evidence-informed pursuant to S.B. 21-284.

JBC STAFF CONSIDERATIONS

JBC staff recognizes the challenges associated with increased State revenue and the associated TABOR obligations and offers the following options for consideration:

- The first option would be to approve the Department's request for both FY 2021-22 and FY 2022-23 based on the understanding that the CU School of Medicine understood the TABOR implications and that when a TABOR refund was imminent, the opportunity to draw down the federal funds would cease. Given that the opportunity ceased at least one year earlier than anticipated, the School of Medicine will be placed at a disadvantage, whereby the four-year scholarship funding will need to be covered with School of Medicine funding alone, the funding to implement a community-based integrated care model will be eliminated, and other programs will experience a reduction in resources.
- The second option is to deny the Department's request in its entirety for both fiscal years, in which case $11,488,599 will be counted as State revenue for the purposes of TABOR.
- A third option is to fund the scholarships, but not the amount allocated for the Aurora Community Health Commons. This would provide $3.5 million total funds, including $1,533,000 cash funds and $1,967,000 federal matching funds in FY 2021-22 and $1,750,000 cash funds and $1,750,000 federal funds in FY 2022-23 (based on the assumption that the federal public health emergency enhanced match will end June 30, 2022). This would reduce the TABOR impact, but not eliminate it.
- A fourth option is to refinance the CU School of Medicine cash funds with General Fund for the scholarship funds, only, or for both the scholarships and the Commons. This will increase the General Fund expenditures for FY 2021-22 and FY 2022-23 but reduce the TABOR impact.

The options for funding this fourth option are:

- Only refinance the Scholarships with General Fund and eliminate the funding for the Commons:
  - FY 2021-22 appropriation: $3,500,000 total funds, including $1,533,000 General Fund and $1,967,000 federal funds
  - FY 2022-23 annualization: $3,500,000 total funds, including $1,750,000 General Fund and $1,750,000 federal funds
- Refinance both the Scholarships and the Commons with General Fund:
  - FY 20221-22 appropriation: $26,229,678 total funds, including $11,488,599 General Fund and $14,741,079 federal funds
  - FY 2022-23 appropriation: $3,500,000 total funds, including $1,750,000 General Fund and $1,750,000 federal funds

Both the Scholarships and the Commons have been identified by JBC staff as evidence-informed policies or practices. Staff considered the merits of each initiative through that lens and believes there is value in funding both of them, however, at this time staff recommends a refinance of the cash funds used for the Medical Diversity Scholarships with General Fund in FY 2021-22 and FY 2022-23.

(1) EXECUTIVE DIRECTOR'S OFFICE

The Executive Director's Office division contains the administrative funding for the Department. Specifically, this funding supports the Department's personnel and operating expenses. In addition, this division contains contract funding for provider audits, eligibility determinations, client and provider services, utilization and quality reviews, and information technology contracts. The sources of cash funds and reappropriated funds reflect the Department's financing as a whole and the programs supported by the FTE in the division. The largest source of cash funds for the division is the Healthcare Affordability and Sustainability Fee.

EXECUTIVE DIRECTOR'S OFFICE						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2021-22 Appropriation						
S.B. 21-205 (Long Bill)	442,108,989	106,828,138	59,916,709	4,144,561	271,219,581	544.4
Other Legislation	$9,961,951	$4,302,718	($86,234)	$0	$5,745,467	19.5
H.B. 22-1173 (Supplemental Bill)	48,256,139	(49,500)	24,591,261	0	23,714,378	49.5
Long Bill Supplemental	(1,958,793)	(738,735)	1,312,865	0	(2,532,923)	0.0
TOTAL	**$498,368,286**	**$110,342,621**	**$85,734,601**	**$4,144,561**	**$298,146,503**	**613.4**
FY 2022-23 RECOMMENDED APPROPRIATION						
FY 2021-22 Appropriation	$498,368,286	$110,342,621	$85,734,601	$4,144,561	$298,146,503	613.4
BA6 County administration resources	18,965,148	2,949,679	1,779,805	0	14,235,664	0.0
BA10 HCBS ARPA spending authority	17,347,068	0	8,673,534	0	8,673,534	(3.4)
R8 County administration	15,862,424	4,279,468	2,859,078	0	8,723,878	5.9
R7 Utilization management	3,650,175	398,837	524,903	0	2,726,435	0.0
R10 Provider rates	1,761,851	251,812	428,471	0	1,081,568	0.0
R6 Value-based payments	1,653,450	826,725	0	0	826,725	0.0
R13 Compliance FTE	1,229,848	562,755	104,339	0	562,754	10.0
R15 All-Payer Claims Database	1,209,655	1,209,655	0	0	0	0.0
R9 OCL Program enhancements	540,000	270,000	0	0	270,000	0.0
BA9 eConsult program implementation	221,516	73,100	37,658	0	110,758	0.0
R11 ACC and CHP accountability	169,824	42,456	29,720	0	97,648	2.0
R12 Convert contracts to FTE	199,880	0	0	99,940	99,940	3.0
BA8 Behavioral Health Administration	0	0	0	0	0	0.0
BA15 Drug importation program	0	0	0	0	0	0.0
BA16 HB 21-1166 Roll forward authority	0	0	0	0	0	0.0
R14 MMIS True up and administration	(56,199,927)	(10,366,213)	(2,765,239)	0	(43,068,475)	11.8
BA13 Connect for Health Colorado	(2,266,230)	0	(1,004,323)	0	(1,261,907)	0.0
BA14 Centralized eligibility vendor	(249,971)	0	(124,986)	0	(124,985)	0.0
BA17 CU School of Medicine	(153,064)	0	(76,532)	0	(76,532)	(2.0)
Transfers to other state agencies	141,804	53,758	0	0	88,046	0.0
NP Transfer programs to Department of Early Childhood	8,047,702	4,023,851	0	0	4,023,851	0.0
NP OIT CBMS admin costs	3,477,278	738,945	417,243	(5,381)	2,326,471	0.0
NP Equity officers	216,966	0	0	108,483	108,483	2.0
NP OIT budget request package	18,439	7,436	1,243	347	9,413	0.0
NP Colorado WINS Partnership Agreement	9,608	2,566	15,288	(2,345)	(5,901)	0.0
NP Paid Family and Medical Leave Insurance	5,978	2,411	403	112	3,052	0.0
CSEAP resources	3,180	1,253	282	36	1,609	0.0
Centrally appropriated items	4,086,275	1,963,124	132,187	141,270	1,849,694	0.0
Federal match for HCBS	412	0	206	0	206	0.4
Annualize prior year budget actions	(15,682,570)	(7,705,611)	2,419,818	4,864	(10,401,641)	3.1

EXECUTIVE DIRECTOR'S OFFICE						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
TOTAL	**$502,635,005**	**$109,928,628**	**$99,187,699**	**$4,491,887**	**$289,026,791**	**646.2**
INCREASE/(DECREASE)	**$4,266,719**	**($413,993)**	**$13,453,098**	**$347,326**	**($9,119,712)**	**32.8**
Percentage Change	0.9%	(0.4%)	15.7%	8.4%	(3.1%)	5.3%
FY 2022-23 EXECUTIVE REQUEST	**$515,143,868**	**$114,451,755**	**$97,597,401**	**$4,777,442**	**$298,317,270**	**682.3**
Request Above/(Below) Recommendation	$12,508,863	$4,523,127	($1,590,298)	$285,555	$9,290,479	36.1

LINE ITEM DETAIL — EXECUTIVE DIRECTOR'S OFFICE

(A) GENERAL ADMINISTRATION

This subdivision contains the appropriations for the Department's FTE, employee-related expenses and benefits, operating expenses, and general contract services. This subdivision also contains funding for all of the centrally appropriated line items in the Department.

STATUTORY AUTHORITY: Section 25.5-1-104 et. seq., C.R.S.

CENTRALLY APPROPRIATED LINE ITEMS SET BY JBC COMMON POLICY

The majority of line items in this subdivision are centralized appropriations that the JBC sets through common policies. In most cases the common policy allocates costs to agencies for a centralized service based on prior year actual utilization of that service by the department. In order to simplify the narrative, this section addresses all line items set through JBC common policies. Line items that are not set by common policy are discussed individually following this section. The order of the line items may differ from the Long Bill line item order.

REQUEST: The Department requests:

- Annualizations of prior year bills and budget actions
- Application of the OSPB common policies
- Benefits associated with the FTE adjustments requested in R6, R8, R11, R12, R13, R14, BA8, BA10, and BA17
- Non prioritized requests associated with decision items submitted by other departments

RECOMMENDATION: Staff recommends application of the JBC's common policies for the centralized appropriations described in the table below, with the exception of benefits for newly requested FTE. Note that the JBC's common policy was pending for some of the line items at the time this document was prepared. The amounts included in the numbers pages and department and division summary tables for the pending items are based on the request and will be updated to reflect the JBC's actions.

Health, Life, and Dental
Short-term Disability
Amortization Equalization Disbursement (AED)
Supplemental AED
PERA Direct Distribution
Salary Survey

Merit Pay
Paid Family and Medical Leave Insurance
Paid Family Medical Leave Funding
Workers' Compensation
Legal Services
Administrative Law Judge Services
CORE Operations
Payment to Risk Management and Property
Capitol Complex Leased Space
Payments to OIT

The base recommendations for legal services and administrative law judge services are for continuation hours.

PERSONAL SERVICES

This line item contains all of the personal services for the Department's employees, including employee salaries and the employer contributions to PERA and Medicare. The line item also includes funding for temporary employees, employee buy-outs, and some contract services. However, most of the Department's professional contract service costs are contained in separate line items.

REQUEST: The Department requests:

- Funding associated with new FTE requested in R6, R8, R11, R12, R13, R14, BA8, BA10, and BA17
- Annualizations of prior year bills and budget actions
- Non-prioritized requests associated with decisions items submitted by other departments

STAFF RECOMMENDATION: The staff recommended changes are summarized in the table below. See the descriptions of the decision items for more detail.

EXECUTIVE DIRECTOR'S OFFICE, GENERAL ADMINISTRATION, PERSONAL SERVICES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2021-22 APPROPRIATION						
S.B. 21-205 (Long Bill)	$44,938,868	$17,225,736	$4,229,277	$1,892,340	$21,591,515	541.4
H.B. 22-1173 (Supplemental Bill)	$2,520,553	$0	$1,260,277	$0	$1,260,276	49.5
Other Legislation	$1,491,222	$740,204	$175,333	$0	$575,685	19.5
Long Bill Supplemental	(1,059,605)	0	(529,803)	0	(529,802)	0.0
TOTAL	**$47,891,038**	**$17,965,940**	**$5,135,084**	**$1,892,340**	**$22,897,674**	**610.4**
FY 2022-23 RECOMMENDED APPROPRIATION						
FY 2021-22 Appropriation	$47,891,038	$17,965,940	$5,135,084	$1,892,340	$22,897,674	610.4
BA10 HCBS ARPA spending authority	1,874,687	0	937,344	0	937,343	(3.4)
Annualize prior year budget actions	1,797,545	973,603	(33,670)	34,286	823,326	3.1
R14 MMIS True up and administration	891,482	138,269	89,951	0	663,262	11.8
R13 Compliance FTE	750,856	338,643	73,571	0	338,642	10.0
R8 County administration	443,822	133,478	88,433	0	221,911	5.9
R12 Convert contracts to FTE	241,952	0	0	120,976	120,976	3.0
NP Equity officers	158,556	0	0	79,278	79,278	2.0
R11 ACC and CHP accountability	140,724	35,181	24,627	0	80,916	2.0
BA9 eConsult program implementation	55,534	18,326	9,441	0	27,767	0.0
Federal match for HCBS	31,412	0	15,706	0	15,706	0.4
R6 Value-based payments	0	0	0	0	0	0.0
BA8 Behavioral Health Administration	0	0	0	0	0	0.0
BA17 CU School of Medicine	(150,364)	0	(75,182)	0	(75,182)	(2.0)

EXECUTIVE DIRECTOR'S OFFICE, GENERAL ADMINISTRATION, PERSONAL SERVICES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Centrally appropriated items	(90,897)	0	0	(90,897)	0	0.0
TOTAL	**$54,036,347**	**$19,603,440**	**$6,265,305**	**$2,035,983**	**$26,131,619**	**643.2**
INCREASE/(DECREASE)	**$6,145,309**	**$1,637,500**	**$1,130,221**	**$143,643**	**$3,233,945**	**32.8**
Percentage Change	12.8%	9.1%	22.0%	7.6%	14.1%	5.4%
FY 2022-23 EXECUTIVE REQUEST	**$56,858,576**	**$20,719,614**	**$6,347,055**	**$2,284,747**	**$27,507,160**	**679.3**
Request Above/(Below) Recommendation	$2,822,229	$1,116,174	$81,750	$248,764	$1,375,541	36.1

OPERATING EXPENSES

This line item pays for operating expenses associated with the staff at the Department. Examples of the expenditures include software/licenses, office supplies, office equipment, utilities, printing, and travel.

REQUEST: The Department requests:

- Funding associated with new FTE requested in in R6, R8, R11, R12, R13, R14, BA8, BA10, and BA17
- Annualizations of prior year bills and budget actions
- Non prioritized requests associated with decision items submitted by other departments

STAFF RECOMMENDATION: The staff recommended changes are summarized in the table below. See the descriptions of the decision items for more detail.]

EXECUTIVE DIRECTOR'S OFFICE, GENERAL ADMINISTRATION, OPERATING EXPENSES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2021-22 APPROPRIATION						
S.B. 21-205 (Long Bill)	$2,600,669	$1,113,377	$232,419	$13,297	$1,241,576	0.0
H.B. 22-1173 (Supplemental Bill)	$272,968	$0	$136,484	$0	$136,484	0.0
Other Legislation	$174,646	$96,618	$19,169	$0	$58,859	0.0
Long Bill Supplemental	(115,695)	0	(57,848)	0	(57,847)	0.0
TOTAL	**$2,932,588**	**$1,209,995**	**$330,224**	**$13,297**	**$1,379,072**	**0.0**
FY 2022-23 RECOMMENDED APPROPRIATION						
FY 2021-22 Appropriation	$2,932,588	$1,209,995	$330,224	$13,297	$1,379,072	0.0
R14 MMIS True up and administration	98,150	15,223	9,903	0	73,024	0.0
R13 Compliance FTE	83,050	37,750	7,550	0	37,750	0.0
R8 County administration	61,680	18,550	12,290	0	30,840	0.0
R12 Convert contracts to FTE	22,650	0	0	11,325	11,325	0.0
R11 ACC and CHP accountability	15,900	3,975	2,783	0	9,142	0.0
NP Equity officers	15,900	0	0	7,950	7,950	0.0
BA9 eConsult program implementation	914	302	155	0	457	0.0
R6 Value-based payments	0	0	0	0	0	0.0
BA8 Behavioral Health Administration	0	0	0	0	0	0.0
Annualize prior year budget actions	(311,748)	(174,908)	(23,849)	0	(112,991)	0.0
BA10 HCBS ARPA spending authority	(115,451)	0	(57,725)	0	(57,726)	0.0
Federal match for HCBS	(31,000)	0	(15,500)	0	(15,500)	0.0
BA17 CU School of Medicine	(2,700)	0	(1,350)	0	(1,350)	0.0
TOTAL	**$2,769,933**	**$1,110,887**	**$264,481**	**$32,572**	**$1,361,993**	**0.0**

EXECUTIVE DIRECTOR'S OFFICE, GENERAL ADMINISTRATION, OPERATING EXPENSES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
INCREASE/(DECREASE)	**($162,655)**	**($99,108)**	**($65,743)**	**$19,275**	**($17,079)**	**0.0**
Percentage Change	(5.5%)	(8.2%)	(19.9%)	145.0%	(1.2%)	0.0%
FY 2022-23 EXECUTIVE REQUEST	**$3,078,533**	**$1,232,220**	**$272,549**	**$59,604**	**$1,514,160**	**0.0**
Request Above/(Below) Recommendation	$308,600	$121,333	$8,068	$27,032	$152,167	0.0

LEASED SPACE

This line item pays for the Department's leased space at 225 E. 16th Street and 303 E. 17th Ave.

REQUEST: The Department requests

- Funding associated with new FTE requested in in R6, R8, R11, R12, R13, R14, BA8, BA10, and BA17
- Annualizations of prior year bills and budget actions

RECOMMENDATION: The staff recommended changes are summarized in the table below. See the descriptions of the decision items for more detail.

EXECUTIVE DIRECTOR'S OFFICE, GENERAL ADMINISTRATION, LEASED SPACE						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2021-22 APPROPRIATION						
S.B. 21-205 (Long Bill)	$2,790,748	$1,157,045	$238,330	$0	$1,395,373	0.0
H.B. 22-1173 (Supplemental Bill)	$226,601	$0	$113,300	$0	$113,301	0.0
Long Bill Supplemental	(65,037)	0	(32,518)	0	(32,519)	0.0
TOTAL	**$2,952,312**	**$1,157,045**	**$319,112**	**$0**	**$1,476,155**	**0.0**
FY 2022-23 RECOMMENDED APPROPRIATION						
FY 2021-22 Appropriation	$2,952,312	$1,157,045	$319,112	$0	$1,476,155	0.0
BA10 HCBS ARPA spending authority	175,861	0	87,930	0	87,931	0.0
Annualize prior year budget actions	156,383	71,839	(2,096)	0	86,640	0.0
R14 MMIS True up and administration	77,880	12,080	7,858	0	57,942	0.0
R13 Compliance FTE	66,000	29,700	6,600	0	29,700	0.0
R8 County administration	39,600	11,910	7,890	0	19,800	0.0
R12 Convert contracts to FTE	19,800	0	0	9,900	9,900	0.0
R11 ACC and CHP accountability	13,200	3,300	2,310	0	7,590	0.0
R6 Value-based payments	0	0	0	0	0	0.0
BA8 Behavioral Health Administration	0	0	0	0	0	0.0
TOTAL	**$3,501,036**	**$1,285,874**	**$429,604**	**$9,900**	**$1,775,658**	**0.0**
INCREASE/(DECREASE)	**$548,724**	**$128,829**	**$110,492**	**$9,900**	**$299,503**	**0.0**
Percentage Change	18.6%	11.1%	34.6%	0.0%	20.3%	0.0%
FY 2022-23 EXECUTIVE REQUEST	**$3,720,156**	**$1,384,818**	**$419,004**	**$31,842**	**$1,884,492**	**0.0**
Request Above/(Below) Recommendation	$219,120	$98,944	($10,600)	$21,942	$108,834	0.0

GENERAL PROFESSIONAL SERVICES AND SPECIAL PROJECTS

This line item pays for contract services used by the Department for special projects authorized by the General Assembly. The sources of cash funds include the Hospital Provider Fee, Nursing Facility Fee, Nursing Home Penalties, and the IDD Services Cash Fund. The federal match rate varies based on the specific contracts.

REQUEST: The Department requests annualizations and adjustments to contract services in R6, R8, R12, BA10, BA15, and BA16.

RECOMMENDATION: The staff recommended changes are summarized in the table below. See the descriptions of the decision items for more detail.

EXECUTIVE DIRECTOR'S OFFICE, GENERAL ADMINISTRATION, GENERAL PROFESSIONAL SERVICES AND SPECIAL PROJECTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2021-22 APPROPRIATION						
H.B. 22-1173 (Supplemental Bill)	$30,856,874	$296,160	$15,280,357	$0	$15,280,357	0.0
S.B. 21-205 (Long Bill)	$20,596,523	$6,474,790	$3,570,437	$150,000	$10,401,296	0.0
Long Bill Supplemental	$2,517,162	$0	$1,258,581	$0	$1,258,581	0.0
Other Legislation	$174,160	$265,800	($312,800)	$0	$221,160	0.0
TOTAL	**$54,144,719**	**$7,036,750**	**$19,796,575**	**$150,000**	**$27,161,394**	**0.0**
FY 2022-23 RECOMMENDED APPROPRIATION						
FY 2021-22 Appropriation	$54,144,719	$7,036,750	$19,796,575	$150,000	$27,161,394	0.0
BA10 HCBS ARPA spending authority	11,426,273	0	5,713,137	0	5,713,136	0.0
R6 Value-based payments	1,653,450	826,725	0	0	826,725	0.0
R8 County administration	314,675	94,637	62,700	0	157,338	0.0
BA15 Drug importation program	0	0	0	0	0	0.0
BA16 HB 21-1166 Roll forward authority	0	0	0	0	0	0.0
Annualize prior year budget actions	(395,816)	(62,960)	(102,113)	0	(230,743)	0.0
R12 Convert contracts to FTE	(138,000)	0	0	(69,000)	(69,000)	0.0
TOTAL	**$67,005,301**	**$7,895,152**	**$25,470,299**	**$81,000**	**$33,558,850**	**0.0**
INCREASE/(DECREASE)	**$12,860,582**	**$858,402**	**$5,673,724**	**($69,000)**	**$6,397,456**	**0.0**
Percentage Change	23.8%	12.2%	28.7%	(46.0%)	23.6%	0.0%
FY 2022-23 EXECUTIVE REQUEST	**$75,412,142**	**$12,468,413**	**$24,971,882**	**$81,000**	**$37,890,847**	**0.0**
Request Above/(Below) Recommendation	$8,406,841	$4,573,261	($498,417)	$0	$4,331,997	0.0

(B) TRANSFERS TO/FROM OTHER DEPARTMENTS

EDUCATION

PUBLIC SCHOOL HEALTH SERVICES ADMINISTRATION

This line item offsets costs of the Department of Education for the Public School Health Services program. The program is jointly administered by the Department of Health Care Policy and Financing and the Department of Education. Pursuant to statute, up to 10 percent of the federal funds received

for the program may be retained for administration and these moneys are used to offset appropriations in the Medical Services Premiums line item. In this line item the state match appears as General Fund. Please see the line item "Public School Health Services" in the Other Medical Services division for a discussion of the projected certified public expenditures and a description of program costs.

STATUTORY AUTHORITY: Section 25.5-5-318, C.R.S.

REQUEST: The Department requests annualizations and adjustments for the JBC's common policies.

RECOMMENDATION: Staff recommends setting this line item based on the JBC's decisions regarding funding in the Department of Education.

EARLY CHILDHOOD

EARLY INTERVENTION

This line item includes funding for early intervention services for children from birth through two years of age. The line item is created with the transfer of programs to the newly created Department of Early Childhood. See the figure setting document related to the Department of Early Childhood for addition information.

HUMAN SERVICES

NURSE HOME VISITOR PROGRAM

This line item pays a portion of the cost for nurses to visit first-time mothers in families with incomes up to 200 percent of the federal poverty guidelines to provide education on nutrition and general child care and to promote the health and development of children. Funding for the program is appropriated to the Department of Human Services and then a portion is transferred to the Department of Health Care Policy and Financing to match federal funds for Medicaid-eligible clients. The original source of funding is Tobacco Master Settlement Agreement moneys. Although the Department of Human Services is the lead agency for financing, the program is actually administered by the University of Colorado Health Sciences Center. The federal match rate is at the standard FMAP for Medicaid services.

STATUTORY AUTHORITY: Section 25-31-102, C.R.S.

REQUEST: The Department requests continuation funding.

RECOMMENDATION: Staff recommends the requested continuation funding. Based on prior year actual expenditures, this may be more spending authority than the line item needs, but if fewer Medicaid-eligible clients are served, then the Department of Human Services will transfer less to the Department of Health Care Policy and Financing and instead use the tobacco settlement monies to serve clients who are not eligible for Medicaid.

LOCAL AFFAIRS

HOST HOME REGULATION

This line item pays for housing inspections of host homes.

REQUEST: The Department requests annualization of prior year budget actions.

RECOMMENDATION: Staff recommends setting this line item based on the JBC's decisions regarding funding in the Department of Local Affairs. Staff requests permission to reflect Committee action in the Department's Long Bill. Since components of the Department of Local Affairs funding are pending, the amount reflected in the numbers pages for this line item is the Department's request.

HOME MODIFICATIONS BENEFIT ADMINISTRATION AND HOUSING ASSISTANCE PAYMENTS
This appropriation pays the Department of Local Affairs to administer the existing Medicaid home modifications benefit. In addition, the Department of Local Affairs assists clients of the Colorado Choice Transitions (CCT) program in acquiring housing. The federal match rate is 50 percent for administration.

REQUEST: The Department requests continuation funding.

RECOMMENDATION: Staff recommends setting this line item based on the JBC's decisions regarding funding in the Department of Local Affairs. Staff requests permission to reflect Committee action in the Department's Long Bill. Since components of the Department of Local Affairs funding are pending, the amount reflected in the numbers pages for this line item is the Department's request.

PUBLIC HEALTH AND ENVIRONMENT

FACILITY SURVEY AND CERTIFICATION
This line item pays the Department of Public Health and Environment to monitor a variety of long-term care providers for safety and compliance with Medicaid regulations, including nursing homes, hospices, home health agencies, alternative care facilities, personal care/homemaking agencies, and adult day services. This monitoring is performed as part of the Department of Public Health and Environment's larger function of establishing and enforcing standards of operation for health care facilities. Financing for the Medicaid-related regulation is provided as follows:

Minimum Data Set resident assessment (used to determine nursing home patient acuity, which is a consideration in the nursing home reimbursement formula)	100% General Fund
In-the-field surveys and inspections	75% federal match
Office time preparing reports and administering the program	50% federal match

REQUEST: The Department requests annualizations of prior year budget decisions and nonprioritized adjustments for decision items submitted by the Department of Public Health and Environment.

RECOMMENDATION: Staff recommends setting this line item based on the JBC's decisions regarding funding in the Department of Public Health and Environment. Staff requests permission to reflect Committee action in the Department's Long Bill. Since components of the DPHE funding are pending, the amount reflected in the numbers pages for this line item is the Department's request.

PRENATAL STATISTICAL INFORMATION
This line item pays the Department of Public Health and Environment to collect and analyze data, through the Vital Statistics office, on the effectiveness of the Enhanced Prenatal Care program, more

commonly known as Prenatal Plus. This program provides case management, nutrition, and mental health counseling for women assessed as at-risk for delivering low birth weight infants. The services address lifestyle, behavioral, and non-medical aspects of a woman's life likely to affect pregnancy. Services are paid for in the Medical Services Premiums line item. This appropriation covers only the data collection and evaluation performed by the Department of Public Health and Environment. The federal match rate is 50 percent.

REQUEST: The Department requests continuation funding.

RECOMMENDATION: Staff recommends setting this line item based on the JBC's decisions regarding funding in the Department of Public Health and Environment. Staff requests permission to reflect Committee action in the Department's Long Bill. Since components of the DPHE funding are pending, the amount reflected in the numbers pages for this line item is the Department's request.

REGULATORY AGENCIES

NURSE AIDE CERTIFICATION

This line item pays for the Department of Regulatory Agencies to certify nurse aides working in facilities with Medicaid patients. The Department of Regulatory Agencies also receives payments from Medicare. The reappropriated funds are fees for background checks transferred from the Department of Regulatory Affairs. Only non-certified nurses are required to pay the fees. The federal match rate is 50 percent.

STATUTORY AUTHORITY: Section 12-38.1-101 et seq., C.R.S.

REQUEST: The Department requests continuation funding.

RECOMMENDATION: Staff recommends the requested funding based on the JBC's actions during figure setting for the Department of Regulatory Agencies. The money is transferred to the Division of Registrations in the Department of Regulatory Agencies. Staff requests permission to reflect Committee action in the Department's Long Bill.

REGULATION OF MEDICAID TRANSPORTATION PROVIDERS

This line item pays for limited regulation permits of Medicaid non-emergency transportation providers pursuant to H.B. 16-1097 (Coram & Moreno/Scott). Vehicle inspection costs are eligible for a 50 percent federal match, but other costs are 100 percent General Fund. The money received by the Public Utilities Commission is continuously appropriated.

STATUTORY AUTHORITY: Section 40-10.1-302(2)(b)(II), C.R.S.

REQUEST: The Department requests continuation funding.

RECOMMENDATION: Staff recommends the requested continuation funding.

REVIEWS
This line item pays the Department of Regulatory Affairs to conduct sunset reviews of programs administered by the Department of Health Care Policy and Financing. The federal match rate depends on the program being reviewed.

STATUTORY AUTHORITY: Section 24-34-104, et seq., C.R.S.

REQUEST: The Department requests continuation funding.

RECOMMENDATION: Staff recommends the requested continuation funding.

(C) INFORMATION TECHNOLOGY CONTRACTS AND PROJECTS

MEDICAID MANAGEMENT INFORMATION SYSTEM MAINTENANCE AND PROJECTS

This line item pays for maintenance of the Medicaid Management Information System (MMIS) and the Web Portal. MMIS processes Medicaid claims, performs electronic prior authorization reviews for certain medical services, transmits data so that payments can be made to providers, and manages information about Medicaid beneficiaries and services. The Web Portal provides a front-end interface for providers to submit electronic information to MMIS, the Colorado Benefits Management System, and the Benefits Utilization System in a format that complies with the confidentiality standards of the federal Health Insurance Portability and Accountability Act (HIPAA).

The federal match rate depends on the activity being financed. For design, development, or installation of automated data systems in administration of the Medicaid program, states are eligible for a 90 percent federal match. The on-going maintenance of these systems receives a 75 percent federal match. Operating expenses included in the contract with the MMIS vendor that are not computer-related, such as mailing expenses, receive a 50 percent federal match. The MMIS also supports CHP+, which receives an 88 percent federal match. Many projects include a mix of all these activities with a resulting blended federal match rate that is specific to that project.

STATUTORY AUTHORITY: Section 25.5-4-204, C.R.S.

REQUEST: The Department requests annualizations of prior year budget decisions and adjustments for R6, R12, R14, BA10, and OIT CBMS administrative costs.

RECOMMENDATION: The staff recommended changes are summarized in the table below. See the descriptions of the decision items for more detail.

EXECUTIVE DIRECTOR'S OFFICE, INFORMATION TECHNOLOGY CONTRACTS AND PROJECTS, MEDICAID MANAGEMENT INFORMATION SYSTEM MAINTENANCE AND PROJECTS

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2021-22 APPROPRIATION						
S.B. 21-205 (Long Bill)	$89,189,774	$15,254,694	$6,694,114	$12,204	$67,228,762	0.0
H.B. 22-1173 (Supplemental Bill)	$10,707,693	$0	$5,353,846	$0	$5,353,847	0.0
Other Legislation	$4,538,907	$1,405,381	$3,948	$0	$3,129,578	0.0
Long Bill Supplemental	$749,000	$0	$374,500	$0	$374,500	0.0

EXECUTIVE DIRECTOR'S OFFICE, INFORMATION TECHNOLOGY CONTRACTS AND PROJECTS, MEDICAID MANAGEMENT INFORMATION SYSTEM MAINTENANCE AND PROJECTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
TOTAL	**$105,185,374**	**$16,660,075**	**$12,426,408**	**$12,204**	**$76,086,687**	**0.0**
FY 2022-23 RECOMMENDED APPROPRIATION						
FY 2021-22 Appropriation	$105,185,374	$16,660,075	$12,426,408	$12,204	$76,086,687	0.0
NP OIT CBMS admin costs	3,763,254	854,259	436,538	0	2,472,457	0.0
BA10 HCBS ARPA spending authority	3,561,911	0	1,780,956	0	1,780,955	0.0
R12 Convert contracts to FTE	0	0	0	0	0	0.0
R6 Value-based payments	0	0	0	0	0	0.0
R14 MMIS True up and administration	(57,465,630)	(10,562,524)	(2,892,948)	0	(44,010,158)	0.0
Annualize prior year budget actions	(7,829,412)	(3,715,218)	82,973	0	(4,197,167)	0.0
TOTAL	**$47,215,497**	**$3,236,592**	**$11,833,927**	**$12,204**	**$32,132,774**	**0.0**
INCREASE/(DECREASE)	**($57,969,877)**	**($13,423,483)**	**($592,481)**	**$0**	**($43,953,913)**	**0.0**
Percentage Change	(55.1%)	(80.6%)	(4.8%)	0.0%	(57.8%)	0.0%
FY 2022-23 EXECUTIVE REQUEST	**$56,359,553**	**$4,373,052**	**$11,376,614**	**$12,204**	**$40,597,683**	**0.0**
Request Above/(Below) Recommendation	$9,144,056	$1,136,460	($457,313)	$0	$8,464,909	0.0

CBMS OPERATING AND CONTRACT EXPENSES

This line item pays for operating and contract expenses associated with the Colorado Benefits Management System (CBMS).

REQUEST: The Department requests annualizations of prior year budget decisions and adjustments for implementing R12.

RECOMMENDATION: The staff recommended changes are summarized in the table below. See the descriptions of the decision items for more detail.

EXECUTIVE DIRECTOR'S OFFICE, INFORMATION TECHNOLOGY CONTRACTS AND PROJECTS, COLORADO BENEFITS MANAGEMENT SYSTEMS, OPERATING AND CONTRACT EXPENSES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2021-22 APPROPRIATION						
S.B. 21-205 (Long Bill)	$47,868,322	$10,862,506	$5,553,164	$1,637	$31,451,015	0.0
Other Legislation	$1,260,997	$367,892	$8,277	$0	$884,828	0.0
TOTAL	**$49,129,319**	**$11,230,398**	**$5,561,441**	**$1,637**	**$32,335,843**	**0.0**
FY 2022-23 RECOMMENDED APPROPRIATION						
FY 2021-22 Appropriation	$49,129,319	$11,230,398	$5,561,441	$1,637	$32,335,843	0.0
R12 Convert contracts to FTE	0	0	0	0	0	0.0
Annualize prior year budget actions	(2,728,760)	(2,192,326)	34,283	17	(570,734)	0.0
TOTAL	**$46,400,559**	**$9,038,072**	**$5,595,724**	**$1,654**	**$31,765,109**	**0.0**
INCREASE/(DECREASE)	**($2,728,760)**	**($2,192,326)**	**$34,283**	**$17**	**($570,734)**	**0.0**
Percentage Change	(5.6%)	(19.5%)	0.6%	1.0%	(1.8%)	0.0%
FY 2022-23 EXECUTIVE REQUEST	**$46,105,443**	**$8,941,968**	**$5,544,368**	**$1,654**	**$31,617,453**	**0.0**
Request Above/(Below) Recommendation	($295,116)	($96,104)	($51,356)	$0	($147,656)	0.0

CBMS HEALTH CARE AND ECONOMIC SECURITY STAFF DEVELOPMENT CENTER

This line item pays for operating and contract expenses associated with the Colorado Benefits Management System (CBMS).

REQUEST: The Department requests continuation funding.

RECOMMENDATION: Staff recommends the Department's request.

OFFICE OF EHEALTH INNOVATIONS OPERATIONS

This line item pays for the operations of the Office of eHealth Innovations.

REQUEST: The Department requests continuation funding.

RECOMMENDATION: Staff recommends the requested funding.

ALL-PAYER CLAIMS DATABASE

This line item helps subsidize operations of the All-Payer Claims Database. A portion of the line item for Medicaid's share of costs receives a federal match. The line item also includes funding for a scholarship program to promote access to the All-Payer Claims Database. Scholarship funding was eliminated in fiscal years 2020-21 and 2021-22 for budget balancing purposes

STATUTORY AUTHORITY: Section 25.5-1-204 (4)(b), C.R.S.

REQUEST: The Department an increase of $200,000 General Fund to partially restore scholarship funding that was cut during budget balancing for FY 2020-21.

RECOMMENDATION: The JBC staff recommends an increase of $1,209,655 General Fund to fully restore the FY 2020-21 budget balancing reductions.

EXECUTIVE DIRECTOR'S OFFICE, INFORMATION TECHNOLOGY CONTRACTS AND PROJECTS, ALL-PAYER CLAIMS DATABASE						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2021-22 APPROPRIATION						
S.B. 21-205 (Long Bill)	$3,795,498	$2,962,231	$0	$0	$833,267	0.0
TOTAL	**$3,795,498**	**$2,962,231**	**$0**	**$0**	**$833,267**	**0.0**
FY 2022-23 RECOMMENDED APPROPRIATION						
FY 2021-22 Appropriation	$3,795,498	$2,962,231	$0	$0	$833,267	0.0
R15 All-Payer Claims Database	1,209,655	1,209,655	0	0	0	0.0
TOTAL	**$5,005,153**	**$4,171,886**	**$0**	**$0**	**$833,267**	**0.0**
INCREASE/(DECREASE)	**$1,209,655**	**$1,209,655**	**$0**	**$0**	**$0**	**0.0**
Percentage Change	31.9%	40.8%	0.0%	0.0%	0.0%	0.0%
FY 2022-23 EXECUTIVE REQUEST	**$3,995,498**	**$3,162,231**	**$0**	**$0**	**$833,267**	**0.0**
Request Above/(Below) Recommendation	($1,009,655)	($1,009,655)	$0	$0	$0	0.0

(D) ELIGIBILITY DETERMINATIONS AND CLIENT SERVICES

MEDICAL IDENTIFICATION CARDS

Funding in this line item pays for production of authorization cards for Medicaid and the Old Age Pension State Medical Program. The source of cash funds is the Hospital Provider Fee. The source of reappropriated funds is a transfer from the Old Age Pension Medical Program in the Other Medical Services division. There is no federal match for the Old Age Pension State Medical Program.

STATUTORY AUTHORITY: Section 25.5-4-102, C.R.S.

REQUEST: The Department requests continuation funding with the annualization of prior year budget actions.

RECOMMENDATION: Staff recommends the requested funding

CONTRACTS FOR SPECIAL ELIGIBILITY DETERMINATIONS

This line item pays for disability determination services, nursing home preadmission and resident assessments, and hospital outstationing. A fairly involved disability determination is required by federal law for all people who qualify for Medicaid due to a disability. Nursing home preadmission and resident assessments are also required by federal law to determine the appropriateness of nursing facility placements for individuals with major mental illness or developmental disabilities. Hospital outstationing provides on-site services to inform, educate, and assist eligible clients in gaining Medicaid enrollment as part of efforts in the Health Care Affordability Act (H.B. 09-1293) to increase access and reduce undercompensated care. The funding in H.B. 09-1293 for outstationing was based on 1.0 FTE per hospital. The sources of cash funds are the Hospital Provider Fee and Colorado Autism Treatment Cash Fund.

STATUTORY AUTHORITY: Sections 25.5-4-105, 25.5-6-104, 25.5-4-205, and 25.5-4-402.3, C.R.S.

REQUEST: The Departments requests continuation funding with the annualization of prior year budget actions.

RECOMMENDATION: The staff recommends the Department's request.

EXECUTIVE DIRECTOR'S OFFICE, ELIGIBILITY DETERMINATIONS AND CLIENT SERVICES, CONTRACTS FOR SPECIAL ELIGIBILITY DETERMINATIONS

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2021-22 APPROPRIATION						
S.B. 21-205 (Long Bill)	$5,890,755	$1,129,071	$1,269,068	$0	$3,492,616	0.0
TOTAL	**$5,890,755**	**$1,129,071**	**$1,269,068**	**$0**	**$3,492,616**	**0.0**
FY 2022-23 RECOMMENDED APPROPRIATION						
FY 2021-22 Appropriation	$5,890,755	$1,129,071	$1,269,068	$0	$3,492,616	0.0
Annualize prior year budget actions	6,148,800	0	3,074,400	0	3,074,400	0.0
TOTAL	**$12,039,555**	**$1,129,071**	**$4,343,468**	**$0**	**$6,567,016**	**0.0**
INCREASE/(DECREASE)	**$6,148,800**	**$0**	**$3,074,400**	**$0**	**$3,074,400**	**0.0**

EXECUTIVE DIRECTOR'S OFFICE, ELIGIBILITY DETERMINATIONS AND CLIENT SERVICES, CONTRACTS FOR SPECIAL ELIGIBILITY DETERMINATIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Percentage Change	104.4%	0.0%	242.3%	0.0%	88.0%	0.0%
FY 2022-23 EXECUTIVE REQUEST	**$12,039,555**	**$1,129,071**	**$4,343,468**	**$0**	**$6,567,016**	**0.0**
Request Above/(Below) Recommendation	$0	$0	$0	$0	$0	0.0

COUNTY ADMINISTRATION

This line item 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. At one point there was an expectation that counties contribute 20 percent toward the total, but over the years the legislature has approved initiatives without requiring an increase in county matching funds and the federal government has increased the federal match rate. The traditional federal match was 50 percent, but a recent reinterpretation by the Centers for Medicare and Medicaid Services (CMS) expanded the activities eligible for a 75 percent match as maintenance and operations of eligibility determination systems. There are no matching federal funds for eligibility determinations for the Old Age Pension State Medical Program.

STATUTORY AUTHORITY: Sections 25.5-1-120 through 122, C.R.S.

REQUEST: The Department requests includes annualizations of prior year budget actions and R8, R10, and BA 6.

RECOMMENDATION: The staff recommended changes are summarized in the table below. See the descriptions of the decision items for more detail.

EXECUTIVE DIRECTOR'S OFFICE, ELIGIBILITY DETERMINATIONS AND CLIENT SERVICES, COUNTY ADMINISTRATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2021-22 APPROPRIATION						
S.B. 21-205 (Long Bill)	$103,297,536	$15,285,529	$22,530,491	$0	$65,481,516	0.0
Other Legislation	$897,388	$728,759	$19,839	$0	$148,790	0.0
H.B. 22-1173 (Supplemental Bill)	$0	$0	$0	$0	$0	0.0
Long Bill Supplemental	(3,757,232)	(738,735)	413,645	0	(3,432,142)	0.0
TOTAL	**$100,437,692**	**$15,275,553**	**$22,963,975**	**$0**	**$62,198,164**	**0.0**
FY 2022-23 RECOMMENDED APPROPRIATION						
FY 2021-22 Appropriation	$100,437,692	$15,275,553	$22,963,975	$0	$62,198,164	0.0
BA6 County administration resources	18,965,148	2,949,679	1,779,805	0	14,235,664	0.0
R8 County administration	14,878,000	3,983,405	2,662,929	0	8,231,666	0.0
R10 Provider rates	1,761,851	251,812	428,471	0	1,081,568	0.0
Annualize prior year budget actions	(12,419,802)	(2,398,771)	(722,061)	0	(9,298,970)	0.0
TOTAL	**$123,622,889**	**$20,061,678**	**$27,113,119**	**$0**	**$76,448,092**	**0.0**
INCREASE/(DECREASE)	**$23,185,197**	**$4,786,125**	**$4,149,144**	**$0**	**$14,249,928**	**0.0**
Percentage Change	23.1%	31.3%	18.1%	0.0%	22.9%	0.0%

EXECUTIVE DIRECTOR'S OFFICE, ELIGIBILITY DETERMINATIONS AND CLIENT SERVICES, COUNTY ADMINISTRATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2022-23 EXECUTIVE REQUEST	**$117,268,705**	**$18,728,152**	**$26,486,557**	**$0**	**$72,053,996**	**0.0**
Request Above/(Below) Recommendation	($6,354,184)	($1,333,526)	($626,562)	$0	($4,394,096)	0.0

MEDICAL ASSISTANCE SITES

This line item pays Medical Assistance sites for their work in processing applications.

REQUEST: The Department requests continuation funding.

RECOMMENDATION: Staff recommends the requested continuation funding.

ADMINISTRATIVE CASE MANAGEMENT

This line item provides Medicaid funding for qualifying expenditures associated with state supervision and county administration of programs that protect and care for children (out-of-home placement, subsidized adoptions, child care, and burial reimbursements). The primary activity reimbursed through this line item is completing, or assisting a child or family in the child welfare system to complete, a Medicaid application. The federal match rate is 50.0 percent.

STATUTORY AUTHORITY: Sections 25.5-1-120 through 122, C.R.S.

REQUEST: The Department requests continuation funding.

RECOMMENDATION: Staff recommends the requested continuation funding.

CUSTOMER OUTREACH

This line item provides funding for the Early and Periodic Screening, Diagnosis, and Treatment Program (EPSDT Program) and for the Enrollment Broker Program. The EPSDT Program provides outreach and case management services to promote access to health care services for children. The enrollment broker program provides information to newly eligible Medicaid clients regarding their Medicaid Health Care Plan choices. Both of these programs are required by federal law and regulations. The source of cash funds is the Hospital Provider Fee. The federal match rate is 50.0 percent.

STATUTORY AUTHORITY: Sections 25.5-5-102 (1) (g) and 25.5-5-406 (1) (a) (II), C.R.S.

REQUEST: The Department requests annualization of prior year actions.

RECOMMENDATION: Staff recommends the requested funding.

EXECUTIVE DIRECTOR'S OFFICE, ELIGIBILITY DETERMINATIONS AND CLIENT SERVICES, CUSTOMER OUTREACH						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2021-22 APPROPRIATION						
S.B. 21-205 (Long Bill)	$3,461,071	$1,393,915	$336,621	$0	$1,730,535	0.0
TOTAL	**$3,461,071**	**$1,393,915**	**$336,621**	**$0**	**$1,730,535**	**0.0**
FY 2022-23 RECOMMENDED APPROPRIATION						
FY 2021-22 Appropriation	$3,461,071	$1,393,915	$336,621	$0	$1,730,535	0.0
Annualize prior year budget actions	25,000	12,500	0	0	12,500	0.0
TOTAL	**$3,486,071**	**$1,406,415**	**$336,621**	**$0**	**$1,743,035**	**0.0**
INCREASE/(DECREASE)	**$25,000**	**$12,500**	**$0**	**$0**	**$12,500**	**0.0**
Percentage Change	0.7%	0.9%	0.0%	0.0%	0.7%	0.0%
FY 2022-23 EXECUTIVE REQUEST	**$3,486,071**	**$1,406,415**	**$336,621**	**$0**	**$1,743,035**	**0.0**
Request Above/(Below) Recommendation	$0	$0	$0	$0	$0	0.0

CENTRALIZED ELIGIBILITY VENDOR CONTRACT

This line item pays a contractor to process applications and determine eligibility for the Children's Basic Health Plan (CHP+). It also includes money for determining Medicaid eligibility for adults without dependent children and the Medicaid buy-in for people with disabilities. The source of cash funds is the Hospital Provider Fee. The federal match rate varies based on the type of work and the population served. In order to qualify for CHP+ an applicant must be ineligible for Medicaid, and the majority of the processing time for CHP+ applications is actually spent determining Medicaid eligibility. For populations that are "newly eligible" pursuant to the ACA the match rate is higher.

STATUTORY AUTHORITY: Section 25.5-4-102, C.R.S.

REQUEST: The Department requests the annualization of prior year budget actions and BA14.

RECOMMENDATION: Staff recommends the requested continuation funding.

EXECUTIVE DIRECTOR'S OFFICE, ELIGIBILITY DETERMINATIONS AND CLIENT SERVICES, CENTRALIZED ELIGIBILITY VENDOR CONTRACT PROJECT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2021-22 APPROPRIATION						
S.B. 21-205 (Long Bill)	$5,053,644	$0	$1,745,342	$0	$3,308,302	0.0
H.B. 22-1173 (Supplemental Bill)	$1,278,648	$0	$639,324	$0	$639,324	0.0
TOTAL	**$6,332,292**	**$0**	**$2,384,666**	**$0**	**$3,947,626**	**0.0**
FY 2022-23 RECOMMENDED APPROPRIATION						
FY 2021-22 Appropriation	$6,332,292	$0	$2,384,666	$0	$3,947,626	0.0
Annualize prior year budget actions	40,079	0	20,039	0	20,040	0.0
BA14 Centralized eligibility vendor	(249,971)	0	(124,986)	0	(124,985)	0.0
TOTAL	**$6,122,400**	**$0**	**$2,279,719**	**$0**	**$3,842,681**	**0.0**
INCREASE/(DECREASE)	**($209,892)**	**$0**	**($104,947)**	**$0**	**($104,945)**	**0.0**
Percentage Change	(3.3%)	0.0%	(4.4%)	0.0%	(2.7%)	0.0%

EXECUTIVE DIRECTOR'S OFFICE, ELIGIBILITY DETERMINATIONS AND CLIENT SERVICES, CENTRALIZED ELIGIBILITY VENDOR CONTRACT PROJECT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2022-23 EXECUTIVE REQUEST	**$6,122,400**	**$0**	**$2,279,719**	**$0**	**$3,842,681**	**0.0**
Request Above/(Below) Recommendation	$0	$0	$0	$0	$0	0.0

CONNECT FOR HEALTH COLORADO ELIGIBILITY DETERMINATIONS

This line item reimburses Connect for Health for eligibility determination assistance provided to applicants for Medicaid and the Children's Basic Health Plan.

REQUEST: The Department requests the annualization of prior year budget actions and BA13.

RECOMMENDATION: Staff recommends the request.

EXECUTIVE DIRECTOR'S OFFICE, ELIGIBILITY DETERMINATIONS AND CLIENT SERVICES, CONNECT FOR HEALTH COLORADO ELIGIBILITY DETERMINATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2021-22 APPROPRIATION						
S.B. 21-205 (Long Bill)	$9,653,251	$0	$3,798,350	$0	$5,854,901	0.0
H.B. 22-1173 (Supplemental Bill)	$2,266,230	$0	$1,546,809	$0	$719,421	0.0
TOTAL	**$11,919,481**	**$0**	**$5,345,159**	**$0**	**$6,574,322**	**0.0**
FY 2022-23 RECOMMENDED APPROPRIATION						
FY 2021-22 Appropriation	$11,919,481	$0	$5,345,159	$0	$6,574,322	0.0
Annualize prior year budget actions	482,663	0	189,918	0	292,745	0.0
BA13 Connect for Health Colorado	(2,266,230)	0	(1,004,323)	0	(1,261,907)	0.0
TOTAL	**$10,135,914**	**$0**	**$4,530,754**	**$0**	**$5,605,160**	**0.0**
INCREASE/(DECREASE)	**($1,783,567)**	**$0**	**($814,405)**	**$0**	**($969,162)**	**0.0**
Percentage Change	(15.0%)	0.0%	(15.2%)	0.0%	(14.7%)	0.0%
FY 2022-23 EXECUTIVE REQUEST	**$10,135,914**	**$0**	**$4,530,754**	**$0**	**$5,605,160**	**0.0**
Request Above/(Below) Recommendation	$0	$0	$0	$0	$0	0.0

ELIGIBILITY OVERFLOW PROCESSING CENTER

This new line item would pay for a contract with a county or counties to handle eligibility determination backlog.

REQUEST: The Department requests the annualization of prior year budget actions.

RECOMMENDATION: Staff recommends the Department's request.

EXECUTIVE DIRECTOR'S OFFICE, ELIGIBILITY DETERMINATIONS AND CLIENT SERVICES, ELIGIBILITY OVERFLOW PROCESSING CENTER						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2021-22 APPROPRIATION						
S.B. 21-205 (Long Bill)	$1,853,731	$277,689	$185,744	$0	$1,390,298	0.0
TOTAL	**$1,853,731**	**$277,689**	**$185,744**	**$0**	**$1,390,298**	**0.0**
FY 2022-23 RECOMMENDED APPROPRIATION						
FY 2021-22 Appropriation	$1,853,731	$277,689	$185,744	$0	$1,390,298	0.0
Annualize prior year budget actions	50,946	7,631	5,105	0	38,210	0.0
TOTAL	**$1,904,677**	**$285,320**	**$190,849**	**$0**	**$1,428,508**	**0.0**
INCREASE/(DECREASE)	**$50,946**	**$7,631**	**$5,105**	**$0**	**$38,210**	**0.0**
Percentage Change	2.7%	2.7%	2.7%	0.0%	2.7%	0.0%
FY 2022-23 EXECUTIVE REQUEST	**$1,904,677**	**$285,320**	**$190,849**	**$0**	**$1,428,508**	**0.0**
Request Above/(Below) Recommendation	$0	$0	$0	$0	$0	0.0

RETURNED MAIL PROCESSING

This line item pays for the centralized processing of returned mail.

REQUEST: The Department requests continuation funding.

RECOMMENDATION: Staff recommends the requested funding.

WORK NUMBER VERIFICATION

This line item pays for a contract to provide electronic verification of income.

REQUEST: The Department requests continuation funding.

RECOMMENDATION: Staff recommends the request.

(E) UTILIZATION AND QUALITY REVIEW CONTRACTS

PROFESSIONAL SERVICES CONTRACTS

This line item contains the professional contracts related to reviewing acute care utilization, long-term care utilization, external quality review, drug utilization review, and mental health quality review. These contracts ensure that the benefits and services provided to Medicaid clients are medically necessary and appropriate.

Acute care utilization performs prior authorization review for services such as transplants, out-of-state elective admissions, inpatient mental health services, inpatient substance abuse rehabilitation, durable medical equipment, non-emergent medical transportation, home health service reviews, and physical and occupational therapy. It also includes retrospective reviews of inpatient hospital claims to ensure care was medically necessary, required an acute level of care, and was coded and billed correctly. The federal match rate is 75.0 percent.

Long-term care utilization review includes prior authorization reviews to determine medical necessity, level of care, and target population determinations. It also includes periodic reevaluations of services. The federal match for the majority of services is 75.0 percent.

External quality review handles provider credentialing, including activities such as verifying licensure and certification information, validating Healthcare Effectiveness Data and Information Set (HEDIS) measures, and reviewing provider performance improvement projects. The federal match rate is 75.0 percent.

Mental health external quality review is very similar to the external quality review, but for mental health providers. The federal match rate is 75.0 percent.

Drug utilization review performs prior authorization reviews, retrospective reviews, and provider education to ensure appropriate drug therapy according to explicit predetermined standards.

STATUTORY AUTHORITY: Sections 25.5-5-405, 506, and 411, C.R.S.

REQUEST: The Department requests annualizations of prior year budget actions and adjustments to implement R7, R9, and R12.

RECOMMENDATION: The staff recommendations are summarized in the table below. See the discussion of the decision items for more detail.

EXECUTIVE DIRECTOR'S OFFICE, UTILIZATION AND QUALITY REVIEW CONTRACTS, PROFESSIONAL SERVICE CONTRACTS

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2021-22 APPROPRIATION						
S.B. 21-205 (Long Bill)	$21,975,940	$6,038,953	$1,503,937	$0	$14,433,050	0.0
Other Legislation	$1,528,134	$764,067	$0	$0	$764,067	0.0
TOTAL	**$23,504,074**	**$6,803,020**	**$1,503,937**	**$0**	**$15,197,117**	**0.0**
FY 2022-23 RECOMMENDED APPROPRIATION						
FY 2021-22 Appropriation	$23,504,074	$6,803,020	$1,503,937	$0	$15,197,117	0.0
R7 Utilization management	3,650,175	398,837	524,903	0	2,726,435	0.0
R9 OCL Program enhancements	540,000	270,000	0	0	270,000	0.0
R12 Convert contracts to FTE	0	0	0	0	0	0.0
Annualize prior year budget actions	(197,675)	(102,067)	3,229	0	(98,837)	0.0
TOTAL	**$27,496,574**	**$7,369,790**	**$2,032,069**	**$0**	**$18,094,715**	**0.0**
INCREASE/(DECREASE)	**$3,992,500**	**$566,770**	**$528,132**	**$0**	**$2,897,598**	**0.0**
Percentage Change	17.0%	8.3%	35.1%	0.0%	19.1%	0.0%
FY 2022-23 EXECUTIVE REQUEST	**$26,961,574**	**$7,236,040**	**$2,032,069**	**$0**	**$17,693,465**	**0.0**
Request Above/(Below) Recommendation	($535,000)	($133,750)	$0	$0	($401,250)	0.0

(F) PROVIDER AUDITS AND SERVICES

PROFESSIONAL AUDIT CONTRACTS

This line item pays for contract audits of the following:

- Nursing facilities – These audits determine the costs that are reasonable, necessary, and patient-related, and the results of the audits serve as the basis for rates for the nursing facilities.
- Hospitals, Federally Qualified Health Centers (FQHCs), and Rural Health Centers – These federally-required audits focus on costs and rate data and serve as the basis for reimbursement. Most of the audits are completed from the Medicare cost report and tailored to Medicaid requirements.
- Single Entry Point Agencies – Cost reports for all 23 Single Entry Point agencies are reviewed, and on-site audits are conducted to the extent possible within the appropriation.
- Payment Error Rate Measurement Project – Each state must estimate the number of Medicaid payments that should not have been made or that were made in an incorrect amount, including underpayments and overpayments, every three years according to a staggered schedule set up by the federal government.
- Nursing facility appraisals – Every four years this audit determines the fair rental value (depreciated cost of replacement) for nursing facilities for use in the rate setting process.
- Colorado Indigent Care Program – These audits are similar to the Medicaid audits of hospitals, FQHCs and RHCs, but for the indigent care program, rather than the Medicaid program.
- Disproportionate Share Hospital Audits – This federally-required audit looks at qualifying expenditures for Disproportionate Share Hospital (DSH) payments. These payments are intended to offset the uncompensated costs of providing medical services to uninsured and underinsured patients.
- Primary Care Program – These audits improve performance and ensure sound fiscal management of the Primary Care Program.

The sources of cash funds are the Hospital Provider Fee, Nursing Facility Fee, CHP+ Trust, and Primary Care Fund. The federal match rate is 50.0 percent.

STATUTORY AUTHORITY: Sections 25.5-6-201 and 202, 25.5-4-401 (1) (a), 25.5-4-402, 25.5-5-408 (1) (d), 25.5-6-106, 25.5-6-107, 25.5-4-105, and 25.5-4-402.3 (3) (a), C.R.S.

REQUEST: The Department requests annualizations of prior year budget decisions and R12, R13, and BA9.

RECOMMENDATION: The staff recommended changes are summarized in the table below. See the description of the decision items for more detail.

EXECUTIVE DIRECTOR'S OFFICE, PROVIDER AUDITS AND SERVICES, PROFESSIONAL AUDIT CONTRACTS

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2021-22 APPROPRIATION						
S.B. 21-205 (Long Bill)	$5,122,382	$1,858,780	$622,963	$0	$2,640,639	0.0
H.B. 22-1173 (Supplemental Bill)	(150,000)	(49,500)	(25,500)	0	(75,000)	0.0
TOTAL	**$4,972,382**	**$1,809,280**	**$597,463**	**$0**	**$2,565,639**	**0.0**

EXECUTIVE DIRECTOR'S OFFICE, PROVIDER AUDITS AND SERVICES, PROFESSIONAL AUDIT CONTRACTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2022-23 RECOMMENDED APPROPRIATION						
FY 2021-22 Appropriation	$4,972,382	$1,809,280	$597,463	$0	$2,565,639	0.0
Annualize prior year budget actions	379,746	172,873	17,000	0	189,873	0.0
R13 Compliance FTE	162,400	81,200	0	0	81,200	0.0
BA9 eConsult program implementation	150,000	49,500	25,500	0	75,000	0.0
R12 Convert contracts to FTE	0	0	0	0	0	0.0
TOTAL	**$5,664,528**	**$2,112,853**	**$639,963**	**$0**	**$2,911,712**	**0.0**
INCREASE/(DECREASE)	**$692,146**	**$303,573**	**$42,500**	**$0**	**$346,073**	**0.0**
Percentage Change	13.9%	16.8%	7.1%	0.0%	13.5%	0.0%
FY 2022-23 EXECUTIVE REQUEST	**$4,655,865**	**$1,816,102**	**$582,801**	**$0**	**$2,256,962**	**0.0**
Request Above/(Below) Recommendation	($1,008,663)	($296,751)	($57,162)	$0	($654,750)	0.0

(G) RECOVERIES AND RECOUPMENT CONTRACT COSTS

ESTATE RECOVERY

The program pursues recoveries from estates and places liens on property held by Medicaid clients in nursing facilities or clients over the age of 55. The contractor works on a contingency fee basis. The remaining recoveries get applied as an offset to the Medical Services Premiums line item.

STATUTORY AUTHORITY: Section 25.5-4-301, C.R.S.

REQUEST: The Department requests continuation funding.

RECOMMENDATION: Staff recommends the requested continuation funding.

THIRD-PARTY LIABILITY COST AVOIDANCE CONTRACT

This is line item pays for a contract to identify third party eligibility for Medicaid claims.

REQUEST: The Department requests annualization of prior year budget actions.

RECOMMENDATION: Staff recommends the requested funding.

EXECUTIVE DIRECTOR'S OFFICE, RECOVERIES AND RECOUPMENT CONTRACT COSTS, THIRD-PARTY LIABILITY COST AVOIDANCE CONTRACT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2021-22 APPROPRIATION						
S.B. 21-205 (Long Bill)	$16,787,286	$5,539,804	$2,853,839	$0	$8,393,643	0.0
TOTAL	**$16,787,286**	**$5,539,804**	**$2,853,839**	**$0**	**$8,393,643**	**0.0**
FY 2022-23 RECOMMENDED APPROPRIATION						
FY 2021-22 Appropriation	$16,787,286	$5,539,804	$2,853,839	$0	$8,393,643	0.0
Annualize prior year budget actions	461,619	152,335	78,475	0	230,809	0.0
TOTAL	**$17,248,905**	**$5,692,139**	**$2,932,314**	**$0**	**$8,624,452**	**0.0**

EXECUTIVE DIRECTOR'S OFFICE, RECOVERIES AND RECOUPMENT CONTRACT COSTS, THIRD-PARTY LIABILITY COST AVOIDANCE CONTRACT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
INCREASE/(DECREASE)	**$461,619**	**$152,335**	**$78,475**	**$0**	**$230,809**	**0.0**
Percentage Change	2.7%	2.7%	2.7%	0.0%	2.7%	0.0%
FY 2022-23 EXECUTIVE REQUEST	**$17,248,905**	**$5,692,139**	**$2,932,314**	**$0**	**$8,624,452**	**0.0**
Request Above/(Below) Recommendation	$0	$0	$0	$0	$0	0.0

(H) INDIRECT COST RECOVERIES

INDIRECT COST ASSESSMENT

This line item finances the Department's indirect cost assessment according to the state plan. The state plan takes costs associated with agencies such as the Governor's Office, the Department of Personnel, and the Department of Treasury that are not directly billed and allocates these costs to each state department. The departments are then responsible for collecting the money from the various sources of revenue that support their activities. Pursuant to JBC policy, the money collected is used to offset the need for General Fund in the executive director's office of each department to ensure that departments have an incentive to make the collections. An increase in the statewide indirect assessment on a department will decrease the need for General Fund in the executive director's office, and vice versa. The indirect cost assessment on a department can change from year to year based on changes in the total statewide indirect cost pool or based on changes in the allocation of costs. The allocation of costs complies with criteria of the Government Accounting Standards Bureau (GASB).

REQUEST: The Department requests an indirect cost adjustment based on OSPB's common policies.

RECOMMENDATION: Staff recommends the request based on the indirect cost plan approved by the JBC.

(2) MEDICAL SERVICES PREMIUMS

This division provides funding for physical health and most long-term services and supports for individuals qualifying for the Medicaid program. Behavioral health services are financed in the Behavioral Health Division. Long-term services and supports for people with intellectual and developmental disabilities are financed in the Office of Community Living. The Department contracts with health care providers through fee-for-service and managed care arrangements in order to provide these services to eligible clients. There is only one line item in the division, and so the division summary table and line item summary table are the same. Significant sources of cash funds include provider fees from hospitals and nursing facilities, tobacco tax revenues deposited in the Health Care Expansion Fund, recoveries and recoupments, Unclaimed Property Tax revenues deposited in the Adult Dental Fund, and funds certified at public hospitals which act as the state match for federal funds. The reappropriated funds are transferred from the Old Age Pension State Medical Program. Federal funds represent the federal funds available for the Medicaid program.

MEDICAL SERVICES PREMIUMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2021-22 APPROPRIATION						
S.B. 21-205 (Long Bill)	$10,003,435,624	$2,460,874,498	$1,137,856,496	$93,549,998	$6,311,154,632	0.0
Long Bill Supplemental	$153,980,317	($148,369,425)	$3,550,915	$122,413	$298,676,414	0.0
H.B. 22-1173 (Supplemental Bill)	(128,519,013)	(102,340,617)	38,466,724	(735,599)	(63,909,521)	0.0
Other Legislation	(16,935,358)	(57,028,073)	58,889,666	(10,231,185)	(8,565,766)	0.0
TOTAL	**$10,011,961,570**	**$2,153,136,383**	**$1,238,763,801**	**$82,705,627**	**$6,537,355,759**	**0.0**
FY 2022-23 RECOMMENDED APPROPRIATION						
FY 2021-22 Appropriation	$10,011,961,570	$2,153,136,383	$1,238,763,801	$82,705,627	$6,537,355,759	0.0
R1 Medical Services Premiums	215,454,048	480,167,054	45,125,954	(5,874,967)	(303,963,993)	0.0
R10 Provide rates	110,429,768	37,130,746	5,395,549	0	67,903,473	0.0
Targeted provider rate adjustments	86,593,772	30,165,631	6,859,955	0	49,568,186	0.0
Annualize prior year budget actions	44,388,208	73,937,739	(56,019,541)	5,115,593	21,354,417	0.0
BA10 HCBS ARPA spending authority	12,221,467	0	12,705,306	0	(483,839)	0.0
R10 Member contributions	1,910,195	963,283	(1,637)	0	948,549	0.0
BA17 Remove CUSOM clinical revenue funding	1,733,731	217,000	0	0	1,516,731	0.0
DOC transitions to nursing homes	936,029	403,813	64,201	0	468,015	0.0
Federal match for HCBS	0	128,713,861	680,064	0	(129,393,925)	0.0
R6 Value-based payments	0	0	0	0	0	0.0
BA7 Increase base wage for nursing homes	0	0	0	0	0	0.0
BA9 eConsult program implementation	0	3,674	73,537	0	(77,211)	0.0
Technical adjustments	0	0	0	0	0	0.0
R8 County administration	(13,511,279)	(3,197,873)	(697,720)	0	(9,615,686)	0.0
R7 Utilization management	(6,661,398)	(1,911,822)	(408,344)	0	(4,341,232)	0.0
R13 Compliance FTE	(6,006,000)	(3,003,000)	0	0	(3,003,000)	0.0
NP Savings from nursing facility transitions	(3,396,132)	(1,698,066)	0	0	(1,698,066)	0.0
R9 OCL Program enhancements	(422,581)	(211,291)	0	0	(211,290)	0.0
R12 Convert contracts to FTE	(99,940)	0	0	(99,940)	0	0.0
TOTAL	**$10,455,531,458**	**$2,894,817,132**	**$1,252,541,125**	**$81,846,313**	**$6,226,326,888**	**0.0**
INCREASE/(DECREASE)	**$443,569,888**	**$741,680,749**	**$13,777,324**	**($859,314)**	**($311,028,871)**	**0.0**
Percentage Change	4.4%	34.4%	1.1%	(1.0%)	(4.8%)	0.0%

MEDICAL SERVICES PREMIUMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2022-23 EXECUTIVE REQUEST	**$10,107,952,379**	**$2,831,969,669**	**$1,214,041,986**	**$87,549,267**	**$5,974,391,457**	**0.0**
Request Above/(Below) Recommendation	($347,579,079)	($62,847,463)	($38,499,139)	$5,702,954	($251,935,431)	0.0

LINE ITEM DETAIL

MEDICAL AND LONG-TERM CARE SERVICES FOR MEDICAID ELIGIBLE INDIVIDUALS

This line item provides funding for physical health and most long-term care services for individuals qualifying for the Medicaid program. Behavioral health services are financed in the Behavioral Health division. Long-term care services for people with intellectual and developmental disabilities are financed in the Office of Community Living. The Department contracts with health care providers through fee-for-service and managed care arrangements in order to provide these services to eligible clients. This is the only line item in the division, and so the division summary table and line item summary table are the same. Significant sources of cash funds include provider fees from hospitals and nursing facilities, tobacco tax revenues deposited in the Health Care Expansion Fund, recoveries and recoupments, Unclaimed Property Tax revenues deposited in the Adult Dental Fund, and funds certified at public hospitals which act as the state match for federal funds. The reappropriated funds are transferred from the Old Age Pension State Medical Program. Federal funds represent the federal funds available for the Medicaid program.

STATUTORY AUTHORITY: Section 25.5-5-101 et seq., C.R.S.

REQUEST: The Department requests annualizations of prior year budget decisions and adjustments for R1, R6, R7, R8, R9, R10, R12, R13, BA7, BA9, BA10, and BA17.

RECOMMENDATION: The staff recommended changes are summarized in the table below. See the descriptions of the decision items for more detail.

MEDICAL SERVICES PREMIUMS, MEDICAL AND LONG-TERM CARE SERVICES FOR MEDICAID ELIGIBLE INDIVIDUALS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2021-22 APPROPRIATION						
S.B. 21-205 (Long Bill)	$10,003,435,624	$2,460,874,498	$1,137,856,496	$93,549,998	$6,311,154,632	0.0
Long Bill Supplemental	$153,980,317	($148,369,425)	$3,550,915	$122,413	$298,676,414	0.0
H.B. 22-1173 (Supplemental Bill)	(128,519,013)	(102,340,617)	38,466,724	(735,599)	(63,909,521)	0.0
Other Legislation	(16,935,358)	(57,028,073)	58,889,666	(10,231,185)	(8,565,766)	0.0
TOTAL	**$10,011,961,570**	**$2,153,136,383**	**$1,238,763,801**	**$82,705,627**	**$6,537,355,759**	**0.0**
FY 2022-23 RECOMMENDED APPROPRIATION						
FY 2021-22 Appropriation	$10,011,961,570	$2,153,136,383	$1,238,763,801	$82,705,627	$6,537,355,759	0.0
R1 Medical Services Premiums	215,454,048	480,167,054	45,125,954	(5,874,967)	(303,963,993)	0.0
R10 Provide rates	110,429,768	37,130,746	5,395,549	0	67,903,473	0.0
Targeted provider rate adjustments	86,593,772	30,165,631	6,859,955	0	49,568,186	0.0
Annualize prior year budget actions	44,388,208	73,937,739	(56,019,541)	5,115,593	21,354,417	0.0
BA10 HCBS ARPA spending authority	12,221,467	0	12,705,306	0	(483,839)	0.0
R10 Member contributions	1,910,195	963,283	(1,637)	0	948,549	0.0

MEDICAL SERVICES PREMIUMS, MEDICAL AND LONG-TERM CARE SERVICES FOR MEDICAID ELIGIBLE INDIVIDUALS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
BA17 Remove CUSOM clinical revenue funding	1,733,731	217,000	0	0	1,516,731	0.0
DOC transitions to nursing homes	936,029	403,813	64,201	0	468,015	0.0
Federal match for HCBS	0	128,713,861	680,064	0	(129,393,925)	0.0
R6 Value-based payments	0	0	0	0	0	0.0
BA7 Increase base wage for nursing homes	0	0	0	0	0	0.0
BA9 eConsult program implementation	0	3,674	73,537	0	(77,211)	0.0
Technical adjustments	0	0	0	0	0	0.0
R8 County administration	(13,511,279)	(3,197,873)	(697,720)	0	(9,615,686)	0.0
R7 Utilization management	(6,661,398)	(1,911,822)	(408,344)	0	(4,341,232)	0.0
R13 Compliance FTE	(6,006,000)	(3,003,000)	0	0	(3,003,000)	0.0
NP Savings from nursing facility transitions	(3,396,132)	(1,698,066)	0	0	(1,698,066)	0.0
R9 OCL Program enhancements	(422,581)	(211,291)	0	0	(211,290)	0.0
R12 Convert contracts to FTE	(99,940)	0	0	(99,940)	0	0.0
TOTAL	**$10,455,531,458**	**$2,894,817,132**	**$1,252,541,125**	**$81,846,313**	**$6,226,326,888**	**0.0**
INCREASE/(DECREASE)	**$443,569,888**	**$741,680,749**	**$13,777,324**	**($859,314)**	**($311,028,871)**	**0.0**
Percentage Change	4.4%	34.4%	1.1%	(1.0%)	(4.8%)	0.0%
FY 2022-23 EXECUTIVE REQUEST	**$10,107,952,379**	**$2,831,969,669**	**$1,214,041,986**	**$87,549,267**	**$5,974,391,457**	**0.0**
Request Above/(Below) Recommendation	($347,579,079)	($62,847,463)	($38,499,139)	$5,702,954	($251,935,431)	0.0

LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION

LONG BILL FOOTNOTES

Staff recommends **CONTINUING AND MODIFYING** the following footnotes:

N **Department of Health Care Policy and Financing, Executive Director's Office, General Administration, General Professional Services and Special Projects --** This line item includes $62,000 total funds, including $31,000 General Fund, the purpose of which is the autism waiver program evaluation required by Section 25.5-6-806 (2)(c)(I), C.R.S. It is the General Assembly's intent that the Department also use the $62,000 total funds to evaluate the new behavioral therapy benefit through the Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) program.

Comment: This footnote explains the purpose of the appropriation to provide for the autism waiver program evaluation and the intent of the general Assembly that the Department also evaluate the behavioral therapy benefit. The Department is complying with the footnote.

N **Department of Health Care Policy and Financing, Executive Director's Office, General Administration, General Professional Services and Special Projects** -- Of this appropriation, the ~~$15,280,357~~ $22,439,275 cash funds appropriated from the Home- and Community-based Services Improvement Fund remains available for expenditure until the close of the 2023-24 state fiscal year.

Comment: The footnote was added in the Department's FY 2021-22 supplemental bill and is related to the American Rescue Plan Act Home- and Community-based Services Spending Plan.

N **Department of Health Care Policy and Financing, Executive Director's Office, Information Technology Contracts and Projects, Colorado Benefits Management Systems, Operating and Contract Expenses and Colorado Benefits Management Systems, Health Care and Economic Security Staff Development Center --** In addition to the transfer authority provided in Section 24-75-108, C.R.S., the Department is authorized to transfer up to 5.0 percent of the total appropriations within the line items designated with this footnote. The Department is also authorized to transfer up to 5.0 percent of the total appropriations within the line items designated with this footnote to line item appropriations within the Department of Human Services, Office of Information Technology Services, Colorado Benefits Management System subsection.

Comment: This long-standing footnote provides transfer authority for a limited portion of the appropriations for the Colorado Benefits Management System. The Department is complying with the footnote.

N **Department of Health Care Policy and Financing, Executive Director's Office, Information Technology Contracts and Projects, Medicaid Management Information**

System Maintenance and Projects -- Of this appropriation, the ~~$5,353,846~~ $7,509,302cash funds appropriated from the Home- and Community-based Services Improvement Fund remains available for expenditure until the close of the 2023-24 state fiscal year.

Comment: The footnote was added in the Department's FY 2021-22 supplemental bill and is related to the American Rescue Plan Act Home- and Community-based Services Spending Plan.

N **Department of Health Care Policy and Financing, Medical Services Premiums, Medical and Long-Term Care Services for Medicaid Eligible Individuals** -- Of this appropriation, the ~~$27,436,097~~ $40,944,853 cash funds appropriated from the Home- and Community-based Services Improvement Fund remains available for expenditure until the close of the 2023-24 state fiscal year.

Comment: The footnote was added in the Department's FY 2021-22 supplemental bill and is related to the American Rescue Plan Act Home- and Community-based Services Spending Plan.

N **Department of Health Care Policy and Financing, Office of Community Living, Division of Intellectual and Developmental Disabilities, Medicaid Programs, Adult Comprehensive Waiver Services** -- Of this appropriation, the ~~$17,098,856~~ $22,474,658 cash funds appropriated from the Home- and Community-based Services Improvement Fund remain available for expenditure until the close of the 2023-24 state fiscal year.

Comment: The footnote was added in the Department's FY 2021-22 supplemental bill and is related to the American Rescue Plan Act Home- and Community-based Services Spending Plan.

N **Department of Health Care Policy and Financing, Office of Community Living, Division of Intellectual and Developmental Disabilities, Medicaid Programs, Adult Supported Living Waiver Services** -- Of this appropriation, the ~~$3,381,600~~ $2,733,070 cash funds appropriated from the Home- and Community-based Services Improvement Fund remain available for expenditure until the close of the 2023-24 state fiscal year.

Comment: The footnote was added in the Department's FY 2021-22 supplemental bill and is related to the American Rescue Plan Act Home- and Community-based Services Spending Plan.

N **Department of Health Care Policy and Financing, Office of Community Living, Division of Intellectual and Developmental Disabilities, Medicaid Programs, Children's Extensive Support Services** -- Of this appropriation, the ~~$2,192,450~~ $963,405 cash funds appropriated from the Home- and Community-based Services Improvement Fund remain available for expenditure until the close of the 2023-24 state fiscal year.

Comment: The footnote was added in the Department's FY 2021-22 supplemental bill and is related to the American Rescue Plan Act Home- and Community-based Services Spending Plan.

N **Department of Health Care Policy and Financing, Office of Community Living, Division of Intellectual and Developmental Disabilities, Medicaid Programs, Children's Habilitation Residential Program** -- Of this appropriation, the ~~$1,664~~ $548 cash funds appropriated from the Home- and Community-based Services Improvement Fund remain available for expenditure until the close of the 2023-24 state fiscal year.

Comment: The footnote was added in the Department's FY 2021-22 supplemental bill and is related to the American Rescue Plan Act Home- and Community-based Services Spending Plan.

N **Department of Health Care Policy and Financing, Office of Community Living, Division of Intellectual and Developmental Disabilities, Medicaid Programs, Case management for People with Disabilities** -- Of this appropriation, the ~~$848,207~~ $951,927 cash funds appropriated from the Home- and Community-based Services Improvement Fund remain available for expenditure until the close of the 2023-24 state fiscal year.

Comment: The footnote was added in the Department's FY 2021-22 supplemental bill and is related to the American Rescue Plan Act Home- and Community-based Services Spending Plan.

N **Department of Health Care Policy and Financing, Office of Community Living, Division of Intellectual and Developmental Disabilities, Medicaid Programs –** It is the General Assembly's intent that expenditures for these services be recorded only against the Long Bill group total for Medicaid Programs.

Comment: This long-standing footnote provides flexibility for the Department to move money between line items within the Office of Community Living. The Department is complying with the footnote.

N **Department of Health Care Policy and Financing, Office of Community Living, Division of Intellectual and Developmental Disabilities, State-only Programs –** It is the General Assembly's intent that expenditures for these services be recorded only against the Long Bill group total for State-only Programs.

Comment: This long-standing footnote provides flexibility for the Department to move money between line items within the Office of Community Living. The Department is complying with the footnote.

N **Department of Health Care Policy and Financing, Office of Community Living, Division of Intellectual and Developmental Disabilities, State-only Programs, Preventive Dental Hygiene –** It is the General Assembly's intent that this appropriation be used to provide special dental services for persons with intellectual and developmental disabilities.

Comment: The program provides funding for training and outreach and does not fund direct services to Medicaid members.

N **Department of Health Care Policy and Financing, Other Medical Services, American Rescue Plan Act Home- and Community-based Services State-only Programs** -- This appropriation remains available for expenditure until the close of the 2023-24 state fiscal year.

Comment: The footnote was added in the Department's FY 2021-22 supplemental bill and is related to the American Rescue Plan Act Home- and Community-based Services Spending Plan.

The recommendation on the following footnote is **pending** coordination with the analyst for the Department of Higher Education and the JBC's decisions on funding for higher education, which impact the amounts referenced in the footnote. It will presented at a later date to the Joint Budget Committee.

N **Department of Health Care Policy and Financing, Grand Totals; Department of Higher Education, College Opportunity Fund Program, Fee-for-service Contracts with State Institutions, Fee-for-service Contracts with State Institutions for Specialty Education Programs; and Governing Boards, Regents of the University of Colorado - -** Due to the operating budget reduction for public institutions of higher education, for FY 2020-21 only, it is assumed that the University of Colorado School of Medicine will use clinical revenues to make an intergovernmental transfer of up to $800,000 to the Department of Health Care Policy and Financing for administrative costs and family medicine placements associated with care provided by the faculty of the health sciences center campus at the University of Colorado that are eligible for payment pursuant to Section 25.5-4-401, C.R.S. If the federal Centers for Medicare and Medicaid services continues to allow the Department of Health Care Policy and Financing to make supplemental payments to the University of Colorado School of Medicine, it is assumed that the University of Colorado School of Medicine will use clinical revenues to make an intergovernmental transfer in the amount approved, up to $45,389,025 to the Department of Health Care Policy and Financing. The Department of Higher Education shall transfer the remaining amount approved, up to $32,609,135, to the Department of Health Care Policy and Financing pursuant to Section 23-18-304(1)(c), C.R.S. If permission is discontinued, or is granted for a lesser amount, the Department of Higher Education shall transfer any portion of the $32,609,135 that is not transferred to the Department of Health Care Policy and Financing to the Regents of the University of Colorado.

Comment: This footnote explains the General Assembly's assumptions about supplemental payments to the University of Colorado School of Medicine.

Staff recommends **DISCONTINUING** the following footnotes. They were added in the Department's FY 2021-22 supplemental bill, however, roll-forward authority is not necessary on total compensation line items because the Department provides updated information at regular intervals.

N **Department of Health Care Policy and Financing, Executive Director's Office, General Administration, Personal Services** -- Of this appropriation, the $1,260,277 cash funds appropriated from the Home- and Community-based Services Improvement Fund remains available for expenditure until the close of the 2023-24 state fiscal year.

N **Department of Health Care Policy and Financing, Executive Director's Office, General Administration, Health, Life, and Dental** -- Of this appropriation, the $172,394 cash funds appropriated from the Home- and Community-based Services Improvement Fund remains available for expenditure until the close of the 2023-24 state fiscal year.

N **Department of Health Care Policy and Financing, Executive Director's Office, General Administration, Short-term Disability** -- Of this appropriation, the $1,794 cash funds appropriated from the Home- and Community-based Services Improvement Fund remains available for expenditure until the close of the 2023-24 state fiscal year.

N **Department of Health Care Policy and Financing, Executive Director's Office, General Administration, S.B. 04-257 Amortization Equalization Disbursement** -- Of this appropriation, the $56,088 cash funds appropriated from the Home- and Community-based Services Improvement Fund remains available for expenditure until the close of the 2023-24 state fiscal year.

N **Department of Health Care Policy and Financing, Executive Director's Office, General Administration, S.B. 06-235 Supplemental Amortization Equalization Disbursement** -- Of this appropriation, the $56,088 cash funds appropriated from the Home- and Community-based Services Improvement Fund remains available for expenditure until the close of the 2023-24 state fiscal year.

N **Department of Health Care Policy and Financing, Executive Director's Office, General Administration, Operating Expenses** -- Of this appropriation, the $136,484 cash funds appropriated from the Home- and Community-based Services Improvement Fund remains available for expenditure until the close of the 2023-24 state fiscal year.

N **Department of Health Care Policy and Financing, Executive Director's Office, General Administration, Leased Space** -- Of this appropriation, the $113,300 cash funds appropriated from the Home- and Community-based Services Improvement Fund remains available for expenditure until the close of the 2023-24 state fiscal year.

Appendix A: Numbers Pages

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2022-23 Recommendation	
DEPARTMENT OF HEALTH CARE POLICY AND FINANCING **Kim Bimestefer, Executive Director**						
(1) EXECUTIVE DIRECTOR'S OFFICE						
Primary functions: Provides all of the administrative, audit and oversight functions for the Department.						
(A) General Administration						
Personal Services	37,379,178	47,513,817	47,891,038	56,858,576	54,511,114	*
FTE	0.0	573.0	610.4	679.3	648.0	
General Fund	12,514,723	15,160,759	17,965,940	20,719,614	19,840,824	
Cash Funds	3,568,550	3,931,315	5,135,084	6,347,055	6,265,305	
Reappropriated Funds	1,802,959	1,543,625	1,892,340	2,284,747	2,035,983	
Federal Funds	19,492,946	26,878,118	22,897,674	27,507,160	26,369,002	
Health, Life, and Dental	4,790,328	5,264,801	7,071,991	9,574,417	8,994,608	*
General Fund	1,700,447	1,342,322	2,642,297	3,659,819	3,457,628	
Cash Funds	421,237	548,313	660,834	876,518	850,461	
Reappropriated Funds	126,088	138,532	166,554	243,378	192,223	
Federal Funds	2,542,556	3,235,634	3,602,306	4,794,702	4,494,296	
Short-term Disability	66,598	72,366	104,617	97,191	93,729	*
General Fund	24,002	26,778	50,803	36,677	35,375	
Cash Funds	5,301	5,695	10,843	8,533	8,417	
Reappropriated Funds	2,206	1,607	3,300	2,232	1,891	
Federal Funds	35,089	38,286	39,671	49,749	48,046	

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2022-23 Recommendation	
S.B. 04-257 Amortization Equalization Disbursement	1,984,802	2,188,905	2,428,087	3,038,316	2,930,098	*
General Fund	722,807	810,157	924,349	1,146,264	1,105,479	
Cash Funds	159,398	172,037	211,103	267,758	264,044	
Reappropriated Funds	46,310	48,635	52,920	69,769	59,093	
Federal Funds	1,056,287	1,158,076	1,239,715	1,554,525	1,501,482	
S.B. 06-235 Supplemental Amortization Equalization Disbursement	1,984,802	2,188,905	2,428,087	3,038,317	2,930,099	*
General Fund	722,807	810,157	924,349	1,146,264	1,105,479	
Cash Funds	159,398	172,037	211,103	267,758	264,044	
Reappropriated Funds	46,310	48,635	52,920	69,769	59,093	
Federal Funds	1,056,287	1,158,076	1,239,715	1,554,526	1,501,483	
PERA Direct Distribution	1,010,190	0	1,077,009	1,117,582	1,117,582	
General Fund	402,910	0	401,537	451,764	451,764	
Cash Funds	81,734	0	83,411	72,811	72,811	
Reappropriated Funds	20,451	0	24,889	21,079	21,079	
Federal Funds	505,095	0	567,172	571,928	571,928	
Salary Survey	1,305,312	0	1,273,930	1,739,584	1,739,584	
General Fund	478,526	0	474,954	701,453	701,453	
Cash Funds	104,700	0	98,663	117,370	117,370	
Reappropriated Funds	26,282	0	29,439	32,730	32,730	
Federal Funds	695,804	0	670,874	888,031	888,031	

* Indicates a decision item

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2022-23 Recommendation	
Paid Family and Medical Leave Insurance	0	0	0	119,081	119,081	
General Fund	0	0	0	48,017	48,017	
Cash Funds	0	0	0	8,034	8,034	
Reappropriated Funds	0	0	0	2,240	2,240	
Federal Funds	0	0	0	60,790	60,790	
Paid Family Medical Leave Funding	0	0	0	5,978	5,978	*
General Fund	0	0	0	2,411	2,411	
Cash Funds	0	0	0	403	403	
Reappropriated Funds	0	0	0	112	112	
Federal Funds	0	0	0	3,052	3,052	
Worker's Compensation	110,040	128,527	160,589	138,687	194,996	
General Fund	45,610	53,287	64,559	53,874	88,614	
Cash Funds	9,410	10,976	14,502	12,823	16,622	
Reappropriated Funds	0	0	976	5,644	6,497	
Federal Funds	55,020	64,264	80,552	66,346	83,263	
Operating Expenses	2,199,237	1,788,412	2,932,588	3,078,533	2,809,683	*
General Fund	855,772	862,725	1,209,995	1,232,220	1,130,762	
Cash Funds	243,961	221,951	330,224	272,549	264,481	
Reappropriated Funds	13,297	13,297	13,297	59,604	32,572	
Federal Funds	1,086,207	690,439	1,379,072	1,514,160	1,381,868	
Legal Services	1,620,684	1,251,687	1,172,759	961,138	961,138	
General Fund	547,919	398,303	384,389	373,797	373,797	
Cash Funds	262,423	222,539	206,798	95,239	95,239	
Reappropriated Funds	0	0	0	21,337	21,337	
Federal Funds	810,342	630,845	581,572	470,765	470,765	

* Indicates a decision item

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2022-23 Recommendation	
Administrative Law Judge Services	663,321	735,806	807,180	856,571	890,065	
General Fund	274,932	305,065	330,159	333,532	284,141	
Cash Funds	56,728	62,838	70,687	79,076	79,076	
Reappropriated Funds	0	0	2,172	34,800	117,685	
Federal Funds	331,661	367,903	404,162	409,163	409,163	
Payment to Risk Management and Property Funds	121,414	110,332	173,686	387,377	296,991	*
General Fund	50,326	45,744	68,018	151,486	106,853	
Cash Funds	10,381	9,422	16,390	35,654	35,654	
Reappropriated Funds	0	0	1,928	15,603	15,603	
Federal Funds	60,707	55,166	87,350	184,634	138,881	
Leased Space	2,570,069	2,559,590	2,952,312	3,720,156	3,534,036	*
General Fund	1,062,201	1,051,765	1,157,045	1,384,818	1,302,374	
Cash Funds	222,833	228,030	319,112	419,004	429,604	
Reappropriated Funds	0	0	0	31,842	9,900	
Federal Funds	1,285,035	1,279,795	1,476,155	1,884,492	1,792,158	
Capitol Complex Leased Space	547,755	591,064	651,086	624,977	703,227	
General Fund	227,031	245,055	266,157	243,123	285,936	
Cash Funds	46,846	50,477	57,078	57,730	66,238	
Reappropriated Funds	0	0	1,828	25,407	26,700	
Federal Funds	273,878	295,532	326,023	298,717	324,353	
Payments to OIT	8,368,127	8,298,082	8,174,764	8,257,832	8,257,832	*
General Fund	3,263,023	3,218,758	3,158,218	3,214,408	3,214,408	
Cash Funds	893,637	930,283	910,893	864,015	864,015	
Reappropriated Funds	0	0	0	2,621	2,621	
Federal Funds	4,211,467	4,149,041	4,105,653	4,176,788	4,176,788	

* Indicates a decision item

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2022-23 Recommendation	
CORE Operations	139,608	184,939	112,780	166,418	169,033	
General Fund	61,598	81,743	56,303	65,127	65,526	
Cash Funds	11,940	15,794	5,835	15,313	15,313	
Reappropriated Funds	0	0	0	6,740	6,740	
Federal Funds	66,070	87,402	50,642	79,238	81,454	
General Professional Services and Special Projects	13,757,424	8,992,784	54,144,719	75,412,142	67,005,301	*
General Fund	3,843,924	2,368,910	7,036,750	12,468,413	7,895,152	
Cash Funds	2,113,981	1,227,887	19,796,575	24,971,882	25,470,299	
Reappropriated Funds	150,000	150,000	150,000	81,000	81,000	
Federal Funds	7,649,519	5,245,987	27,161,394	37,890,847	33,558,850	
SUBTOTAL - (A) General Administration	78,618,889	81,870,017	133,557,222	169,192,873	157,264,175	
FTE	0.0	573.0	610.4	679.3	648.0	
General Fund	26,798,558	26,781,528	37,115,822	47,433,081	41,495,993	
Cash Funds	8,372,458	7,809,594	28,139,135	34,789,525	35,187,430	
Reappropriated Funds	2,233,903	1,944,331	2,392,563	3,010,654	2,725,099	
Federal Funds	41,213,970	45,334,564	65,909,702	83,959,613	77,855,653	

* Indicates a decision item

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2022-23 Recommendation	
(B) Transfers to Other Departments						
Public School Health Services Administration, Education	140,162	120,652	193,926	191,731	191,731	*
General Fund	70,081	60,326	96,962	95,865	95,865	
Cash Funds	0	0	0	0	0	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	70,081	60,326	96,964	95,866	95,866	
Early Intervention, Early Childhood	0	0	0	8,047,702	8,047,702	*
General Fund	0	0	0	4,023,851	4,023,851	
Federal Funds	0	0	0	4,023,851	4,023,851	
Nurse Home Visitor Program, Human Services	102,831	173,642	3,010,000	3,010,000	3,010,000	
General Fund	0	0	0	0	0	
Cash Funds	0	0	0	0	0	
Reappropriated Funds	49,186	67,019	1,505,000	1,505,000	1,505,000	
Federal Funds	53,645	106,623	1,505,000	1,505,000	1,505,000	

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2022-23 Recommendation	
Host Home Regulation, Local Affairs	49,400	118,747	133,445	133,445	133,445	
General Fund	24,700	59,373	66,722	66,722	66,722	
Cash Funds	0	0	0	0	0	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	24,700	59,374	66,723	66,723	66,723	
Home Modifications Benefit Administration and Housing Assistance Payments, Local Affairs	280,396	265,698	296,989	296,989	296,989	
General Fund	140,198	132,849	148,495	148,495	148,495	
Cash Funds	0	0	0	0	0	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	140,198	132,849	148,494	148,494	148,494	
Facility Survey and Certification, Public Health and Environment	7,237,925	6,930,318	8,507,461	8,651,460	8,651,460	*
General Fund	2,442,578	2,346,574	3,163,819	3,218,674	3,218,674	
Cash Funds	0	0	0	0	0	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	4,795,347	4,583,744	5,343,642	5,432,786	5,432,786	
Prenatal Statistical Information, Public Health and Environment	5,888	5,888	5,887	5,887	5,887	
General Fund	2,944	2,944	2,944	2,944	2,944	
Cash Funds	0	0	0	0	0	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	2,944	2,944	2,943	2,943	2,943	

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2022-23 Recommendation
Nurse Aide Certification, Regulatory Agencies	324,041	324,040	324,041	324,041	324,041
General Fund	147,369	147,369	147,369	147,369	147,369
Cash Funds	0	0	0	0	0
Reappropriated Funds	14,652	14,651	14,652	14,652	14,652
Federal Funds	162,020	162,020	162,020	162,020	162,020
Reviews, Regulatory Agencies	0	0	3,750	3,750	3,750
General Fund	0	0	1,875	1,875	1,875
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	1,875	1,875	1,875
Local Public Health Agencies, Public Health and Environment	367,730	364,052	0	0	0
General Fund	367,730	364,052	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Regulation of Medicaid Transportation Providers, Regulatory Agencies	66,890	41,540	0	0	0
General Fund	33,445	20,770	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	33,445	20,770	0	0	0

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2022-23 Recommendation	
SUBTOTAL - (B) Transfers to Other Departments	8,575,263	8,344,577	12,475,499	20,665,005	20,665,005	
FTE	0.0	0.0	0.0	0.0	0.0	
General Fund	3,229,045	3,134,257	3,628,186	7,705,795	7,705,795	
Cash Funds	0	0	0	0	0	
Reappropriated Funds	63,838	81,670	1,519,652	1,519,652	1,519,652	
Federal Funds	5,282,380	5,128,650	7,327,661	11,439,558	11,439,558	
(C) Information Technology Contracts and Projects						
Medicaid Management Information System Maintenance and Projects	32,757,020	15,864,583	105,185,374	56,359,553	47,215,497	*
General Fund	1,801,183	0	16,660,075	4,373,052	3,236,592	
Cash Funds	3,658,287	2,098,574	12,426,408	11,376,614	11,833,927	
Reappropriated Funds	0	12,204	12,204	12,204	12,204	
Federal Funds	27,297,550	13,753,805	76,086,687	40,597,683	32,132,774	
Colorado Benefits Management Systems, Operating and Contract Expenses	43,623,654	41,210,186	49,129,319	46,105,443	46,400,559	*
General Fund	6,258,519	4,984,722	11,230,398	8,941,968	9,038,072	
Cash Funds	4,514,038	4,562,697	5,561,441	5,544,368	5,595,724	
Reappropriated Funds	1,717	473	1,637	1,654	1,654	
Federal Funds	32,849,380	31,662,294	32,335,843	31,617,453	31,765,109	

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2022-23 Recommendation
Colorado Benefits Management Systems, Health Care and Economic Security Staff Development Center	1,885,054	1,633,016	2,005,074	2,005,074	2,005,074
General Fund	631,097	536,552	634,715	634,715	634,715
Cash Funds	297,506	279,590	354,194	354,194	354,194
Reappropriated Funds	53	20	73	73	73
Federal Funds	956,398	816,854	1,016,092	1,016,092	1,016,092
Office of eHealth Innovations Operations	1,937,375	6,556,066	6,465,845	6,465,845	6,465,845
FTE	0.1	0.1	3.0	3.0	3.0
General Fund	530,213	660,675	3,372,367	3,372,367	3,372,367
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	1,407,162	5,895,391	3,093,478	3,093,478	3,093,478
All-Payer Claims Database	5,272,339	3,938,816	3,795,498	3,995,498	5,005,153 *
General Fund	4,036,463	2,962,231	2,962,231	3,162,231	4,171,886
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	1,235,876	976,585	833,267	833,267	833,267
Health Information Exchange Maintenance and Projects	6,937,231	8,901,743	0	0	0
General Fund	799,003	981,083	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	6,138,228	7,920,660	0	0	0

* Indicates a decision item

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2022-23 Recommendation
Connect for Health Colorado Systems	490,760	0	0	0	0
General Fund	0	0	0	0	0
Cash Funds	122,690	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	368,070	0	0	0	0
State Innovation Model Operations	134,436	0	0	0	0
FTE	0.6	0.0	0.0	0.0	0.0
General Fund	134,436	0	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
SUBTOTAL - (C) Information Technology Contracts and Projects	93,037,869	78,104,410	166,581,110	114,931,413	107,092,128
FTE	0.7	0.1	3.0	3.0	3.0
General Fund	14,190,914	10,125,263	34,859,786	20,484,333	20,453,632
Cash Funds	8,592,521	6,940,861	18,342,043	17,275,176	17,783,845
Reappropriated Funds	1,770	12,697	13,914	13,931	13,931
Federal Funds	70,252,664	61,025,589	113,365,367	77,157,973	68,840,720
(D) Eligibility Determinations and Client Services					
Medical Identification Cards	179,560	218,898	0	35,115	35,115
General Fund	56,252	74,470	0	24,812	24,812
Cash Funds	32,351	34,561	0	171	171
Reappropriated Funds	17	0	0	0	0
Federal Funds	90,940	109,867	0	10,132	10,132

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2022-23 Recommendation	
Contracts for Special Eligibility Determinations	2,904,179	2,932,388	5,890,755	12,039,555	12,039,555	
General Fund	900,608	856,390	1,129,071	1,129,071	1,129,071	
Cash Funds	429,464	232,019	1,269,068	4,343,468	4,343,468	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	1,574,107	1,843,979	3,492,616	6,567,016	6,567,016	
County Administration	78,231,835	76,847,916	100,437,692	117,268,705	123,622,889	*
General Fund	12,590,592	12,476,154	15,275,553	18,728,152	20,061,678	
Cash Funds	15,314,460	14,975,853	22,963,975	26,486,557	27,113,119	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	50,326,783	49,395,909	62,198,164	72,053,996	76,448,092	
Medical Assistance Sites	795,537	843,705	1,531,968	1,531,968	1,531,968	
General Fund	0	0	0	0	0	
Cash Funds	362,558	402,384	402,984	402,984	402,984	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	432,979	441,321	1,128,984	1,128,984	1,128,984	
Administrative Case Management	688,588	729,944	869,744	869,744	869,744	
General Fund	344,294	364,972	434,872	434,872	434,872	
Cash Funds	0	0	0	0	0	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	344,294	364,972	434,872	434,872	434,872	
Customer Outreach	5,401,245	2,520,295	3,461,071	3,486,071	3,486,071	
General Fund	2,363,978	936,784	1,393,915	1,406,415	1,406,415	
Cash Funds	336,621	323,363	336,621	336,621	336,621	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	2,700,646	1,260,148	1,730,535	1,743,035	1,743,035	

* Indicates a decision item

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2022-23 Recommendation	
Centralized Eligibility Vendor Contract Project	5,161,409	4,845,249	6,332,292	6,122,400	6,122,400	*
General Fund	0	0	0	0	0	
Cash Funds	1,668,272	1,541,955	2,384,666	2,279,719	2,279,719	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	3,493,137	3,303,294	3,947,626	3,842,681	3,842,681	
Connect for Health Colorado Eligibility Determination	4,327,277	15,945,067	11,919,481	10,135,914	10,135,914	*
General Fund	0	0	0	0	0	
Cash Funds	1,667,767	6,762,934	5,345,159	4,530,754	4,530,754	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	2,659,510	9,182,133	6,574,322	5,605,160	5,605,160	
Eligibility Overflow Processing Center	0	0	1,853,731	1,904,677	1,904,677	
General Fund	0	0	277,689	285,320	285,320	
Cash Funds	0	0	185,744	190,849	190,849	
Federal Funds	0	0	1,390,298	1,428,508	1,428,508	
Returned Mail Processing	0	818,170	3,298,808	3,298,808	3,298,808	
General Fund	0	240,653	985,808	985,808	985,808	
Cash Funds	0	50,124	244,919	244,919	244,919	
Reappropriated Funds	0	23,329	111,942	111,942	111,942	
Federal Funds	0	504,064	1,956,139	1,956,139	1,956,139	
Work Number Verification	0	21,516	3,305,114	3,305,114	3,305,114	
General Fund	0	7,085	1,089,815	1,089,815	1,089,815	
Cash Funds	0	3,548	545,013	545,013	545,013	
Federal Funds	0	10,883	1,670,286	1,670,286	1,670,286	

* Indicates a decision item

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2022-23 Recommendation	
SUBTOTAL - (D) Eligibility Determinations and Client Services	97,689,630	105,723,148	138,900,656	159,998,071	166,352,255	
FTE	0.0	0.0	0.0	0.0	0.0	
General Fund	16,255,724	14,956,508	20,586,723	24,084,265	25,417,791	
Cash Funds	19,811,493	24,326,741	33,678,149	39,361,055	39,987,617	
Reappropriated Funds	17	23,329	111,942	111,942	111,942	
Federal Funds	61,622,396	66,416,570	84,523,842	96,440,809	100,834,905	
(E) Utilization and Quality Review Contracts						
Professional Service Contracts	15,186,368	14,826,120	23,504,074	26,961,574	27,496,574	*
General Fund	4,671,282	7,299,182	6,803,020	7,236,040	7,369,790	
Cash Funds	1,018,383	857,869	1,503,937	2,032,069	2,032,069	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	9,496,703	6,669,069	15,197,117	17,693,465	18,094,715	
SUBTOTAL - (E) Utilization and Quality Review Contracts	15,186,368	14,826,120	23,504,074	26,961,574	27,496,574	
FTE	0.0	0.0	0.0	0.0	0.0	
General Fund	4,671,282	7,299,182	6,803,020	7,236,040	7,369,790	
Cash Funds	1,018,383	857,869	1,503,937	2,032,069	2,032,069	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	9,496,703	6,669,069	15,197,117	17,693,465	18,094,715	

* Indicates a decision item

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2022-23 Recommendation
(F) Provider Audits and Services					
Professional Audit Contracts	3,335,540	3,148,703	4,972,382	4,655,865	5,664,528 *
General Fund	1,264,086	1,361,059	1,809,280	1,816,102	2,112,853
Cash Funds	526,429	281,124	597,463	582,801	639,963
Reappropriated Funds	0	0	0	0	0
Federal Funds	1,545,025	1,506,520	2,565,639	2,256,962	2,911,712
SUBTOTAL - (F) Provider Audits and Services	3,335,540	3,148,703	4,972,382	4,655,865	5,664,528
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	1,264,086	1,361,059	1,809,280	1,816,102	2,112,853
Cash Funds	526,429	281,124	597,463	582,801	639,963
Reappropriated Funds	0	0	0	0	0
Federal Funds	1,545,025	1,506,520	2,565,639	2,256,962	2,911,712
(G) Recoveries and Recoupment Contract Costs					
Estate Recovery	921,410	843,618	700,000	700,000	700,000
General Fund	0	0	0	0	0
Cash Funds	460,705	421,809	350,000	350,000	350,000
Reappropriated Funds	0	0	0	0	0
Federal Funds	460,705	421,809	350,000	350,000	350,000
Third-Party Liability Cost Avoidance Contract	0	7,134,460	16,787,286	17,248,905	17,248,905
General Fund	0	2,523,513	5,539,804	5,692,139	5,692,139
Cash Funds	0	1,043,717	2,853,839	2,932,314	2,932,314
Federal Funds	0	3,567,230	8,393,643	8,624,452	8,624,452

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2022-23 Recommendation
SUBTOTAL - (G) Recoveries and Recoupment					
Contract Costs	921,410	7,978,078	17,487,286	17,948,905	17,948,905
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	0	2,523,513	5,539,804	5,692,139	5,692,139
Cash Funds	460,705	1,465,526	3,203,839	3,282,314	3,282,314
Reappropriated Funds	0	0	0	0	0
Federal Funds	460,705	3,989,039	8,743,643	8,974,452	8,974,452
(H) Indirect Cost Assessment					
Indirect Cost Assessment	907,971	855,070	890,057	790,162	790,162
General Fund	0	0	0	0	0
Cash Funds	304,937	364,495	270,035	274,461	274,461
Reappropriated Funds	112,343	0	106,490	121,263	121,263
Federal Funds	490,691	490,575	513,532	394,438	394,438
SUBTOTAL - (H) Indirect Cost Assessment	907,971	855,070	890,057	790,162	790,162
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	0	0	0	0	0
Cash Funds	304,937	364,495	270,035	274,461	274,461
Reappropriated Funds	112,343	0	106,490	121,263	121,263
Federal Funds	490,691	490,575	513,532	394,438	394,438
TOTAL - (1) Executive Director's Office	298,272,940	300,850,123	498,368,286	515,143,868	503,273,732
FTE	0.7	573.1	613.4	682.3	651.0
General Fund	66,409,609	66,181,310	110,342,621	114,451,755	110,247,993
Cash Funds	39,086,926	42,046,210	85,734,601	97,597,401	99,187,699
Reappropriated Funds	2,411,871	2,062,027	4,144,561	4,777,442	4,491,887
Federal Funds	190,364,534	190,560,576	298,146,503	298,317,270	289,346,153

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2022-23 Recommendation
(2) MEDICAL SERVICES PREMIUMS					
Primary functions: Provides acute care medical and long-term care services to individuals eligible for Medicaid.					
Medical and Long-Term Care Services for Medicaid Eligible Individuals	8,099,261,570	8,876,769,374	10,011,961,570	10,107,952,379	10,455,531,458 *
General Fund	1,645,024,128	1,944,486,087	1,287,852,184	1,966,685,470	2,029,532,933
General Fund Exempt	523,323,333	0	865,284,199	865,284,199	865,284,199
Cash Funds	933,323,923	1,282,521,053	1,238,763,801	1,214,041,986	1,252,541,125
Reappropriated Funds	88,963,623	40,766,832	82,705,627	87,549,267	81,846,313
Federal Funds	4,908,626,563	5,608,995,402	6,537,355,759	5,974,391,457	6,226,326,888
TOTAL - (2) Medical Services Premiums	8,099,261,570	8,876,769,374	10,011,961,570	10,107,952,379	10,455,531,458
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	1,645,024,128	1,944,486,087	1,287,852,184	1,966,685,470	2,029,532,933
General Fund Exempt	523,323,333	0	865,284,199	865,284,199	865,284,199
Cash Funds	933,323,923	1,282,521,053	1,238,763,801	1,214,041,986	1,252,541,125
Reappropriated Funds	88,963,623	40,766,832	82,705,627	87,549,267	81,846,313
Federal Funds	4,908,626,563	5,608,995,402	6,537,355,759	5,974,391,457	6,226,326,888

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2022-23 Recommendation
(4) OFFICE OF COMMUNITY LIVING					
(A) Division for Individuals with Intellectual and Developmental Disabilities					
(i) Administrative Costs					
Personal Services	3,598,584	3,407,396	3,469,613	3,469,613	3,469,613
FTE	39.7	34.7	37.5	39.5	39.5
General Fund	1,678,414	1,539,405	1,603,367	1,858,480	1,858,480
Cash Funds	247,286	255,113	255,113	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	1,672,884	1,612,878	1,611,133	1,611,133	1,611,133
Operating Expenses	206,231	160,560	281,510	281,510	281,510
General Fund	120,089	112,261	112,261	164,636	164,636
Cash Funds	31,766	0	52,375	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	54,376	48,299	116,874	116,874	116,874
Community and Contract Management System	61,583	61,582	137,480	137,480	137,480
General Fund	30,792	30,791	89,362	89,362	89,362
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	30,791	30,791	48,118	48,118	48,118
Support Level Administration	39,520	49,266	59,984	59,317	59,317
General Fund	19,504	24,633	29,658	29,403	29,403
Cash Funds	255	0	255	255	255
Reappropriated Funds	0	0	0	0	0
Federal Funds	19,761	24,633	30,071	29,659	29,659

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2022-23 Recommendation	
SUBTOTAL - (i) Administrative Costs	3,905,918	3,678,804	3,948,587	3,947,920	3,947,920	
FTE	39.7	34.7	37.5	39.5	39.5	
General Fund	1,848,799	1,707,090	1,834,648	2,141,881	2,141,881	
Cash Funds	279,307	255,113	307,743	255	255	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	1,777,812	1,716,601	1,806,196	1,805,784	1,805,784	
Medicaid Programs						
Adult Comprehensive Waiver Services	0	503,845,540	615,641,738	705,889,097	712,616,363	*
General Fund	0	208,587,557	188,425,770	329,890,806	332,701,018	
Cash Funds	0	800,001	36,878,059	23,053,742	23,607,163	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	0	294,457,982	390,337,909	352,944,549	356,308,182	
Adult Supported Living Waiver Services	0	65,883,070	75,215,684	87,130,257	80,658,077	*
General Fund	0	24,941,566	19,279,569	34,360,140	30,977,592	
Cash Funds	0	4,090,144	8,374,658	9,204,991	9,351,449	
Federal Funds	0	36,851,360	47,561,457	43,565,126	40,329,036	
Children's Extensive Support Services	0	32,668,165	42,289,059	41,311,840	42,487,893	*
General Fund	0	14,105,642	13,413,358	19,713,688	20,280,542	
Cash Funds	0	0	2,159,748	942,233	963,405	
Federal Funds	0	18,562,523	26,715,953	20,655,919	21,243,946	

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2022-23 Recommendation
Children's Habilitation Residential Program	0	4,229,118	9,861,691	12,478,908	12,047,333 *
General Fund	0	1,708,771	3,578,335	6,238,917	6,023,119
Cash Funds	0	0	1,626	537	548
Federal Funds	0	2,520,347	6,281,730	6,239,454	6,023,666
Case Management for People with IDD	0	0	91,299,100	101,421,557	102,087,659 *
General Fund	0	0	40,427,537	49,814,366	49,770,813
Cash Funds	0	0	2,148,557	2,141,533	2,535,297
Federal Funds	0	0	48,723,006	49,465,658	49,781,549
Eligibility Determination and Waiting List Management	0	1,597,270	0	0	0
General Fund	0	1,301,521	0	0	0
Federal Funds	0	295,749	0	0	0
Case Management Services	0	32,871,410	0	0	0
General Fund	0	14,019,555	0	0	0
Cash Funds	0	187,939	0	0	0
Federal Funds	0	18,663,916	0	0	0
SUBTOTAL - Medicaid Programs	0	641,094,573	834,307,272	948,231,659	949,897,325
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	0	264,664,612	265,124,569	440,017,917	439,753,084
Cash Funds	0	5,078,084	49,562,648	35,343,036	36,457,862
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	371,351,877	519,620,055	472,870,706	473,686,379

* Indicates a decision item

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2022-23 Recommendation	
State-only Programs						
Family Support Services Program	0	8,636,298	7,679,672	7,716,215	7,825,842	*
General Fund	0	8,636,298	7,233,496	7,716,215	7,825,842	
Cash Funds	0	0	446,176	0	0	
Federal Funds	0	0	0	0	0	
State Supported Living Services	0	5,539,938	10,174,870	10,195,314	10,337,979	*
General Fund	0	5,422,133	9,538,139	10,195,314	10,337,979	
Cash Funds	0	117,805	636,731	0	0	
State Supported Living Services Case Management	0	3,703,361	2,475,277	2,486,235	2,519,109	*
General Fund	0	3,430,432	2,191,580	2,486,235	2,519,109	
Cash Funds	0	272,929	283,697	0	0	
Preventive Dental Hygiene	0	64,894	66,460	66,792	67,789	*
General Fund	0	64,894	66,460	66,792	67,789	
Supported Employment Provider and Certification Reimbursement	0	157,100	303,158	303,158	303,158	
General Fund	0	157,100	303,158	303,158	303,158	
Supported Employment Pilot Program	0	153,814	575,000	0	0	
Cash Funds	0	153,814	575,000	0	0	

* Indicates a decision item

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2022-23 Recommendation
SUBTOTAL - State-only Programs	0	18,255,405	21,274,437	20,767,714	21,053,877
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	0	17,710,857	19,332,833	20,767,714	21,053,877
Cash Funds	0	544,548	1,941,604	0	0
Federal Funds	0	0	0	0	0
(ii) Program Costs					
Adult Comprehensive Services	496,790,698	0	0	0	
General Fund	230,677,046	0	0	0	
Cash Funds	3,210,918	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	262,902,734	0	0	0	
Adult Supported Living Services	76,670,765	0	0	0	
General Fund	39,632,931	0	0	0	
Cash Funds	1,401,213	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	35,636,621	0	0	0	
Children's Extensive Support Services	28,592,203	0	0	0	
General Fund	13,479,265	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	15,112,938	0	0	0	

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2022-23 Recommendation
Children's Habilitation Residential Program	1,691,596	0	0	0	
General Fund	780,189	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	911,407	0	0	0	
Case Management	38,403,508	0	0	0	
General Fund	19,112,233	0	0	0	
Cash Funds	452,347	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	18,838,928	0	0	0	
Family Support Services	9,189,615	0	0	0	
General Fund	7,499,881	0	0	0	
Cash Funds	1,689,734	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Preventive Dental Hygiene	53,445	0	0	0	
General Fund	53,445	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2022-23 Recommendation
Eligibility Determination and Waiting List Management	2,956,670	0	0	0	
General Fund	2,956,670	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Supported Employment Provider and Certification Reimbursement	179,700	0	0	0	
General Fund	179,700	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
SUBTOTAL - (ii) Program Costs	654,528,200	0	0	0	
FTE	0.0	0.0	0.0	0.0	
General Fund	314,371,360	0	0	0	
Cash Funds	6,754,212	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	333,402,628	0	0	0	

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2022-23 Recommendation
TOTAL - (4) Office of Community Living	658,434,118	663,028,782	859,530,296	972,947,293	974,899,122
FTE	39.7	34.7	37.5	39.5	39.5
General Fund	316,220,159	284,082,559	286,292,050	462,927,512	462,948,842
Cash Funds	7,033,519	5,877,745	51,811,995	35,343,291	36,458,117
Reappropriated Funds	0	0	0	0	0
Federal Funds	335,180,440	373,068,478	521,426,251	474,676,490	475,492,163
TOTAL - Department of Health Care Policy and Financing	9,055,968,628	9,840,648,279	11,369,860,152	11,596,043,540	11,933,704,312
FTE	40.4	607.8	650.9	721.8	690.5
General Fund	2,027,653,896	2,294,749,956	1,684,486,855	2,544,064,737	2,602,729,768
General Fund Exempt	523,323,333	0	865,284,199	865,284,199	865,284,199
Cash Funds	979,444,368	1,330,445,008	1,376,310,397	1,346,982,678	1,388,186,941
Reappropriated Funds	91,375,494	42,828,859	86,850,188	92,326,709	86,338,200
Federal Funds	5,434,171,537	6,172,624,456	7,356,928,513	6,747,385,217	6,991,165,204