

JOINT BUDGET COMMITTEE



INTERIM SUPPLEMENTAL BUDGET REQUESTS FY 2023-24

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

JBC WORKING DOCUMENT - SUBJECT TO CHANGE
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

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INTERIM SUPPLEMENTAL REQUESTS

TRANSPORTATION PROVIDER CREDENTIALING AND REVIEWS

	REQUEST	RECOMMENDATION
TOTAL	\$1,313,618	\$1,285,101
FTE	0.6	0.3
General Fund	394,085	385,529
Cash Funds	262,723	257,020
Federal Funds	656,810	642,552

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

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

Explanation: JBC staff and the Department agree that this request is the result of an unforeseen contingency.

DEPARTMENT REQUEST

The Department requests \$1,313,618 total funds, including \$394,085 General Fund, and 0.6 FTE to increase oversight of the non-emergent medical transportation (NEMT) benefit in response to a suspected fraud scheme, including hiring a vendor for a statewide credentialing process, contracting with a vendor for pre- and post-payment claims reviews and analysis of how to mitigate vulnerabilities, and employing temporary staff to help providers navigate new screening requirements, manage the high volume of payment reviews, and coordinate with law enforcement investigating the alleged fraud.

The Department has seen dramatic increases in NEMT providers and utilization and received troubling reports. An example includes a report of a provider bribing Medicaid members at a homeless shelter to enter a vehicle in excess of the vehicle's capacity limits and to provide their Medicaid identification number. Allegedly, this provider then drove the clients from Pueblo to Denver to a methadone clinic. The clients were active Medicaid members and transportation to a methadone clinic is an eligible service covered by Medicaid, but the described number of people transported and the distance traveled when there were closer options would not be legal. Some of the alleged bribes were paid in the form of drugs, according to this report. The Department is concerned that clients are at risk as well as payments.

At the same time the Department is implementing rigorous new oversight measures, there are clients that need access to services and legitimate providers that need to get paid in a timely manner. The requested additional administrative resources are intended to keep disruptions to clients and legitimate providers at a minimum.

STAFF RECOMMENDATION

Staff recommends approval of the request with technical modifications outlined in the bullets below. The Department is responding to an unexpected alleged fraud scheme and putting emergency measures in place to try to protect clients, prevent overbilling, and minimize service disruptions for clients and legitimate providers.

- The JBC staff assumed a start date of February 1 for the new FTE based on where the Department is in the hiring process. The request had assumed a start date of December 1.
- The JBC staff applied the JBC's common policies for new FTE that were in effect for FY 2023-24. Note that the JBC has not yet set common policies for new FTE for FY 2024-25 and there might be changes. For example, Legislative Council Staff is no longer adjusting projected FTE costs in Fiscal Notes for the pay date shift and their assumed annual software costs per FTE decreased \$70.
- The JBC staff did not include leased space for the new FTE. The JBC staff assumes the Department will not adjust overall leased space for one temporary position that will be in place for less than two years.

The table below summarizes the staff recommendation.

Provider Credentialing and Reviews					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
FY 2023-24					
Statewide credentialing	\$506,773	\$152,032	\$101,354	\$253,387	0.0
Claims reviews	750,000	225,000	150,000	375,000	0.0
Outreach & oversight	28,328	8,497	5,666	14,165	0.3
Total FY 2023-24	\$1,285,101	\$385,529	\$257,020	\$642,552	0.3
FY 2024-25					
Statewide credentialing	\$0	\$0	\$0	\$0	0.0
Claims reviews	1,500,000	450,000	300,000	750,000	0.0
Outreach & oversight	64,634	19,390	12,927	32,317	1.0
Total FY 2024-25	\$1,564,634	\$469,390	\$312,927	\$782,317	1.0
FY 2025-26					
Statewide credentialing	\$0	\$0	\$0	\$0	0.0
Claims reviews	0	0	0	0	0.0
Outreach & oversight	32,317	9,695	6,463	16,159	0.5
Total FY 2025-26	\$32,317	\$9,695	\$6,463	\$16,159	0.5

STATEWIDE CREDENTIALING

This is a contract for a vendor to perform in-person vehicle inspections, liability and insurance checks, driver qualification reviews (including license and fingerprint background checks), standard of service reviews, and accident protocol reviews. Currently, only providers in the nine-county metro area are required to be credentialed. The Department was already in the process of expanding credentialing requirements statewide for FY 2024-25. Costs for FY 2024-25 and beyond are absorbable within existing appropriations. The request is for one-time credentialing catch up work in FY 2023-24 for providers outside the nine-county metro area and to address the unexpected surge in provider enrollment.

CLAIMS REVIEWS

This is a contract for pre- and post-payment claims reviews to prevent overbilling. The expectation is that this will make it more difficult for providers to profit from operating in ways that put clients at risk, in addition to protecting the financial interests of the state. Without funding the Department would not be able to put the same level of protections in place and whatever protections the Department could implement would take longer, further slowing payments to legitimate providers. Currently the Department has put 400 providers on prepayment claims review and each review takes 6-8 weeks. The Department's analysis indicates that it needs to conduct post-payment claims reviews on approximately 25,000 claims to approximately 130 providers. The post-payment claims review typically takes 210 days to complete, or longer if there is litigation. In addition, the vendor would analyze utilization and billing habits and make recommendations for program improvements to address existing vulnerabilities. The Department anticipates the work would continue through FY 2024-25. The Department anticipates implementing automated screens and process changes so such intensive pre- and post-payment claims reviews are not necessary indefinitely and the Department has not requested any funding in FY 2025-26 and beyond.

OUTREACH & OVERSIGHT

This would pay for one position that would be responsible for providing outreach and technical assistance to providers in navigating the more rigorous payment requirements. Also, the position would coordinate with law enforcement and manage the high volume of pre- and post-payment claims reviews. The Department anticipates most of the work will be needed in FY 2023-24 and FY 2024-25 and the position would have some wrap up work continuing through December 2025, after which the position would no longer be needed.

SUMMARY BY LINE ITEM

Transportation Provider Credentialing and Reviews					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
Executive Director's Office					
Personal Services	21,095	6,328	4,219	10,548	0.3
Operating Expenses	7,233	2,169	1,447	3,617	0.0
General Professional Services & Special Projects	1,256,773	377,032	251,354	628,387	0.0
Total	\$1,285,101	\$385,529	\$257,020	\$642,552	0.3

INTERIM SUPPLEMENTAL CRITERIA

An argument could be made that the Department does not need an interim supplemental for this purpose a mere 3 weeks before the start of the session. The Department could wait until the beginning of the legislative session, or just absorb the time-limited costs within existing appropriations.

The Department's FY 2023-24 appropriation for personal services is \$68.5 million total funds and 741.4 FTE. For General Professional Services and Special Projects the Department has an FY 2023-24 appropriation of \$62.9 million total funds. In FY 2023-24 the Department spent all of the General Fund appropriation for Personal Services and had reversions from other fund sources totaling \$4.6 million. From the General and Professional Services and special Projects line item the Department reverted \$1.5 million General Fund and \$27.1 million from all fund sources.

While the request is for small and time-limited increases to relatively large existing appropriations, those existing appropriations are for specific purposes approved by the General Assembly. If the Department used the existing appropriations to fund this supplemental, the Department would need to hold approved positions open or not do some contract work that the General Assembly has asked it to do. That would be the case if the Department had to wait for a supplemental until the General Assembly is in session (regular supplemental bills are often not signed until March) or if the General Assembly denied the supplemental and asked the Department to absorb the costs.

The JBC staff views the request as for a legitimate and urgent need that arose after the legislative session. The JBC staff sees some value in the Department being transparent about the need and not making executive decisions about what activities to stop doing in order to accomplish this critical work. The activities the Department proposes are things the JBC staff would recommend in a regular supplemental. The JBC staff could make an argument that an interim supplemental just three weeks before the legislative session is not necessary, but with such a clear need the JBC staff sees limited value in waiting.