

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



FY 2012-13 STAFF FIGURE SETTING

**DEPARTMENT OF HEALTH CARE
POLICY AND FINANCING**

(Medicaid Mental Health Community Programs)

**JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision**

**Prepared By:
Kevin Neimond, JBC Staff
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For Further Information Contact:

Joint Budget Committee Staff
200 E. 14th Avenue, 3rd Floor
Denver, Colorado 80203
Telephone: (303) 866-2061
TDD: (303) 866-3472

**FY 2012-13 FIGURE SETTING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE
JBC Working Document: Decisions Subject to Change**

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
(Medicaid Mental Health Community Programs)**

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**FY 2012-13 Joint Budget Committee Staff Figure Setting
 Department of Health Care Policy and Financing
 (Medicaid Mental Health Community Programs)
 Numbers Pages**

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation*	FY 2012-13 Request	FY 2012-13 Staff Recommendation
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DEPARTMENT OF HEALTH CARE POLICY AND FINANCING Sue Birch, Executive Director

(3) MEDICAID MENTAL HEALTH COMMUNITY PROGRAMS

Primary functions: Provides mental health services and programs for eligible Medicaid clients.

Mental Health Capitation for Medicaid Clients	<u>223,368,053</u>	<u>249,352,665</u>	<u>275,145,215</u>	<u>312,580,712</u>	<u>312,580,712</u> **
General Fund	79,359,784	95,057,227	131,809,699	142,712,972	142,712,972
Cash Funds	6,393,602	9,559,892	5,771,789	13,648,932	13,648,932
Reappropriated Funds	10,833	13,000	25,046	0	0
Federal Funds	137,603,834	144,722,546	137,538,681	156,218,808	156,218,808
Medicaid Mental Health Fee for Service Payments	<u>2,587,662</u>	<u>3,870,594</u>	<u>3,908,827</u>	<u>4,351,395</u>	<u>4,147,628</u> **
General Fund	993,452	1,532,590	1,954,414	2,175,697	2,073,815
Federal Funds	1,594,210	2,338,004	1,954,413	2,175,698	2,073,813

Total Funds - (3) Medicaid Mental Health Community Programs	<u>225,955,715</u>	<u>253,223,259</u>	<u>279,054,042</u>	<u>316,932,107</u>	<u>316,728,340</u>
General Fund	80,353,236	96,589,817	133,764,113	144,888,669	144,786,787
Cash Funds	6,393,602	9,559,892	5,771,789	13,648,932	13,648,932
Reappropriated Funds	10,833	13,000	25,046	0	0
Federal Funds	139,198,044	147,060,550	139,493,094	158,394,506	158,292,621

*FY 2011-12 Appropriation figures assume the Committee approval of staff's FY 2011-12 Long Bill Add-on.

**This line item includes a decision item.

**FY 2012-13 FIGURE SETTING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE
JBC Working Document: Decisions Subject to Change**

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
(Medicaid Mental Health Community Programs)**

(3) Medicaid Mental Health Community Programs

The Division administers the State's Medicaid mental health capitation (managed care) program. Under the terms of the program, the State pays regional entities, known as Behavioral Health Organizations (BHOs), a contracted capitation rate (per member per month) for eligible Medicaid clients within the geographic boundaries established for each BHO. The BHO is then required to provide (or arrange for the provision of) appropriate mental health services to all Medicaid-eligible persons needing such services.

The Division also administers the State's Medicaid fee-for-service mental health program. The program allows Medicaid clients not enrolled in a BHO to receive mental health services. It also provides funds for BHO-enrolled Medicaid clients to receive mental health services not covered by the BHO.

The table below summarizes caseload for the Medicaid Mental Health Community Programs from FY 2011-12 through the FY 2012-13 Department request and staff recommendation.

Medicaid Mental Health Community Programs Caseload												
	Adults 65+	Disabled 60 to 64	Disabled to 59	Low- income Adults	Exp. Adults to 60%	Exp. Adults to 100%	Baby Care Adults	Adults w/o Dep. Children	Eligible Children	Foster Care	Breast and Cervical Cancer Program	Total
FY 2011-12 Appropriated	39,556	8,098	62,170	64,432	23,628	34,050	7,657	16,400	316,392	18,878	595	591,856
FY 2011-12 Revised*	39,867	8,399	59,589	70,299	24,050	35,406	7,472	1,667	336,582	18,141	610	602,082
FY 2011-12 Change	311	301	-2,581	5,867	422	1,356	-185	-14,733	20,190	-737	15	10,226
FY 2011-12 % Difference	0.79%	3.72%	-4.15%	9.11%	1.79%	3.98%	-2.42%	-89.84%	6.38%	-3.90%	2.52%	1.73%
FY 2012-13*	40,820	8,948	64,306	77,455	26,498	42,381	7,546	10,000	367,649	18,159	679	664,441
Change Over FY 2011-12 Revised	953	549	4,717	7,156	2,448	6,975	74	8,333	31,067	18	69	62,359
Percent Difference	2.39%	6.54%	7.92%	10.18%	10.18%	19.70%	0.99%	499.88%	9.23%	0.10%	11.31%	10.36%

*FY 2011-12 revised caseload figures and FY 2012-13 caseload figures represent the Department's request and staff's recommendation.

Mental Health Capitation Payments

Description: Medicaid mental health community services throughout Colorado are delivered through a managed care or "capitated" program. Under capitation, the State pays a regional entity, a Behavioral Health Organization (BHO), a contracted amount (per member per month) for each Medicaid client eligible for mental health services in the entity's geographic area. The BHO is then required to provide appropriate mental health services to all Medicaid eligible persons needing such services as provided by the contract.

The rate paid to each BHO is based on each category of Medicaid client eligible for mental health services (e.g., children in foster care, low-income children, elderly, and disabled) in each geographic region. Currently, the state is divided into five unique geographic regions covering the following aid categories:

- Adults 65 and Older (OAP-A);
- Disabled Adults 60 to 64 (OAP-B);
- Disabled Individuals to 59 (AND/AB);
- Categorically Eligible Low-Income Adults (AFDC-A);
- Expansion Adults to 60% of Federal Poverty Level;
- Expansion Adults to 100% of Federal Poverty Level;
- Adults Without Dependent Children;
- Baby Care Program-Adults;
- Eligible Children (AFDC-C/ BC);
- Foster Care; and
- Breast and Cervical Cancer Program.

Under the capitated mental health system, changes in rates paid, changes in overall Medicaid eligibility, and case-mix (mix of clients within aid categories) are important drivers in overall state appropriations for mental health services. For FY 2011-12, capitation payments represent 98.6 percent of the total funds appropriated for Medicaid Mental Health Community Programs.

FY 2011-12 Long Bill Add-On

Request: The Department requests an appropriation of \$275,155,770 total funds (including \$131,821,371 General Fund) for FY 2011-12. The request reflects an increase of \$2,663,613 total funds (including \$5,998,063 General Fund) over the current FY 2011-12 appropriation.

Recommendation: **Staff recommends an appropriation of \$275,145,214 total funds for FY 2011-12.** Staff's recommendation consists of \$131,809,699 General Fund, \$5,771,789 cash funds from the Hospital Provider Fee Cash Fund and the Breast and Cervical Cancer Prevention and Treatment Fund, \$25,046 reappropriated funds transferred from the Breast and Cervical Cancer Prevention and Treatment Program, and \$137,538,681 federal funds.

There are four primary drivers for the staff recommended mid-year appropriation change:

1. Caseload projections increase 1.7 percent, from 591,856 to 602,140, from the current FY 2011-12 appropriation. The growth results in an anticipated increase of \$10.1 million total funds (including \$5.1 million General Fund).

2. The State offers a Medicaid buy-in program for disabled adults and children with income up to 450 percent of the federal poverty level. Individuals enroll under this Medicaid coverage by paying a monthly premium. For the FY 2011-12 appropriation, staff incorrectly forecasted the disabled population versus the buy-in disabled population resulting in an anticipated under-appropriation of \$7.9 million total funds (including \$3.9 million General Fund).
3. The FY 2011-12 caseload forecast for individuals eligible for Medicaid coverage as a result of the H.B. 09-1293 Hospital Provider Fee is not trending to the forecasted level. This results in an anticipated decrease of \$8.3 million total funds (including \$4.1 million cash funds).
4. Rates for FY 2011-12 are occurring at points below the projection used for the current FY 2011-12 appropriation resulting in an anticipated decrease of \$7.6 million total funds (including \$3.6 million General Fund).

The table below summarizes staff's recommendation. For detailed calculations of the recommendation, please see Appendix A: FY 2011-12 Mental Health Capitation Payments Calculations.

FY 2011-12 Medicaid Mental Health Community Programs, Medicaid Mental Health Capitation Payments					
	Total	GF	CF	RF	FF
FY 2011-12 Long Bill Appropriation	\$272,492,157	\$125,823,308	\$10,510,223	\$13,544	\$136,145,082
Caseload Change	10,148,071	5,067,684	(7,056)	11,502	5,075,941
Disabled Buy-in Forecast Error	7,891,358	3,945,679	0	0	3,945,679
Various Small Adjustments	514,325	568,678	(375,730)	0	321,378
H.B. 09-1293 Forecast Adjustment	(8,262,379)	0	(4,131,191)	0	(4,131,188)
Rate Projections	(7,638,318)	(3,595,650)	(224,457)	0	(3,818,211)
Total FY 2011-12 Recommendation	\$275,145,214	\$131,809,699	\$5,771,789	\$25,046	\$137,538,681

FY 2012-13 Long Bill

Request: The Department requests an appropriation of \$312,580,712 total funds (including \$142,712,972 General Fund). The request reflects an increase of \$40,088,555 total funds (including \$16,889,664 General Fund) over the current appropriation for FY 2011-12.

Recommendation: **Staff recommends an appropriation of \$312,580,712 total funds for FY 2012-13.** The recommendation consists of \$142,712,972 General Fund, \$13,648,932 cash funds Hospital Provider Fee Cash Fund and the Breast and Cervical Cancer Prevention and Treatment Fund, and \$156,218,808 federal funds. Much of the increase over the FY 2011-12 staff recommended appropriation is due to a 10.4 percent increase in caseload. The table below summarizes staff's recommendation. For detailed calculations of the recommendation, please see Appendix B: FY 2012-13 Mental Health Capitation Payments Calculations.

FY 2012-13 Medicaid Mental Health Community Programs, Medicaid Mental Health Capitation Payments					
	Total	GF	CF	RF	FF
FY 2011-12 Long Bill Appropriation	\$272,492,157	\$125,823,308	\$10,510,223	\$13,544	\$136,145,082
Rec'd FY 2011-12 Supplemental	<u>2,653,057</u>	<u>5,986,391</u>	<u>(4,738,434)</u>	<u>11,502</u>	<u>1,393,599</u>
FY 2011-12 Total Rec'd Appropriation	275,145,214	131,809,699	5,771,789	25,046	137,538,681
Caseload/Rate Change	38,082,549	11,823,651	7,103,044	(25,046)	19,180,899
Adults w/o Dep. Children Reconciliation	1,588,000	0	794,000	0	794,000
Recoupment	(1,672,249)	(638,977)	(19,901)	0	(1,013,371)
Death Retractions	(562,802)	(281,401)	0	0	(281,401)
Total FY 2011-12 Recommendation	\$312,580,712	\$142,712,972	\$13,648,932	\$0	\$156,218,808

Medicaid Mental Health Fee for Services Payments

Description: This line item contains appropriations for all Medicaid mental health payments that are not made as part of the capitation payments program. The appropriation pays for the mental health services for Medicaid clients who are not enrolled in a BHO or for mental health services that are not covered by a BHO, according to their contract with the Department.

FY 2011-12 Long Bill Add-On

Request: The Department requests an appropriation of \$3,943,389 total funds (including \$1,971,694 General Fund) for FY 2011-12. The request reflects an increase of \$34,562 total funds (including \$17,280 General Fund) over the current appropriation for FY 2011-12.

Recommendation: **Staff recommends rejecting the Department's request to increase the appropriation for this line item in FY 2011-12.** Data for the month of January 2012 indicates that fee for service payments decreased by 85.1 percent over the monthly average of the prior six months in the fiscal year. The recommendation assumes that monthly payments will increase over the January level, but not exceed the current appropriation.

FY 2012-13 Long Bill

Request: The Department requests an appropriation of \$4,351,395 total funds (including \$2,175,697 General Fund) for FY 2012-13. The request reflects an increase of \$442,568 total funds (including \$221,283 General Fund) over the current FY 2011-12 appropriation.

Recommendation: **Staff recommends an appropriation of \$4,147,628 total funds (including \$2,073,815 General Fund for FY 2012-13.** The recommendation reflects an increase of \$238,801 total funds (including \$119,401 General Fund) over the current appropriation for FY 2011-12. The table below summarizes staff's recommendation.

Medicaid Mental Health Community Programs, Medicaid Mental Health Fee For Service Payments			
	Total	GF	FF
FY 2011-12 Long Bill Appropriation (S.B. 11-209)	\$3,908,827	\$1,954,414	\$1,954,413
Caseload Growth	238,801	119,401	119,400
Total FY 2012-13 Recommendation	\$4,147,628	\$2,073,815	\$2,073,813

**FY 2012-13 FIGURE SETTING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE
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**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
(Medicaid Mental Health Community Programs)**

Long Bill Footnotes

There were no Long Bill footnotes specific to the Medicaid Mental Health Community Programs Division of the Department of Health Care Policy and Financing.

Legislative Requests for Information

There were no Legislative Requests for Information (LRFI) specific to the Medicaid Mental Health Community Programs Division of the Department of Health Care Policy and Financing. There are several LRFIs in other divisions of the Department that provide information needed by staff to provide the Committee with accurate recommendations.

Appendix A: FY 2011-12 Mental Health Capitation Payments Calculations

Estimated PM/PM Rate - Q1/2	13.89	150.13	23.13	0	16.47	185.9	22.17
Estimated PM/PM Rate - Q3/4	13.55	150.86	23.6	78.69	17.55	174.91	23.6

FY 2011-12 Caseload by Month	Adults 65 and Older	Disabled Through 64	Low Income Adults	Adults w/o Dep. Children	Eligible Children	Foster Care	BCCP	Forecast
First 6 Months	39,635	67,241	131,936	0	327,398	18,112	594	584,916
Second 6 Months	40,099	68,851	142,518	3,333	345,766	18,170	626	619,363

FY 2011-12 Estimated Need Calculations	Adults 65 and Older	Disabled Through 64	Low Income Adults	Adults w/o Dep. Children	Eligible Children	Foster Care	BCCP	Total
First 6 Months								
Average Monthly Caseload	39,635	67,241	131,936	0	327,398	18,112	594	584,916
PM/PM Rate X Caseload Average	\$3,303,181	\$60,569,348	\$18,310,078	\$0	\$32,353,470	\$20,202,125	\$79,014	\$134,817,216
Second 6 Months								
Average Monthly Caseload	40,099	68,851	142,518	3,333	345,766	18,170	626	619,363
PM/PM Rate X Caseload Average	\$3,260,049	\$62,321,171	\$20,180,549	\$1,573,643	\$36,409,160	\$19,068,688	\$88,642	\$142,901,901
Estimated Need	\$6,563,230	\$122,890,519	\$38,490,627	\$1,573,643	\$68,762,630	\$39,270,813	\$167,655	\$277,719,117

FY 2011-12 Claims Paid	Adults 65 and Older	Disabled Through 64	Low Income Adults	Adults w/o Dep. Children	Eligible Children	Foster Care	BCCP	Total
First 6 Months								
Claims Paid in Current Period	\$3,233,153	\$56,511,202	\$17,341,475	\$0	\$31,263,158	\$20,052,629	\$77,995	\$128,479,612
Claims from Prior Periods	\$67,262	\$3,699,937	\$772,828	\$0	\$962,051	\$143,805	\$1,189	\$5,647,072
Second 6 Months								
Claims Paid in Current Period	\$3,191,262	\$58,151,885	\$19,125,106	\$1,491,341	\$35,193,094	\$18,927,580	\$87,525	\$136,167,792
Claims from Prior Periods	\$69,436	\$3,924,912	\$947,019	\$0	\$1,072,767	\$150,510	\$994	\$6,165,638
Total Claims Paid in FY 2011-12	\$6,561,113	\$122,287,935	\$38,186,428	\$1,491,341	\$68,491,070	\$39,274,524	\$167,702	\$276,460,114

FY 2011-12 Date of Death Retractions	Adults 65 and Older	Disabled Through 64	Low Income Adults	Adults w/o Dep. Children	Eligible Children	Foster Care	BCCP	Total
12 Months	(\$112,082)	(\$480,542)	(\$11,056)	\$0	(\$6,660)	(\$14,263)	(\$734)	(\$625,337)

FY 2011-12 Appropriation Recommendation	Adults 65 and Older	Disabled Through 64	Low Income Adults	Adults w/o Dep. Children	Eligible Children	Foster Care	BCCP	Total
12 Months	\$6,449,031	\$121,807,393	\$38,175,372	\$1,491,341	\$68,484,410	\$39,260,261	\$166,968	\$275,834,777

FY 2011-12 Recoupments	Total
12 Months	(\$689,563)

FY 2011-12 Recommendation w/Recoupments	Total
12 Months	\$275,145,214

Appendix B: FY 2012-13 Mental Health Capitation Payments Calculations

Estimated PM/PM Rate - Q1/2	13.55	150.86	23.6	78.69	17.55	174.91	23.6
Estimated PM/PM Rate - Q3/4	13.96	159.39	24.41	82.27	18.46	171.4	24.41

FY 2012-13 Caseload by 6 Months	Adults 65 and Older	Disabled Through 64	Low Income Adults	Adults w/o Dep. Children	Eligible Children	Foster Care	BCCP	Forecast
First 6 Months	40,571	71,466	150,344	10,000	359,587	18,163	661	650,792
Second 6 Months	41,069	750,042	157,416	10,000	375,711	18,155	696	1,353,089

FY 2012-13 Estimated Need Calculations	Adults 65 and Older	Disabled Through 64	Low Income Adults	Adults w/o Dep. Children	Eligible Children	Foster Care	BCCP	Total
First 6 Months								
Average Monthly Caseload	40,571	71,466	150,344	10,000	359,587	18,163	661	650,792
PM/PM Rate X Caseload Average	\$3,298,422	\$64,688,165	\$21,288,710	\$4,721,400	\$37,864,511	\$19,061,342	\$93,598	\$151,016,148
Second 6 Months								
Average Monthly Caseload	41,069	75,042	157,416	10,000	375,711	18,155	696	678,089
PM/PM Rate X Caseload Average	\$3,439,939	\$71,765,666	\$23,055,147	\$4,936,200	\$41,613,750	\$18,670,602	\$101,936	\$163,583,242
Estimated Need	\$6,738,362	\$136,453,831	\$44,343,858	\$9,657,600	\$79,478,261	\$37,731,944	\$195,534	\$314,599,390

FY 2012-13 Estimated Claims Paid	Adults 65 and Older	Disabled Through 64	Low Income Adults	Adults w/o Dep. Children	Eligible Children	Foster Care	BCCP	Total
First 6 Months								
Claims Paid in Current Period	\$3,228,826	\$60,360,526	\$20,175,311	\$4,474,471	\$36,599,836	\$18,920,288	\$92,418	\$143,851,676
Claims from Prior Periods	\$68,972	\$4,097,036	\$1,040,134	\$69,398	\$1,199,458	\$143,036	\$1,114	\$6,619,148
Second 6 Months								
Claims Paid in Current Period	\$3,367,357	\$66,964,543	\$21,849,363	\$4,678,037	\$40,223,851	\$18,532,440	\$100,652	\$155,716,242
Claims from Prior Periods	\$69,431	\$4,244,882	\$1,104,313	\$221,118	\$1,258,708	\$141,067	\$1,178	\$7,040,697
Total Claims Paid in FY 2012-13	\$6,734,585	\$135,666,988	\$44,169,121	\$9,443,024	\$79,281,854	\$37,736,831	\$195,362	\$313,227,764

FY 2012-13 Est. Date of Death Retractions	Adults 65 and Older	Disabled Through 64	Low Income Adults	Adults w/o Dep. Children	Eligible Children	Foster Care	BCCP	Total
12 Months	(\$100,874)	(\$432,488)	(\$9,950)	\$0	(\$5,994)	(\$12,836)	(\$660)	(\$562,802)

FY 2012-13 Appropriation Recommendation	Adults 65 and Older	Disabled Through 64	Low Income Adults	Adults w/o Dep. Children	Eligible Children	Foster Care	BCCP	Total
12 Months	\$6,633,711	\$135,234,500	\$44,159,171	\$9,443,024	\$79,275,860	\$37,723,995	\$194,702	\$312,664,962

FY 2012-13 Various Small Changes	Total
12 Months	(\$84,250)

FY 2012-13 Recommendation w/Recoupments	Total
12 Months	\$312,580,712