

COLORADO GENERAL ASSEMBLY

JOINT BUDGET COMMITTEE



FY 2006-07 SUPPLEMENTAL: DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

PRIORITIZED AND NON-PRIORITIZED REQUESTS

JBC Working Document - Subject to Change

Staff Recommendation Does Not Represent Committee Decision

Prepared By:

Melodie Beck, JBC Staff

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For Further Information Contact:

**Joint Budget Committee
200 East 14th Avenue, 3rd Floor
Denver, Colorado 80203
Telephone: (303) 866-2061**

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
 FY 2006-07 SUPPLEMENTAL RECOMMENDATION
 JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

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**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
 FY 2006-07 SUPPLEMENTAL RECOMMENDATION
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HCPF Statewide Common Policy and Non-Prioritized Supplemental Requests	12	64 & 65
Totals for All Supplementals	13	n/a
DHS Number Pages for Supplementals #4, 5, & 10	13 & 14	n/a
DOE Number Pages for Supplemental # 11	14	n/a
 Information Only Issue		
FY 2005-06 1331 Supplemental Adjustments	n/a	66

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
DEPARTMENT OF HEALTH CARE POLICY AND FINANCING					
Executive Director - Joan Henneberry					
Supplemental #1 - Medical Services Premiums Base Adjustments					
<i>Medical Services Premiums</i>					
Medical Services Premiums	1,996,264,308	2,111,287,559	(28,653,128)	pending	2,111,287,559
General Fund	714,906,453	740,721,857	(13,524,276)	pending	740,721,857
General Fund Exempt	261,300,000	256,100,000	0	pending	256,100,000
Cash Funds	0	76,512	(38,256)	pending	76,512
Cash Funds Exempt	23,713,210	55,563,806	(1,673,643)	pending	55,563,806
Federal Funds	996,344,645	1,058,825,384	(13,416,953)	pending	1,058,825,384
Supplemental #2 - Medicaid Community Mental Health Programs Base Adjustments (Division Total Shown)					
<i>Medicaid Mental Health Programs</i>					
Division Subtotal	<u>193,176,030</u>	<u>211,550,200</u>	<u>(9,968,070)</u>	pending	<u>211,550,200</u>
General Fund	82,944,553	87,803,777	(422,338)	pending	87,803,777
Cash Funds Exempt	27,190,916	33,783,245	(9,105,037)	pending	33,783,245
Federal Funds	83,040,561	89,963,178	(440,695)	pending	89,963,178
Supplemental #3 - Children's Basic Health Plan					
<i>Indigent Care Program</i>					
Multiple Line Items	<u>105,993,441</u>	<u>81,998,115</u>	pending	<u>(1,764,201)</u>	<u>80,233,914</u>
General Fund	2,000,000	0	pending	0	0
Cash Funds	191,726	192,072	pending	0	192,072
Cash Funds Exempt	53,292,588	29,290,173	pending	(1,764,201)	27,525,972
Federal Funds	50,509,127	52,515,870	pending	0	52,515,870

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Supplemental #4 - Immigration Reform Implementation					
<i>Exectuive Director's Office</i>					
Personal Services	<u>13,785,054</u>	<u>15,362,691</u>	<u>37,385</u>	<u>25,244</u>	<u>15,387,935</u>
FTE	194.4	226.7	0.75	0.5	
General Fund	6,280,279	6,493,748	18,693	12,622	6,506,370
General Fund Exempt	281	0	0	0	0
Cash Funds Exempt	507,578	506,203	0	0	506,203
Federal Funds	6,996,916	8,362,740	18,692	12,622	8,375,362
<i>Exectuive Director's Office</i>					
Operating Expenses	<u>978,207</u>	<u>1,020,609</u>	<u>9,666</u>	<u>6,444</u>	<u>1,027,053</u>
General Fund	446,865	493,252	4,833	3,222	496,474
General Fund Exempt	25,366	0	0	0	0
Cash Funds Exempt	14,076	14,393	0	0	14,393
Federal Funds	491,900	512,964	4,833	3,222	516,186
<i>Exectuive Director's Office</i>					
MMIS Contract	<u>21,737,076</u>	<u>23,185,837</u>	<u>1,020</u>	<u>1,020</u>	<u>23,186,857</u>
General Fund	5,214,619	5,486,108	510	510	5,486,618
Cash Funds Exempt	435,293	629,859	0	0	629,859
Federal Funds	16,087,164	17,069,870	510	510	17,070,380
<i>Exectuive Director's Office</i>					
HIPAA Web Portal Maintenance	<u>314,345</u>	<u>312,900</u>	<u>1,900</u>	<u>1,900</u>	<u>314,800</u>
General Fund	74,307	78,225	475	475	78,700
General Fund Exempt	5,213	0	0	0	0
Federal Funds	234,825	234,675	1,425	1,425	236,100
<i>Exectuive Director's Office</i>					

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
County Administration	<u>0</u>	<u>18,306,628</u>	<u>2,808,505</u>	<u>2,542,562</u>	<u>20,849,190</u>
General Fund	0	5,435,396	867,441	787,658	6,223,054
Cash Funds Exempt	0	3,717,918	554,590	501,401	4,219,319
Federal Funds	0	9,153,314	1,386,474	1,253,503	10,406,817
<i>Medical Service Premiums</i>					
Medical Service Premiums	<u>1,996,264,308</u>	<u>2,111,287,559</u>	<u>8,268</u>	<u>0</u>	<u>2,111,287,559</u>
General Fund	714,906,453	740,721,857	1,236	0	740,721,857
General Fund Exempt	261,300,000	256,100,000	0	0	256,100,000
Cash Funds	0	76,512	0	0	76,512
Cash Funds Exempt	23,713,210	55,563,806	0	0	55,563,806
Federal Funds	996,344,645	1,058,825,384	7,032	0	1,058,825,384
<i>Indigent Care Program</i>					
CBHP Trust Fund	<u>29,431,057</u>	<u>192,072</u>	<u>0</u>	<u>9,117</u>	<u>201,189</u>
General Fund	2,000,000	0	0	9,117	9,117
Cash Funds	191,726	192,072	0	0	192,072
Cash Funds Exempt	27,239,331	0	0	0	0
<i>Indigent Care Program</i>					
CBHP Administration	<u>5,273,572</u>	<u>5,521,207</u>	<u>13,501</u>	<u>13,501</u>	<u>5,534,708</u>
Cash Funds Exempt	747,996	2,465,634	6,507	6,507	2,472,141
Federal Funds	4,525,576	3,055,573	6,994	6,994	3,062,567

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
<i>DHS-Medicaid-Funding Programs</i>					
Colorado Benefits Management System	<u>9,127,862</u>	<u>7,599,713</u>	<u>61,229</u>	<u>61,229</u>	<u>7,660,942</u>
General Fund	4,365,127	3,501,300	28,684	28,684	3,529,984
General Fund Exempt	157,844	0	0	0	0
Cash Funds Exempt	272,159	572,931	3,663	3,663	576,594
Federal Funds	4,332,732	3,525,482	28,882	28,882	3,554,364
Total for Supplemental #4	<u>2,076,911,481</u>	<u>2,182,789,216</u>	<u>2,941,474</u>	<u>2,661,017</u>	<u>2,185,450,233</u>
FTE	194.4	226.7	0.8	0.5	0.0
General Fund	733,287,650	762,209,886	921,872	842,288	763,052,174
General Fund Exempt	261,488,704	256,100,000	0	0	256,100,000
Cash Funds	191,726	268,584	0	0	268,584
Cash Funds Exempt	52,929,643	63,470,744	564,760	511,571	63,982,315
Federal Funds	1,029,013,758	1,100,740,002	1,454,842	1,307,158	1,102,047,160
Supplemental #5 -- PERM Program					
<i>Exectuive Director's Office</i>					
Personal Services	<u>13,785,054</u>	<u>15,362,691</u>	<u>4,722</u>	<u>(14,752)</u>	<u>15,347,939</u>
FTE	194.4	226.7	0.08	0.0	
General Fund	6,280,279	6,493,748	1,181	(7,376)	6,486,372
General Fund Exempt	281	0	0	0	0
Cash Funds Exempt	507,578	506,203	826	0	506,203
Federal Funds	6,996,916	8,362,740	2,715	(7,376)	8,355,364

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
<i>Exectuive Director's Office</i>					
Operating Expenses	<u>978,207</u>	<u>1,020,609</u>	<u>3,081</u>	<u>(238)</u>	<u>1,020,371</u>
General Fund	446,865	493,252	770	(119)	493,133
General Fund Exempt	25,366	0	0	0	0
Cash Funds Exempt	14,076	14,393	539	0	14,393
Federal Funds	491,900	512,964	1,772	(119)	512,845
<i>Exectuive Director's Office</i>					
MMIS Contract	<u>21,737,076</u>	<u>23,185,837</u>	<u>37,800</u>	<u>37,800</u>	<u>23,223,637</u>
General Fund	5,214,619	5,486,108	9,450	9,450	5,495,558
Cash Funds Exempt	435,293	629,859	6,615	6,615	636,474
Federal Funds	16,087,164	17,069,870	21,735	21,735	17,091,605
<i>Exectuive Director's Office</i>					
PERM Contract (new line item)	<u>0</u>	<u>0</u>	<u>392,970</u>	<u>147,126</u>	<u>147,126</u>
General Fund	0	0	98,235	36,783	36,783
Cash Funds Exempt	0	0	68,795	25,747	25,747
Federal Funds	0	0	225,940	84,596	84,596
<i>Indigent Care Program</i>					
CBHP Trust Fund	<u>31,431,057</u>	<u>192,072</u>	<u>78,481</u>	<u>34,098</u>	<u>226,170</u>
General Fund	2,000,000	0	78,481	34,098	34,098
Cash Funds	191,726	192,072	0	0	192,072
Cash Funds Exempt	27,239,331	0	0	0	0

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
<i>DHS-Medicaid-Funding Programs</i>					
Colorado Benefits Management System	<u>9,127,862</u>	<u>7,599,713</u>	<u>29,017</u>	<u>29,017</u>	<u>7,628,730</u>
General Fund	4,365,127	3,501,300	13,594	13,594	3,514,894
General Fund Exempt	157,844	0	0	0	0
Cash Funds Exempt	272,159	572,931	1,736	1,736	574,667
Federal Funds	4,332,732	3,525,482	13,687	13,687	3,539,169
Total for Supplemental #5	<u>77,059,256</u>	<u>47,360,922</u>	<u>546,071</u>	<u>233,051</u>	<u>47,593,973</u>
FTE	194.4	226.7	0.1	0.0	0.0
General Fund	18,306,890	15,974,408	201,711	86,430	16,060,838
General Fund Exempt	183,491	0	0	0	0
Cash Funds	191,726	192,072	0	0	192,072
Cash Funds Exempt	28,468,437	1,723,386	78,511	34,098	1,757,484
Federal Funds	29,908,712	29,471,056	265,849	112,523	29,583,579
Supplemental #6 - Increased Funding for Non-Emergency Transportation Contract					
<i>Executive Director's Office</i>					
Non-Emergency Transportation Services	<u>5,577,485</u>	<u>5,068,722</u>	<u>1,957,862</u>	<u>1,957,862</u>	<u>7,026,584</u>
General Fund	2,788,743	2,534,361	978,931	978,931	3,513,292
Federal Funds	2,788,742	2,534,361	978,931	978,931	3,513,292

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Supplemental #7 -- Increase Funding for MMIS Contract					
<i>Executive Director's Office</i>					
MMIS Contract	<u>21,737,076</u>	<u>23,185,837</u>	<u>3,454,449</u>	<u>2,826,714</u>	<u>26,012,551</u>
General Fund	5,214,619	5,486,108	931,454	808,909	6,295,017
Cash Funds Exempt	435,293	629,859	36,272	0	629,859
Federal Funds	16,087,164	17,069,870	2,486,723	2,017,805	19,087,675
Supplemental #8 -- Increased Funding for Commercial Lease Space					
<i>Executive Director's Office</i>					
Personal Services	<u>13,785,054</u>	<u>15,362,691</u>	<u>120</u>	<u>120</u>	<u>15,362,811</u>
FTE	194.4	226.7	0.00	0.0	226.7
General Fund	6,280,279	6,493,748	60	60	6,493,808
General Fund Exempt	281	0	0	0	0
Cash Funds Exempt	507,578	506,203	0	0	506,203
Federal Funds	6,996,916	8,362,740	60	60	8,362,800
<i>Executive Director's Office</i>					
Operating Expenses	<u>978,207</u>	<u>1,020,609</u>	<u>214,856</u>	<u>214,856</u>	<u>1,235,465</u>
General Fund	446,865	493,252	107,428	107,428	600,680
General Fund Exempt	25,366	0	0	0	0
Cash Funds Exempt	14,076	14,393	0	0	14,393
Federal Funds	491,900	512,964	107,428	107,428	620,392

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
<i>Executive Director's Office</i>					
Commercial Lease Space	<u>33,228</u>	<u>44,560</u>	<u>115,672</u>	<u>115,672</u>	<u>160,232</u>
General Fund	1,561	19,255	57,836	57,836	77,091
Cash Funds Exempt	15,053	550	0	0	550
Federal Funds	16,614	24,755	57,836	57,836	82,591
Total for Supplemental #8	<u>14,796,489</u>	<u>16,427,860</u>	<u>330,648</u>	<u>330,648</u>	<u>16,758,508</u>
FTE	194.4	226.7	0.0	0.0	226.7
General Fund	6,728,705	7,006,255	165,324	165,324	7,171,579
General Fund Exempt	25,647	0	0	0	0
Cash Funds Exempt	536,707	521,146	0	0	521,146
Federal Funds	7,505,430	8,900,459	165,324	165,324	9,065,783
Supplemental #9 -- HIPAA National Provider Identifier Implementation					
<i>Executive Director's Office</i>					
HIPAA National Provider ID Assessment	<u>101,600</u>	<u>690,962</u>	<u>1,339,621</u>	<u>1,339,621</u>	<u>2,030,583</u>
General Fund	9,855	167,558	29,409	29,409	196,967
Cash Funds Exempt	1,067	7,255	14,066	14,066	21,321
Federal Funds	90,678	516,149	1,296,146	1,296,146	1,812,295
Supplemental #10 -- CBMS Costs for DRA 2005 Long-Term Care Impacts					
<i>DHS - Medicaid Funded Programs</i>					
CBMS	<u>9,127,862</u>	<u>7,599,713</u>	<u>35,404</u>	<u>35,404</u>	<u>7,635,117</u>
General Fund	4,365,127	3,501,300	16,586	18,521	3,519,821
General Fund Exempt	157,844	0	0	0	0
Cash Funds Exempt	272,159	572,931	2,118	183	573,114
Federal Funds	4,332,732	3,525,482	16,700	16,700	3,542,182

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Supplemental #11 -- Public School Health Services Federal Audit Compliance					
<i>Executive Director's Office</i>					
Personal Services	13,785,054	15,362,691	384,520	384,520	15,747,211
FTE	194.4	226.7	0.00	0.0	226.7
General Fund	6,280,279	6,493,748	0	0	6,493,748
General Fund Exempt	281	0	0	0	0
Cash Funds Exempt	507,578	506,203	0	0	506,203
Federal Funds	6,996,916	8,362,740	384,520	384,520	8,747,260
<i>Other Medical Services</i>					
Public School Health Services	18,646,352	31,535,961	(200,000)	(200,000)	31,335,961
Cash Funds Exempt	9,249,432	16,007,021	0	0	16,007,021
Federal Funds	9,396,920	15,528,940	(200,000)	(200,000)	15,328,940
Total for Supplemental #11	32,431,406	46,898,652	184,520	184,520	47,083,172
FTE	194.4	226.7	0.0	0.0	226.7
General Fund	6,280,279	6,493,748	0	0	6,493,748
General Fund Exempt	281	0	0	0	0
Cash Funds Exempt	9,757,010	16,513,224	0	0	16,513,224
Federal Funds	16,393,836	23,891,680	184,520	184,520	24,076,200
Supplemental #12 -- Change in Estimate for Tobacco Settlement Monies					
<i>Indigent Care Program</i>					
Comprehensive Primary and Preventive Grants	2,604,927	2,621,651	0	(220,525)	2,401,126
Cash Funds Exempt	2,604,927	2,621,651	0	(220,525)	2,401,126

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Supplemental #13 -- Rate Increases for Consumer Directed Attendant Support Waiver Service					
No changes to the Medical Services Premiums line item are recommended at this time. The cost of this supplemental recommendation can be absorbed within the existing appropriation. However, staff will calculate the increase for CDAS rate increases when making her final supplemental recommendation for the MSP line item in March 2007.					
Supplemental #14 -- Technical Changes to Letter Notes					
This supplemental recommendation does not change any appropriations in the current Long Bill.					
Previously Approved 1331 Supplemental - DD Processing Guidelines					
<i>DHS - Medicaid Funded Programs</i>					
Division Total	<u>429,711,475</u>	<u>404,911,178</u>	<u>(3,741,725)</u>	<u>(3,741,725)</u>	<u>397,427,728</u>
General Fund	202,571,252	188,511,419	(3,741,725)	(3,741,725)	184,769,694
General Fund Exempt	219,762	0	0	0	0
Cash Funds Exempt	9,165,181	14,187,619	0	0	14,187,619
Federal Funds	217,755,280	202,212,140	(3,741,725)	(3,741,725)	198,470,415
Previously Approved 1331 Supplemental - Cases Exceeding Guidelines					
<i>Exectuive Director's Office</i>					
Personal Services	<u>13,785,054</u>	<u>15,362,691</u>	<u>149,327</u>	<u>149,327</u>	<u>15,512,018</u>
FTE	194.4	226.7	4.00	4.0	230.7
General Fund	6,280,279	6,493,748	63,688	63,688	6,557,436
Cash Funds Exempt	507,578	506,203	0	0	506,203
Federal Funds	6,996,916	8,362,740	85,639	85,639	8,448,379

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
<i>Executive Director's Office</i>					
Operating Expenses	<u>978,207</u>	<u>1,020,609</u>	<u>15,500</u>	<u>15,500</u>	<u>1,036,109</u>
General Fund	446,865	493,252	6,611	6,611	499,863
General Fund Exempt	25,366	0	0	0	0
Cash Funds Exempt	14,076	14,393	0	0	14,393
Federal Funds	491,900	512,964	8,889	8,889	521,853
<i>Executive Director's Office</i>					
Commercial Lease Space	<u>33,228</u>	<u>49,510</u>	<u>8,580</u>	<u>8,580</u>	<u>58,090</u>
General Fund	1,561	19,255	3,659	3,659	22,914
Cash Funds Exempt	15,053	5,500	0	0	5,500
Federal Funds	16,614	24,755	4,921	4,921	29,676
Emergency Supplement #2 Total	<u>14,796,489</u>	<u>16,432,810</u>	<u>173,407</u>	<u>173,407</u>	<u>16,606,217</u>
FTE	194.4	226.7	4.0	4.0	230.7
General Fund	6,728,705	7,006,255	73,958	73,958	7,080,213
General Fund Exempt	25,647	0	0	0	0
Cash Funds Exempt	536,707	526,096	0	0	526,096
Federal Funds	7,505,430	8,900,459	99,449	99,449	8,999,908
Previously Approved 1331 Supplemental - DHS Division of Mental Health					
<i>DHS - Medicaid Funded Programs</i>					
Division Total	<u>429,711,475</u>	<u>404,911,178</u>	<u>(393,696)</u>	<u>(393,696)</u>	<u>404,517,482</u>
General Fund	202,571,252	188,511,419	0	0	188,511,419
General Fund Exempt	219,762	0	0	0	0
Cash Funds Exempt	9,165,181	14,187,619	(196,848)	(196,848)	13,990,771
Federal Funds	217,755,280	202,212,140	(196,848)	(196,848)	202,015,292

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Previously Approved 1331 Supplemental - DHS CMS and HCPF Required Change to DD Waiver					
<i>DHS - Medicaid Funded Programs</i>					
Division Total	429,711,475	404,911,178	(3,805,583)	(3,805,583)	401,105,595
General Fund	202,571,252	188,511,419	(1,902,792)	(1,902,792)	186,608,627
General Fund Exempt	219,762	0	0	0	0
Cash Funds Exempt	9,165,181	14,187,619	0	0	14,187,619
Federal Funds	217,755,280	202,212,140	(1,902,791)	(1,902,791)	200,309,349
Totals Excluding Common Policy and Non-Prioritized Request					
DEPARTMENT OF HEALTH CARE POLICY AND FINANCING					
TOTALS for ALL Departmental line items	2,605,962,548	2,769,364,922	(39,340,471)	(3,925,211)	2,765,439,711
FTE	<u>212.4</u>	<u>226.7</u>	<u>4.8</u>	<u>4.5</u>	<u>231.2</u>
General Fund	813,109,337	863,750,570	(16,271,886)	(2,642,682)	861,107,888
General Fund Exempt	261,370,860	256,616,036	0	0	256,616,036
Cash Funds	568,269	690,959	(38,256)	0	690,959
Cash Funds Exempt	284,012,166	311,481,797	(10,279,801)	(1,619,721)	309,862,076
Federal Funds	1,246,901,916	1,336,825,560	(12,750,528)	337,192	1,337,162,752
Statewide Supplementals and Non-Prioritized Requests					
(see narrative for more detail)	<u>N.A.</u>	<u>N.A.</u>	(929,074)	<u>Pending</u>	<u>N.A.</u>
General Fund			7,410,072	<u>Pending</u>	
Cash Funds Exempt			(7,740,479)	<u>Pending</u>	
Federal Funds			(598,667)	<u>Pending</u>	

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Totals Including Pending Items in Request					
DEPARTMENT OF HEALTH CARE POLICY AND FINANCING					
TOTALS for ALL Departmental line items	2,605,962,548	2,769,364,922	(40,269,545)	(3,925,211)	2,765,439,711
FTE	<u>212.4</u>	<u>226.7</u>	<u>4.8</u>	<u>4.5</u>	<u>231.2</u>
General Fund	813,109,337	863,750,570	(8,861,814)	(2,642,682)	861,107,888
General Fund Exempt	261,370,860	256,616,036	0	0	256,616,036
Cash Funds	568,269	690,959	(38,256)	0	690,959
Cash Funds Exempt	284,012,166	311,481,797	(18,020,280)	(1,619,721)	309,862,076
Federal Funds	1,246,901,916	1,336,825,560	(13,349,195)	337,192	1,337,162,752
DEPARTMENT OF HUMAN SERVICES -- AFFECTED NUMBER PAGES					
Supplemental # 4 -- Immigration Reform					
<i>Office of Information Technology</i>					
Colorado Benefits Management System (CBM)	<u>22,905,855</u>	<u>21,663,381</u>	<u>176,400</u>	<u>176,400</u>	<u>21,839,781</u>
FTE	36.0	35.1	0.0	0.0	35.1
General Fund	3,572,949	3,379,578	27,687	27,687	3,407,265
Cash Funds	1,814,249	1,727,966	14,156	14,156	1,742,122
Cash Funds Exempt	8,092,080	7,599,714	61,229	61,229	7,660,943
Federal Funds	9,426,577	8,956,123	73,328	73,328	9,029,451

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Supplemental # 5 - PERM Program					
<i>Office of Information Technology</i>					
Colorado Benefits Management System (CBM)	<u>22,905,855</u>	<u>21,663,381</u>	<u>83,600</u>	<u>83,600</u>	<u>21,746,981</u>
FTE	36.0	35.1	0.0	0.0	35.1
General Fund	3,572,949	3,379,578	13,121	13,121	3,392,699
Cash Funds	1,814,249	1,727,966	6,709	6,709	1,734,675
Cash Funds Exempt	8,092,080	7,599,714	29,018	29,018	7,628,732
Federal Funds	9,426,577	8,956,123	34,752	34,752	8,990,875
Supplemental # 10 - CBMS Changes Needed to Implement DRA 2005, Long Term Care Issues					
<i>Office of Information Technology</i>					
Colorado Benefits Management System (CBM)	<u>22,905,855</u>	<u>21,663,381</u>	<u>102,001</u>	<u>102,001</u>	<u>21,765,382</u>
FTE	36.0	35.1	0.0	0.0	35.1
General Fund	3,572,949	3,379,578	16,010	16,010	3,395,588
Cash Funds	1,814,249	1,727,966	8,186	8,186	1,736,152
Cash Funds Exempt	8,092,080	7,599,714	35,404	35,404	7,635,118
Federal Funds	9,426,577	8,956,123	42,401	42,401	8,998,524
DEPARTMENT OF EDUCATION -- AFFECTED NUMBER PAGES					
<i>Assistance to Public Schools</i>					
<i>{C} Grant Programs and Other Distributions</i>					
S.B. 97-101 Public School Health Services	<u>9,967,122</u>	<u>15,713,461</u>	<u>(15,528,941)</u>	<u>(15,528,941)</u>	<u>184,520</u>
FTE	1.4	1.4	0.0	0.0	1.4
Cash Funds Exempt	9,967,122	15,713,461	(15,528,941)	(15,528,941)	184,520

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Supplemental # 1 - Medical Services Premiums

	Request	Recommendation
Total	(<u>\$28,653,128</u>)	pending
General Fund	(13,524,276)	pending
Cash Funds	(38,256)	pending
Cash Funds Exempt	(1,673,643)	pending
Federal Funds	(13,416,953)	pending

*Staff does not recommend any supplemental change to be included in the supplemental bill at this time. However, staff has prepared an analysis for the Committee to use in context with other requested supplementals statewide.

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?	YES
[An emergency or act of God / a technical error in the appropriation / <u>new data</u> / an unforeseen contingency]	
Staff and the Department update the forecast for the Medical Services Premiums every year based on the most current data available. The new estimate for FY 2006-07 is used to help calculate the estimate for FY 2007-08.	

Department Request:

This supplemental request is for adjustments to the Medical Services Premiums line item based on current caseload growth and expenditure patterns for the fiscal year. On January 4, the Department submitted a supplemental that reflected the Department's budget request from November 1, 2006 minus the amount of new supplementals that the Department has requested in other program areas on January 4, 2007. This offset was at the request of the Governor's Budget Office (OSPB). The Department states in their request:

"At this time, based on recent caseload decline and the current FY 2006-07 appropriation to Medical Services Premiums, the Department believes that the Medical Services Premiums appropriation is over funded [however], the Department is not yet prepared to submit its final Medical Services Premiums FY 2006-07 Supplemental request..."

On January 19, 2007, the Department submitted an updated request which reflects a negative decrease of \$13.5 million to the General Fund. The January 19, 2007 request does not have any back-up schedules describing how this calculation was achieved. The Department will submit the back-up calculations and schedules on February 15, 2007. It has been the practice of the Joint Budget Committee to accept late supplementals for the Medical Services Premiums line item in order to use the most up to date information when setting the final number. Table 1 below shows the Department's estimate for the Medical Services Premiums line item in during the last three months.

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Table 1: Submitted Department Supplemental Requests During the Last Three Months for Medical Services Premiums				
	November 1, 2006 Estimate	January 4, 2007 Estimate	January 19, 2006 Estimate	Difference between January 19, 2007 and November 1, 2006
Total	<u>\$21,793,471</u>	<u>\$15,289,033</u>	<u>(\$28,653,128)</u>	<u>(\$50,446,599)</u>
General Fund	11,726,732	8,455,013	(13,524,276)	(25,251,008)
Cash Funds	(38,256)	(32,256)	(38,256)	0
Cash Funds Exempt	(1,706,643)	(1,673,643)	(1,673,643)	33,000
Federal Funds	11,811,638	8,539,919	(13,416,953)	(25,228,591)

Staff Recommendation:

Staff's recommendation on this supplemental is pending. On February 15, 2007, the Department will submit a revised caseload and utilization forecasts for the Medical Services Premiums (MSP) line item with supporting schedules and calculations. Typically, staff calculates the current year's supplemental for the MSP line item when working on figure setting for the next year. The MSP supplemental is then added as an "add-on" supplemental to the Long Bill. This process allows more up-to-date data to be used when estimating the final appropriation for the current year. Nevertheless, in order for the Committee to plan and make decisions for other supplementals that are being presented throughout state government, staff has prepared a "placeholder" recommendation.

Medicaid Caseload Forecast

As stated during staff's briefing, the budget for the Medical Services Premiums line item is calculated by first forecasting the average monthly enrollment for the Medicaid caseload. The current FY 2006-07 Medicaid caseload assumed an average monthly Medicaid caseload of 429,222. Of this amount, staff estimated that 404,047 clients would be traditional Medicaid caseloads that would receive their state match through the state General Fund and 25,175 clients would be in caseload categories that were eligible to receive their state match through the Health Care Expansion Fund (Amendment 35 tobacco tax revenues). Table 1 below shows assumptions for the current appropriation caseload estimates.

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Table 1: Medicaid Caseload Forecast By Funding Source -- Current FY 2006-07 Appropriation				
	Traditional Medicaid General Fund	Legal Immigrants Health Care Expansion Fund	Expansion Medicaid Health Care Expansion Fund	Total
SSI 65+	36,224	812	0	37,036
SSI 60-64	6,125	116	0	6,241
QMB/SLIMB	12,570	0	0	12,570
SSI Disabled	47,095	700	652	48,447
Low-Income Adults	59,336	676	3,115	63,127
Expansion Low-Income Adults	0	0	4,850	4,850
Baby-Care Adults	4,630	260	0	4,890
Breast & Cervical Cancer Program	156	0	67	223
Eligible Children	214,603	856	12,979	228,438
Foster Care Children	16,999	92	0	17,091
Non-Citizens	6,309	0	0	6,309
Total	404,047	3,512	21,663	429,222

At the time these estimates were calculated, the FY 2005-06 Medicaid caseload was forecasted at 399,710 total clients (this forecast included only traditional and legal immigrants only -- expansion populations were not added in FY 2005-06). Therefore the FY 2006-07 Medicaid caseload forecast of 429,222 total clients represented a growth rate of 7.4 percent over the prior year or a total of 29,512 new clients. However, the majority of the growth, 21,663 clients (73.4 percent of the projected growth) related to adding the expansion populations in FY 2006-07. If the expansion populations were excluded, the caseload forecast (includes both traditional and legal immigrants) for FY 2006-07 was for only an increase of 7,849 clients (an increase of only 1.96 percent).

Since the FY 2006-07 appropriation was recommended there have been several events have changed the assumptions for the caseload forecast. Some of these changes are detailed below.

- ✓ First, the actual FY 2005-06 overall caseload of 399,705 was almost exactly the same as the overall forecast of 399,710 clients (less than a 0.0013 percent difference). However, within the different aid categories there were forecasting errors that needed to be adjusted for when reforecasting the FY 2006-

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07 caseload (i.e. the FY 2005-06 forecast slightly overforecasted the SSI 65+, SSI 60-64, QMB/SLMB, SSI Disabled, Low-Income Adults, Breast and Cervical Cancer clients, and Foster Children, and slightly underforecasted Baby Care Adults, Children, and non-citizens).

✓ Second, during the first six months of FY 2006-07, there has been an overall declining caseload trend. This is despite the fact that the Medicaid asset test was removed and low-income adults were added up to 60 percent of the federal poverty level beginning in July 2006. Reasons why the caseload may actually be declining include the following:

- a) The economy is improving and Medicaid caseload across the nation are falling or stabilizing.
- b) Removing the asset test may not have as much of an impact on the caseload as originally assumed. At this time, staff is unsure what the exact impact from removing the asset test has been on the Medicaid caseload. As the Department stated in their hearing, the Department plans to estimate the caseload from removing the asset test based on an allocation methodology. *"The Department will analyze the results of asset information from the clients receiving services from Family Medical, Food Stamps, Colorado Works, or other Department of Human Services programs. The resulting percentage of clients in multiple programs who would not have qualified for Medicaid due to the asset test will be applied to the entire caseload of Medicaid children and families to estimate the caseload impact of removing the asset test."*

At this time, the Department has not submitted this analysis. Staff assumes that this analysis will be submitted by the Department with their February request. Until that time, staff is assuming the same caseload for the adult population as originally forecasted and is assuming a slightly lower children caseload than was originally forecasted. Staff is assuming the slightly lower children caseload based on impact that the asset test has had so far on the CBHP program and then extrapolating it to the Medicaid children caseload. ***This is a temporary analysis for the purpose of this placeholder recommendation only.*** These assumptions will be changed based on the outcome of the Department's analysis in February.

- c) It appears that the Expansion Adults (up to 60 percent FPL) may be drawing some of its caseload from individuals who were or would have been qualified in the Transitional Medicaid program (see page 30 of the Department's hearing responses -- answer to question 36).
- d) The caseload forecasts did not assume any impact from the passage of the Deficit Reduction Act of 2005 or H.B. 06S-1023. The added citizenship verification that is required by these two laws may be delaying the approval of new applications or redeterminations. Again, the extent that this may be happening is unknown.

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In October 2006, staff performed a new caseload forecast for the JBC Staff Director to be used in the five-year General Fund Overview. Based only on the first two months of data for the FY 2006-07, staff recommended a decrease in the overall forecast to 419,128 (compared to the current appropriated level of 429,222). This forecast was provided as Appendix D in the staff briefing in December 2006. When the Department submitted their November budget, the Department had also decreased their caseload forecast to 427,933. However, based on caseload data through December 2006, the caseload has shown a stronger and sustained overall declining trend. Therefore, for the purposes of establishing a **PLACEHOLDER** supplemental number until the March supplemental is finalized, staff is recommending the following caseload estimate found in Table 2. Again, this forecast is *preliminary* and is only a placeholder until the forecast is finalized in March 2007.

Table 2: Staff's FY 2006-07 SUPPLEMENTAL PLACEHOLDER Caseload Recommendation						
* -- Updated from Staff's October 2006 Forecast, all other categories remain the same as the October 2006 forecast	Traditional Medicaid	State Match Can Come from the Health Care Expansion Fund		Total Recommended January Forecast FY 06-07	Year to Date Through Dec 06	Current App. Caseload for FY 06-07
		Legal Immigrants	All Other Expansions			
SSI 65+	35,581	812	0	36,393	36,141	37,036
SSI 60-64	5,944	116	0	6,060	6,023	6,241
QMB/SLIMB	12,535	0	0	12,535	12,420	12,570
SSI Disabled	46,962	700	652	48,314	48,323	48,447
<i>Low-Income Adults*</i>	49,230	676	3,115	53,021	54,134	63,127
<i>Expansion Low-Income Adults*</i>	0	0	4,850	4,850	3,476	4,850
Baby-Care Adults	4,799	260	0	5,059	4,995	4,890
B & C Cancer Program	161	0	69	230	224	223
<i>Eligible Children*</i>	197,321	856	11,068	209,245	210,716	228,438
Foster Care Children	16,701	92	0	16,793	16,436	17,091
Non-Citizens*	5,950	0	0	5,950	5,833	6,309
Total	375,184	3,512	19,754	398,450	398,721	429,222

*Updated from October 2006 -- all other aid categories are from the October 2006 forecast.

Although, this is a preliminary Medicaid Caseload estimate that will be updated and finalized in March 2007, staff does not anticipate that there will be *major* changes to the *overall* forecast presented in this document

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with the exception of one issue. The estimate for how much caseload can be attributed to removing the asset test will be refined once staff has a chance to review the Department's final allocation plan. The Department will be submitting this plan in February 2007. *This could change the fund splits used for the staff forecast presented in this document if the Expansion Medicaid caseload is reduced and the Traditional Medicaid caseload is increased in the future.*

Cost-Per-Client Forecasts

The caseload forecast is just half of the Medicaid picture. The other half of the Medicaid forecast is the average cost- per-client estimate -- i.e. how many services are the clients using and what are the costs of those services? The Department will be updating these assumptions when they submit their February 15th budget revision. However, staff has prepared an initial estimate so that the Committee can plan and make decisions on other statewide supplemental issues. Staff will emphasize that these estimates are *very preliminary* -- this side of the forecast is much more difficult. Therefore, staff is basing most of this discussion on actual expenditures through December 2006.

The FY 2006-07 total fund appropriation for the MSP line item is \$2,111,287,559. Of this amount, \$2,095,676,691 was appropriated to provide actual care and medical services to Medicaid clients. This is the total amount appropriated for all acute care, community long-term care, institutional long-term care, and disease management for both the Traditional and Expansion Populations. The remaining \$15,610,868 represents that amount for bottom of the line refinancing and other costs not directly related to client services. The bottom of the line refinancing are mechanisms the State uses to save General Fund appropriations. For the most part, these mechanism relate to the Upper Payment Limit (UPL) financings and outstationing costs at Denver Health. This section of the analysis focuses on funding appropriated for the costs related to acute care, community long-term care, long-term care and certain client based administrative services only -- i.e. the \$2,095,676,691 appropriation. Table 3 breaks out the current appropriation by the costs assumed for the Traditional and Expansion Populations.

Table 3: Current Appropriation for Medical Services within the Medical Services Premiums Line Item				
	Traditional Medicaid*	Legal Immigrants	Amendment 35 Expansion Populations	Total
Acute Care Services	\$1,209,421,129	\$9,138,411	\$60,505,004	\$1,279,064,544
Community Care Services	197,504,612	544,484	966,380	199,015,476
Long-Term Care Services/Insurance/Admin.	611,105,298	1,913,622	9,376	613,028,296
Disease Management	4,568,375	0	0	4,568,375
Total	\$2,022,599,414	\$11,596,517	\$61,480,760	\$2,095,676,691

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Table 3: Current Appropriation for Medical Services within the Medical Services Premiums Line Item				
	Traditional Medicaid*	Legal Immigrants	Amendment 35 Expansion Populations	Total
General Fund	\$1,009,556,245	\$0	\$537,144	\$1,010,093,389
BCCTP Fund	311,835	0	0	311,835
Transfer from DPHE for BCCTP	0	0	533,573	533,573
Transfer from DPHE for Disease Management	1,970,388	0	0	1,970,388
Health Care Expansion Fund	2,098,741	6,216,752	29,440,989	37,756,482
Gifts, Grants and Donations	0	0	0	0
Autism Fund	626,750	0	0	626,750
Federal Funds	1,008,035,455	5,379,765	30,969,054	1,044,384,274
TOTAL FUNDS	\$2,022,599,413	\$11,596,517	\$61,480,760	\$2,095,676,691

*Includes the estimate for presumptive eligibility which was added as an expansion population/service under H.B. 05-1262 and for the purposes of this table, all of the disease management funding is included for the traditional population.

As stated earlier, since this appropriation was made it has become apparent that caseload will not grow as fast as was originally forecasted for the Traditional and possibly the Expansion populations. While the lower client forecast should decrease current estimated costs, the overall actual expenditure numbers are not showing as much of a decrease as would be expected. Staff believes that the main reason for this is that the original expenditure forecast under forecasted the costs for community and institutional long-term care. Therefore, the increased costs in these areas (whose caseloads are mainly in the stable elderly and disabled caseloads) are offsetting the lower than anticipated costs in acute care services which are driven more by caseload changes. Table 4 below shows staff's new estimates for costs compared to the original forecast.

Table 4: Staff's FY 2006-07 SUPPLEMENTAL PLACEHOLDER New Cost Estimates by Services Category -- TOTAL FUNDS			
Service Area	Current Appropriation	Placeholder Supplemental Forecast	Difference (Placeholder - Cur. App.)
Acute Care Services	\$1,279,064,544	\$1,214,268,238	(\$64,796,306)
Community Care Services	\$199,015,476	\$214,071,964	\$15,056,488
Long-Term Care Services/Insurance/Admin.	\$613,028,296	\$635,057,656	\$22,029,360

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Table 4: Staff's FY 2006-07 SUPPLEMENTAL PLACEHOLDER New Cost Estimates by Services Category -- TOTAL FUNDS			
Service Area	Current Appropriation	Placeholder Supplemental Forecast	Difference (Placeholder - Cur. App.)
Disease Management	\$4,568,375	\$2,598,166	(\$1,970,209)
TOTAL	\$2,095,676,691	\$2,065,996,024	(\$29,680,667)

As Table 4 above shows, staff is currently forecasting a total fund reversion of \$29,680,667. Through December 2006, the Medical Services Premiums line item has expended \$1,019,584,601 for client services. This represents 48.65 percent of the total current appropriation. Expenditures in the second half of the year typically run at least 0.5 to 1.0 percent higher than the first half of the year (this may not hold true if caseloads continue to fall). In addition, expenditures in the second half of the year may be slightly higher than the first six months because of rate increases that are anticipated to start in April 2007 for community-based long-term care service providers based on a rate increase that the JBC approved last year. As of December 2006, staff believes that the current appropriation is tracking fairly well with current expenditure history (staff's new estimate is only a change of 1.4 percent to the current appropriation).

Table 5, shows staff's preliminary fund splits based on the analysis contained in Table 4.

Table 5: Staff's FY 2006-07 SUPPLEMENTAL PLACEHOLDER New Cost Estimates by Fund Source -- Medical Services Only Does Not Include Bottom of the Line Financing			
	Current Appropriation	Placeholder Supplemental Forecast	Difference (Placeholder - Cur. App.)
General Fund	\$1,010,093,389	\$998,263,381	(\$11,830,008)
BCCTP Fund	311,835	246,531	(65,304)
Transfer from DPHE for BCCTP	533,573	422,625	(110,948)
Transfer from DPHE for Disease Management	1,970,388	985,194	(985,194)
Health Care Expansion Fund	37,756,482	36,341,340	(1,415,142)
Autism Fund	626,750	626,750	0
Federal Funds	1,044,384,274	1,029,110,203	(15,274,071)
Total	\$2,095,676,691	\$2,065,996,024	(\$29,680,667)

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As table 5 shows, of the \$29,680,667 reversion that staff is currently anticipating only \$11,830,008 is from the General Fund. This amount of reversion from the General Fund is a 1.2 percent of the current appropriation. **For the purposes of planning, staff recommends that the Committee assume that there will be a negative \$11.8 million General Fund supplemental in the Medical Services Premiums line item this year. This recommendation is \$1.7 million higher than the Executive's current supplemental request that was submitted on January 19th. Please remember staff's forecast right now is optimistic with the asset test caseload forecast assumed to be fairly accurate -- lowering this forecast could create additional General Fund costs and would cause higher Health Care Expansion Fund reversions. Again, this forecast will be refined and finalized in March.**

Supplemental # 2 -Request for FY 2006-07 Medicaid Community Mental Health Programs

	Request	Recommendation
Total	(\$9,968,070)	<u>\$0</u>
General Fund	(422,338)	pending
Cash Funds	0	pending
Cash Funds Exempt	(9,105,037)	pending
Federal Funds	(440,695)	pending

<p>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? YES [An emergency or act of God / a technical error in the appropriation / <u>new data</u> / an unforeseen contingency]</p> <p>Staff and the Department update the forecast for the Medicaid Community Mental Health Programs every year based on the most current data available. The new estimate for FY 2006-07 is used to help calculate the estimate for FY 2007-08.</p>

Department Request:

This supplemental request is for adjustments to the Medicaid Community Mental Health line items based on current caseload growth data for the fiscal year. The Department's supplemental request reflects the amounts that were submitted in the Department's November 15, 2005 budget. However, the Department's request does not represent the Department's final supplemental request for these line items. The Department will update their supplemental request when they submit their final budget requests for the Medicaid caseload in February 15, 2007. It has been the practice of the Joint Budget Committee to accept late supplementals for the Medicaid Community Mental Health line item in order to use the most up to date information when setting the final appropriations.

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Staff Recommendation:

Staff's recommendation on this supplemental is pending. On February 15, 2007, the Department will submit a revised caseload estimate for the Medicaid population. Typically, staff calculates the final Medicaid Community Mental Health line items after the final caseload forecasts are made. Because the Medicaid Community Mental Health Community Programs, Mental Health Capitation payments are a full-risk managed care contract, staff anticipates that the change in caseload estimates will drive a higher negative General Fund supplemental for this line item. However, staff will not make a final recommendation on this amount until figure setting. During figure setting, Amanda Bickel will present on these line items.

Supplemental # 3 - Children's Basic Health Plan Program

	Request	Recommendation
Total	\$0	(\$1,764,201)
General Fund	pending	0
Cash Funds	pending	0
Cash Funds Exempt	pending	(1,764,201)
Federal Funds	pending	0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?	YES
[An emergency or act of God / a technical error in the appropriation / <u>new data</u> / an unforeseen contingency]	
This request be based on current up-to-date data on the caseload figures for the Children's Basic Health Plan. In addition, the supplemental will address the decline in Tobacco Settlement monies that was unknown at the time the original appropriation was set.	

Department Request:

In December 2006, the Department contacted staff to ask permission to submit a late supplemental on the Children's Basic Health Plan program line items at the same time the Department submits the Medical Services Premiums line item supplemental. It has not been the practice in the past the Department to submit a late supplemental for these line items. However, because the CBHP caseload is impacted by the removal of the asset test in the Medicaid program, staff agreed to a late supplemental for these line items in order to give the Department more time to analyze the asset test data and to present an allocation plan.

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Staff Recommendation:

Staff's recommendation on this issue is pending the Department's request except for an adjustment to the amount of Tobacco Settlement monies that are appropriated to the CBHP Trust Fund. For FY 2006-07, the current appropriations assumed that \$20,973,924 in Tobacco Settlement monies would be deposited into the CBHP Trust Fund. However, shortly after the appropriation was set, it came to the State's attention that two of the four tobacco companies were disputing their contribution payments. These two tobacco companies have placed a portion of their payments into escrow accounts until this dispute can be arbitrated. Because of this dispute, the total amount of funding available to the CBHP Trust Fund from the Tobacco Settlement monies was reduced by \$1,764,201 to a total of \$19,209,723. In addition, the Department has revised their FY 2006-07 expenditure estimates upward based on current caseload and cost forecasts. Based on the Department's November 2006 Budget Request, the General Assembly would need to appropriate \$1,473,078 General Fund in FY 2006-07 in order to meet the CBHP expenditure needs.

Table 1: CBHP Trust Fund Anticipated Revenues and Expenditure Needs -- Based on Department November 1, 2006 Request				
	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Dept. Estimate	FY 2007-08 Dept. Request
Beginning Balance	\$5,389,901	\$9,025,270	\$4,411,882	\$0
General App.	3,296,346	2,000,000	1,473,078	4,481,968
Transfer by State Controller	0	900,000	0	0
Tobacco Settlement App./1	20,629,548	20,927,529	19,248,927	21,465,077
Other Revenue	867,420	990,140	785,245	852,325
Federal Match Earnings	<u>40,591,093</u>	<u>41,801,325</u>	<u>46,430,785</u>	<u>48,071,835</u>
SUBTOTAL REVENUE	\$70,774,308	\$75,644,264	\$72,349,917	\$74,871,205
State Match for Traditional Caseload	\$20,723,603	\$20,944,551	\$25,041,079	\$25,895,466
Federal Match for Traditional Caseload	40,591,093	41,801,325	46,430,785	48,071,835
Other Trust Fund Expenditures	434,342	386,506	878,053	903,904
SB 05-211 Transfer	<u>0</u>	<u>8,100,000</u>	<u>0</u>	<u>0</u>
SUBTOTAL EXPENDITURES	\$61,749,038	\$71,232,382	\$72,349,917	\$74,871,205
REMAINING BALANCE	\$9,025,270	\$4,411,882	\$0	\$0

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The Department will be submitting updated expenditure and caseload estimates on February 15, 2007 as an official supplemental request. If it appears that an additional General Fund appropriation will be needed, staff will present options on how to fund this supplemental. The JBC has voted to carry legislation that would deposit an additional \$8.1 million from the Tobacco Settlement monies into the CBHP Trust Fund in FY 2006-07. This legislation would be more than enough to fund the CBHP Trust Fund General Fund deficit in FY 2006-07 and the carryforward balance would be used to offset some or all of the General Fund need for FY 2007-08 (which will probably be larger than the amount shown in table 1 above once the Department adjusts for the new Legislative Counsel tobacco tax settlement payment forecast).

According to the Legislative Counsel tobacco tax forecast, the FY 2006-07 Tobacco Settlement monies actually available are \$19,209,723. This is slightly lower than Department FY 2006-07 estimate of \$19,248,927 shown in Table 1 above. This would increase the General Fund need from the \$1,473,078 shown in table 1 above to \$1,512,282 in order to maintain a zero balance in the CBHP Trust Fund. In addition, for FY 2007-08 the Legislative Counsel Staff's Tobacco Settlement forecast shows that the statutory minimum of \$17.5 million for the CBHP Trust Fund will need to be invoked. If this forecast holds true, then the amount of General Fund needed for the CBHP Trust Fund in FY 2007-08 would increase from the \$4,481,968 shown in Table 1 to \$8,447,045. Therefore, based on the Department's November caseload and expenditure estimates, even the \$8.1 million transfer to the CBHP Trust Fund in the proposed JBC bill will not eliminate the need for an additional General Fund appropriation into the CBHP Trust Fund for FY 2007-08.

Proposed JBC Bill Transfer in FY 2006-07	\$8,100,000
Estimated Shortfall in FY 2006-07	
with Legislative Counsel Staff Forecast est.	<u>(1,512,282)</u>
Remaining Balance to Be Used in FY 2007-08	\$6,587,718
Estimated Shortfall in FY 2007-08	
with December Legislative Counsel Staff Forecast	<u>(8,447,045)</u>
 Possible General Fund Appropriation Need in FY 2007-08	 \$1,859,327

At this time, staff does not recommend any changes to the CBHP program line items until staff has a chance to analyze the Department's February 15, 2007 supplemental request. However, staff does recommend a reduction of \$1,764,201 to the Tobacco Settlement monies that are appropriated to the CBHP Trust Fund in order to correct the appropriation to the amount that was actually received by the State from the tobacco companies.

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Supplemental # 4 - Immigration Reform (Deficit Reduction Act of 2005 & H.B. 06S-1023)

	Request	Recommendation
Total	\$2,941,474	\$2,661,017
FTE	<u>0.75</u>	<u>0.5</u>
General Fund	921,872	842,288
Cash Funds Exempt --Children's Basic Health Plan Trust Fund	9,117	9,117
Cash Funds Exempt - Health Care Expansion Fund	804	804
Cash Funds Exempt - Local County Share	554,590	501,401
Cash Funds Exempt -- Old Age Pension Fund	249	249
Federal Funds	1,454,842	1,307,158

Impact to Department of Human Services -- CBMS Costs

	Request	Recommendation
Total	\$176,400	\$176,400
General Fund	27,687	27,687
Cash Funds	14,156	14,156
Cash Funds Exempt - Transfer from HCPF	61,229	61,229
Federal Funds	73,328	73,328

*Cash Funds is from the Old Age Pension Fund.

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God / a technical error in the appropriation / <u>new data</u> / <u>an unforeseen contingency</u>]	YES
Final rules for the Deficit Reduction Act of 2005 were not adopted by the federal government until after the 2006 Session ended. In addition, the General Assembly passed H.B. 06S-1023 which did not include an appropriation clause in order to implement the provisions of the bill. Both of these events were not included in the original appropriation.	

Department Request:

This Department supplemental request represents the amount of funding that the Department estimates is needed to implement two immigration laws that became effective in 2006: (1) Section 6036 of the federal Deficit Reduction Act of 2005, and (2) H.B. 06S-1023.

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Staff Recommendation:

Staff recommends the Department's request with a few assumption differences described in the detail below. Staff also recommends that \$818,687 of the \$869,975 of the total General Fund recommendation (both Departments) be exempted under the 6.0 percent appropriation limit pursuant to Section 24-75-201.1 (1) (a) (III) (A).

"(III) The limitation on the level of state general fund appropriations set forth in subparagraph (II) of this paragraph (a) shall not apply to:

(A) Any state general fund appropriation which, as a result of any requirement of federal law, is made for any new program or service or for any increase in the level of service for an existing program beyond the exiting level of service." {emphasis added}

Staff has discussed this recommendation with the Legislative Legal Services Staff. The Legislative Legal Services Staff is writing a formal opinion on this issue that should be submitted to the Committee before the final drafts of the supplemental bills are complete (estimated deadline is last week of January).

Background and Analysis

There are currently three immigration reform laws that impact an individual seeking medical services through HCPF:

- ✓ ***PRWORA:*** In 1996, Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, P.L. 104-193. In this Act, Congress prohibited granting Medicaid eligibility for any non-citizens who can not confirm their lawful presence in the United States and also barred Medicaid coverage for certain legal immigrants until they had been in this country for over five years (although some mandatory legal immigrants, such as refugees, can receive Medicaid coverage before the five year requirement is met). Under PRWORA, only non-citizens are required to confirm their lawful immigration status. In addition, PRWORA requires the Department to verify an individual's legal immigration status through the Systematic Alien Verification of Entitlement (SAVE) program.
- ✓ ***Deficit Reduction Act of 2005:*** In February 2006, the President signed the Deficit Reduction Act of 2005 which prohibits States from receiving Title XIX federal matching monies for any services (except for emergency services) provided to individuals who have not provided sufficient documentation to verify their citizenship or legal immigrant status. However, the Deficit Reduction Act did exempt certain individuals from this requirement: (1) Dual Eligible clients (eligible for both Medicare and Medicaid), (2) SSI eligible individuals, and (3) another clients specified by the U.S. Secretary of Health and Human Services through rule. The Deficit Reduction Act applies these

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requirements only to the Medicaid program, the Children's Basic Health Plan (which Title XXI of the Social Security Act) was not impacted. States had to begin enforcing this law on July 1, 2006.

- ✓ **H.B. 06S-1023:** This law provides that all persons 18 years and older must verify their lawful presence in the United States before receiving public benefits. Exception to this requirement include: (1) purposes that do not require lawful presence as a matter of law, ordinance, or rule; (2) emergency health care services not related to organ transplant; (3) short-term, noncash, in-kind emergency disaster relief; (4) public health assistance fo immunizations; (5) crisis counseling and intervention for food and shelter programs; and (5) prenatal care. House Bill 06S-1023 became effective on August 1, 2006.

While H.B. 06S-1023 exempted children from the requirements, the Federal Deficit Reduction Act did not. In addition, while the Federal Deficit Reduction Act did not apply to the Children's Basic Health Plan, H.B. 06S-1023 does for any client over the age of 18 years.

Based on the new legal presence verification requirements, the Department and counties have additional responsibilities and costs related to the implementation of these new laws. The Department began complying with these laws on their effective dates by issuing new policies and procedures to staff, counties, and medical assistance sites. The Department has also developed temporary procedures for inputting data into the CBMS case comment fields regarding the date and type of documents presented to verify citizenship. This was a temporary solution until the formal CBMS edit changes can be made. In addition, the counties have had the extra expenses related to the increase in time needed to collect, store, and note in CBMS the documentation that was presented to establish lawful presence. Lastly, any savings from these acts (i.e. identifying individuals ineligible for service) are anticipated to be minimal. Any changes to the Medicaid and CBHP caseload will be noted in late supplementals that are being submitted on February 15, 2007. Therefore, this supplemental recommendation reflects only the administrative costs involved in implementing these acts.

The following table shows the costs that the Department has identified compared to staff's recommendation.

Table 1: Estimated Total Fund Costs for Implementing Immigration Reform			
Issue	Department Request	Staff Rec.	Comments
0.25 FTE -- Program Coordinator	\$17,974	\$17,974	Staff recommends the Department's request for 1.0 FTE (hired for four months in FY 2006-07) to provide customer service support for counties, medical assistance sites, applicants, and clients and to oversee system changes and Department directives regarding the implementation of the law. Staff recommends that this cost be exempted from the 6.0 percent limit as an increase in service due to a federal requirement.

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Table 1: Estimated Total Fund Costs for Implementing Immigration Reform			
Issue	Department Request	Staff Rec.	Comments
0.25 FTE -- Program Auditor	\$15,363	\$0	Staff does not recommend the Department's request for 1.0 FTE (hired for four months in FY 2006-07) to audit county compliance with the law. Staff believes that the funding for this position can be delayed until FY 2007-08 and will address this issue during figure setting.
0.25 FTE -- SAVE Coordinator	\$13,714	\$13,714	Staff recommends the Department's request for an additional 1.0 FTE (hired for four months in FY 2006-07) to aid the health care providers that will need to access the SAVE program in order to verify legal presence for the Colorado Indigent Care Program, Comprehensive Primary Preventive Care Fund, and for county assistance for the CBHP and OAP programs. Staff does not recommend that this cost be exempted from the 6.0 percent limit as this cost applies mainly to the implementation of H.B. 06S-1023.
MMIS Changes	\$1,020	\$1,020	This costs relates to cost associated with revising the application forms for health care providers who applied as sole proprietors. H.B. S06-1023 requires that contractors also prove their legal presence. Therefore, these forms had to be revised. Staff does not recommend that this cost be exempted from the 6.0 percent limit as this costs applies mainly to the implementation of H.B. 06S-1023.
Web Portal Maintenance	\$1,900	\$1,900	This cost relates to programming changes to the Department's website to allow providers to access the SAVE program. Staff does not recommend that this cost be exempted from the 6.0 percent limit as this cost applies mainly to the implementation of H.B. 06S-1023.
Medical Service Premiums	\$8,268	\$0	Currently the Department verifies citizenship for Medicaid applications using the SAVE program under the provisions of PRWORA. However, H.B. 06S-1023 requires SAVE checks for additional programs. Charges for the SAVE program are \$0.26 for first verification and \$0.48 for second verifications. Funding for the SAVE verifications are currently contained within the Medical Services Premiums line item. Because staff currently forecasts that this line item is over-funded, staff believes that the additional costs that the Department has identified can be absorbed within the current appropriation. Therefore, staff does not recommend the Department's request. Future appropriations can be adjusted as necessary for this cost.

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Table 1: Estimated Total Fund Costs for Implementing Immigration Reform			
Issue	Department Request	Staff Rec.	Comments
County Administration	\$2,808,505	\$2,542,562	The majority of the costs for Immigration Reform are at the county and medical assistance sites. These entities are responsible for determining eligibility by accepting and processing client applications. When the DRA of 2005 passed, the federal government estimated that it would take 5 minutes longer to process Medicaid applications. This is an increase of 10.55% to the current estimated time to process a Medicaid application. The Department estimates that the counties, CBHP administrator and medical assistance sites will process a total of 686,829 applications that will be impacted by the DRA 2005 and another 18,451 applications that will be impacted by H.B. 06S-1023. The additional time to verify the applications is estimated at \$4.01. The Department has calculated the associated costs for the added time at \$2.8 million. The Department's request is based on the Department's caseload forecast of 427,933 clients from their November 1, 2006 budget request. As stated in supplemental issue #1, staff has lowered her Medicaid caseload forecast to 398,450 clients -- which is 29,483 clients lower than the Department's estimate used to develop this request. Using the application to caseload ratios that the Department has developed for their request for the low-income adults, baby care adults, low-income children, staff assumes that only 620,509 applications will be impacted by the DRA 2005 and another 18,451 will be impacted (same as Department's estimate) by H.B. 06S-1023. Staff recommends that a total General Fund impact of \$746,472 be exempted from the 6.0 percent limit as an increase to a current service required by federal law. Even if H.B. 06S-1023 had not passed, staff believes that this General Fund impact would have applied because of the passage of DRA 2005.
CBHP Trust Fund	\$0	\$9,117	The Department has identified \$9,117 in funds that should be paid from the CBHP Trust Fund. According to staff current estimates, the CBHP Trust Fund will have a deficit unless supplemental funding is added to the Fund. Therefore, in order to fund some of this request from the CBHP Trust Fund, staff recommends a corresponding increase of \$9,117 from the General Fund into the CBHP Trust Fund. Staff does not recommend that this funding be exempted from the 6.0 percent limit as this cost applies to the passage of H.B. 06S-1023.
CBHP Administration Costs	\$13,501	\$13,501	Some of the CBHP applications are processed by the Department's administrator contractor ACS rather than through the counties. This funding represents the Department's estimate of costs associated with the extra time to process applications. Staff recommends the Department's request. Because these costs relate to the implementation of H.B. 06S-1023, staff does not recommend that these costs be exempted from the 6.0 percent limit.

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Table 1: Estimated Total Fund Costs for Implementing Immigration Reform			
Issue	Department Request	Staff Rec.	Comments
CBMS Costs - - HCPF Appropriation	\$61,229	\$61,229	The Department estimates that a total cost of \$176,400 for system changes to the CBMS system to implement the DRA 2005 and H.B. 06S-1023. The CBMS funding calculator attributes \$61,229 of these costs to HCPF. Staff recommends the Department request. Staff also recommends that the General Fund portion of these costs be exempted from the 6.0 percent limit as an increase in federal services required by federal law.
TOTAL HCPF Costs	\$2,941,474	\$2,661,017	Staff recommends that a total of \$791,000 of the General Fund Recommendation be exempted from the 6.0 percent limit on appropriations pursuant to Section 24-75-201.1 (1) (a) (III) (A).
General Fund*	\$921,872	\$842,288	The General Fund that is recommended to be exempted is as follows:
CBHP Trust Fund	\$9,117	\$9,117	Personal Services: \$12,622 Operating Expenses 3,222
Health Care Expansion Fund	\$804	\$804	County Administration 746,472 DHS CBMS Line Item <u>28,684</u>
OAP Fund	\$249	\$249	Total GF Exempt from 6%: \$791,000
County Funds	\$554,590	\$501,401	
Federal Funds	\$1,454,842	\$1,307,158	

In addition to the costs in the HCPF budget, there will also be additional costs in the Department of Human Services because the funding splits for the total CBMS costs are appropriated based on the CBMS calculator. The federal government has approved a funding split for all CBMS costs between the Department of Health Care Policy and the Department of Human Services programs. Therefore, all CBMS changes that the Department of Health Care Policy and Financing is requesting is being run through this federally approved cost allocation plan. Table 2 below shows the additional costs that must be appropriated if the Committee approves the CBMS costs indicated in Table 1 above.

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Table 2: Department of Human Services Costs -- Staff Recommendation					
	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	Total Funds
CBMS Costs	\$27,687	\$14,156	\$61,229	\$73,328	\$176,400

The cash funds appropriation is from the Old Age Pension Fund and the Cash Fund Exempt appropriation is the transfer of Medicaid funds from the Department of Health Care Policy and Financing that is shown in Table 1.

Staff also recommends that the \$27,687 General Fund appropriation for the Department of Human Services Costs be exempted from the 6.0 percent appropriation limit pursuant to Section 24-75-201.1 (1) (a) (III) (A).

Supplemental # 5 - Revised Federal Rule for Payment Error Rate Measurement Program

	Request	Recommendation
Total	\$546,041	\$233,052
FTE	0.1	0.0
General Fund	201,711	86,431
Cash Funds Exempt -- Children's Basic Trust Fund	78,481	34,098
Federal Funds	265,849	112,523

Impact to Department of Human Services -- CBMS Costs

	Request	Recommendation
Total	\$83,600	\$83,600
General Fund	13,121	13,121
Cash Funds	6,709	6,709
Cash Funds Exempt - Transfer from HCPF	29,018	29,018
Federal Funds	34,752	34,752

*Cash Funds is from the Old Age Pension Fund.

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Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?	YES
[An emergency or act of God / a technical error in the appropriation / <u>new data</u> / an unforeseen contingency]	

The final rule for the Payment Error Rate Measurement Program was not finalized until August 28, 2006 by the Centers of Medicare and Medicaid Services. Based on the new information in the final rule, the Department has submitted a revised estimate for the PERM project.

Department Request: The Department request \$546,041 total funds in FY 2006-07 to implement the August 28, 2006 final interim rule by the Centers for Medicare and Medicaid Services (CMS) to implement the Payment Error Rate Measurement (PERM) program. The final interim rule by CMS requires the Department to conduct eligibility reviews to measure possible overpayments. This final rule was different from last year's rule that only required to Department to assist CMS contractors with claims review. Because of the added responsibility in the new rule, the Department has revised their PERM estimates and request additional funds for FY 2006-07. The Department also estimates an additional total funds cost of \$1,467,412 for FY 2007-08.

Staff Recommendation: Staff recommends the Department's request with changes to assumptions for the PERM contractor costs.

Background and Analysis

The Improper Payments Information Act of 2002 (IPIA), Public Law 107-300, was enacted on November 26, 2002 and requires federal agencies to annually review programs that may have a potential for significant erroneous payments. The Medicaid and Children's Basic Health Plan programs have been identified by the federal government as programs at risk for significant erroneous payments. Through the Payment Accuracy Measurement (PAM) and Payment Error Rate Measurement (PERM) pilot projects that CMS operated in FFY 2002 through 2005, CMS developed a claims-based review methodology designed to estimate State-specific payment error rate for all adjudicated claims within 3 percent of the true population error rate with 95 percent confidence. During this phase, Colorado participated in the pilot program with a federal grant covering the administration costs for sampling.

In August 2004, CMS issued their first rules for the PERM program. Initially, CMS was going to require all states to annually estimate improper payments in their Medicaid and CBHP programs. The rules were to require the states to measure improper payments in their fee-for-service programs, managed care, and eligibility reviews. Based on this rule, the JBC initially approved 1.0 FTE and \$1,230,549 in FY 2005-06 for the administrative costs for the PERM project. However, the JBC offset some of these administrative costs with assumed savings of \$796,710 from the Medical Services Premiums line item.

In October 2005, CMS revised their initial approach for the PERM program. Rather than having every state sampled each year, CMS decided that states would be reviewed every three years (Colorado was selected for review in FFY 2007). In addition, federal contractors would conduct the review on claim payments. However, the federal rule invited further public comment from the states on how to conduct the eligibility

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reviews. Based on this interim rule, the JBC removed the \$1,230,549 and 1.0 FTE in administrative funding from the Department's FY 2005-06 appropriation since the Department would not be selected to participate in the PERM project in FFY 2006 but would be delayed until FFY 2007. However, during figure setting the JBC approved funding of \$45,721 and 0.75 FTE in FY 2006-07 to provide administrative support for the federal contractors.

In August 2006, CMS revised the rules for the PERM project once again. Under the new rules, CMS clarified their procedures for estimating the error rates for the FFS and managed care program claims. However, CMS also made the states responsible again for conducting the eligibility reviews under PERM. Because Colorado is selected for FFY 2007, Colorado must perform the eligibility review samples from January through September 2007. However, the final error rate analysis and report is not due to the federal contractor until July 2008. Therefore, while the Department will need to be identifying the case files to include in the sampling beginning in January, the actual review of the cases may not occur until later. The Department's implementation plan assumes that a contractor is selected by March 2007 to begin the review.

According to information from CMS, CMS believes that most states will need to sample 504 active cases in the Medicaid and CBHP program and another 204 inactive cases in the Medicaid and CBHP program. Therefore, the total number of cases that Colorado will have to review will be approximately 1,416. Table 1 below compares the Department's estimated costs with staff's recommendation

Table 1: Estimated Total Fund Costs for Implementing PERM Eligibility Reviews			
Issue	Department Request	Staff Rec.	Comments
Program Coordinator (0.25) FTE	(\$14,989)	(\$14,989)	The currently appropriation funds .75 FTE to coordinate the PERM project. The original appropriation assumed that this person would be hired by October 2006. However, the Department delayed hiring this person until January. Therefore, the Department requested that their current appropriation be reduced by .25 FTE and \$14,989 in funding. Staff recommends the Department's request.
Eligibility Review Contract Monitor 0.33 FTE	\$22,792	\$0	The Department requests 1.0 FTE to monitor the eligibility review contract. The Department plans to hire this FTE in March 2006; therefore, only .33 FTE and \$22,792 in funding is requested for FY 2006-07. Staff does not recommend this request. Staff believes that the resources already funded in FY 2006-07 (the FTE position above) can assume the duties of assisting the federal contractor with the claims review and the state contractor with the eligibility reviews.
MMIS System Changes	\$37,800	\$37,800	Staff recommends the Department's request for coding changes for the MMIS system in order to allow for a random sample feature, strata and inclusion/exclusion criteria, and testing of the changes.

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Table 1: Estimated Total Fund Costs for Implementing PERM Eligibility Reviews

Issue	Department Request	Staff Rec.	Comments
PERM Eligibility Contract	\$392,940	\$147,126	<p>The Department assumes that the contractor cost for the PERM Eligibility Contract will total \$1,571,760. The Department estimates that \$392,940 will be spent in FY 2006-07 and \$1,178,820 in FY 2007-08. The Department assumes that it will cost \$1,110 to review each of the 1,416 cases that will be selected for the audit.</p> <p>Staff recommends the Department's request for funding but not at the amount the Department requested. The Department's request of \$1,110 per case is 26.4 times the Department's cost estimate for the counties to determine eligibility (in supplemental #4, the Department estimates it costs the counties \$42.03 per application). While the PERM review will have other costs associated with it that the counties do not (i.e. such as determining the medical costs associated with any erroneously determined eligible), it does not seem reasonable that the contractor would need \$1,110 for each case. The Department's request indicates that 6.5 hours will be needed per case for a total of 9,204 contract hours. Therefore, the Department estimates a contract rate of approximately \$170.77 per hour. The Department states that their estimate is based on information from a contractor with experience acquiring and reviewing Colorado Medicaid eligibility files, and analyzing data reports from the CBMS System for the 2005 PERM pilot project.</p> <p>On the other hand, CMS estimated that the states would have the following costs for the eligibility reviews: (1) 1,000 hours for States to develop and submit sampling plans @ \$40.39/ hour; (2) 1,200 hours for States to submit monthly sample lists detailing the cases selected for reviews @ \$40.39/hour; (3) up to 1,000 hour for States to submit corrective plans @ \$40.39/hour; and (4) 9,980 hours for the eligibility reviews @ \$40.39/hour. Therefore, the total cost that CMS estimated for states for the eligibility reviews is \$532,340. The total cost per case is \$375.95. An earlier rule from CMS in 2004 had indicated \$570 per case (this was when the rule seemed to indicate the states would conduct both the claims and eligibility reviews).</p> <p>Staff believes that the new CMS rule may be slightly underestimated due to the new citizenship verification. Therefore, staff would increase the allowable cost estimated by CMS by 10.55 percent -- this is the amount of staff recommended to inflate the county administration costs for legal status verification. Therefore, staff recommends a total of \$588,501 for the PERM Contract. Of this amount, staff recommends 25 percent of the contract costs for FY 2006-07 and 75 percent of the contract costs for FY 2007-08.</p>

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Table 1: Estimated Total Fund Costs for Implementing PERM Eligibility Reviews			
Issue	Department Request	Staff Rec.	Comments
CBHP Trust Fund	\$78,481	\$34,098	The Department requests a General Fund appropriation into the CBHP Trust Fund so that the fund does not run a deficit because of the added expenses required for the CBHP program for the PERM project. Staff recommends the Department's request but with staff's estimate of the CBHP costs.
CBMS System Changes	\$29,017	\$29,017	The Department estimates a total cost of \$83,000 for the CBMS system changes needed flag case files in the Active Case Universe or the Negative Case Universe according the PERM audit requirements. The Department estimates the costs to the HCPF budget through the CBMS calculator. Therefore, only \$29,107 of the CBMS costs are request as a direct appropriation to HCPF and the full \$83,000 is requested in the DHS budget (of the \$83,000, \$29,107 is a CFE transfer from HCPF). Staff recommends the Department's request. Although the Department has implemented a temporary solution until the system changes can be made, staff believes that a permanent solution is needed because the state will participate in PERM reviews every three years.
Total Costs	\$546,041	\$233,052	

In addition to the costs in the Department of Health Care Policy and Financing, there are also costs in the Department of Human Services related to Colorado Benefits Management System. Staff recommends the following appropriation adjustment to the Department of Human Services.

Table 2: Department of Human Services Costs -- Staff Recommendation					
	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	Total Funds
CBMS Costs	\$13,121	\$6,709	\$29,018	\$34,752	\$83,600

The cash funds appropriation is from the Old Age Pension Fund and the Cash Fund Exempt appropriation is the transfer of Medicaid funds from the Department of Health Care Policy and Financing that is shown in Table 1.

6.0 Percent Appropriation Limit

Staff has discussed this supplemental request with staff from Legislative Legal Services. Because the federal rules require that the state conduct the eligibility review for the PERM project, Legal Services staff believes that a legal argument could be made to exempt this appropriation from the 6.0 percent limit on General Fund mandates pursuant to Section 24-75-201.1 (1) (a) (III) (A).

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"(III) The limitation on the level of state general fund appropriations set forth in subparagraph (II) of this paragraph (a) shall not apply to:

*(A) Any state general fund appropriation which, as a result of any requirement of federal law, is made for any **new program** or service or for any increase in the level of service for an existing program beyond the exiting level of service." {emphasis added}*

Therefore, staff recommends that the JBC vote to exempt this supplemental appropriation from the 6.0 percent appropriation limit.

Supplemental # 6 - Increased Funding for Non-Emergency Medical Transportation

	Request	Recommendation
Total	<u>\$1,957,862</u>	<u>\$1,957,862</u>
General Fund	978,931	978,931
Federal Funds	978,931	978,931

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God / a technical error in the appropriation / <u>new data</u> / an unforeseen contingency]	YES
The final procurement for the non-emergency transportation contract was completed after last year's bill was complete. This supplemental was submitted based on new data was not available at the time the original appropriation was established.	

Department Request:

The Department requests additional funding of \$1,957,862 in FY 2006-07 to fund the Non-Emergency Transportation Services line item due to increase in contractor and county costs to administer non-emergency medical transportation.

Staff Recommendation:

Staff recommends the Department's request.

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Background and Analysis

The Department is required by both federal and state law to provide non-emergency transportation services to eligible Medicaid clients. Non-emergency medical transportation services include transportation between the client's home and the location where the client receives Medicaid medical services. Prior to FY 2003-04, funding for non-emergency medical transportation services was a medical service under the Medicaid State Plan. Total costs for the service was estimated at approximately \$12.0 million total funds. Due to the budget situation in FY 2002-03 and FY 2003-04, the General Assembly cut the appropriation for this line item by \$7.6 million (a 63% reduction). Furthermore, in 2004 the General Assembly passed HB 04-1220 to change the nature of this service from a medical service under the state plan to an administrative cost (as allowed under federal law). This provided the Department with additional flexibility to control the costs of this service. The current FY 2006-07 appropriations available for this program is \$5,068,722 (approximately 41.7% of the estimated need in FY 2003-04 before budget reductions were enacted).

The Department currently has two types of contracts to administer this service. In 56 counties, the county departments of social services are responsible for authorizing and arranging the transportation services. In the eight front-range counties, the Department contracts directly for the necessary services and administration with a transportation broker.

Transportation Broker Contract

In March 2005, the Department issued a request for proposals for the transportation broker contract for FY 2005-06. Based on this procurement effort, a contract was awarded to LogistiCare. However, LogistiCare later refused to sign the proposed contract based on spikes in utilization and cost of services. The Department then renegotiated the contract on an emergency basis for nine months at a cost of \$3,595,777.

In January 2006, the Department posted a new request for proposals for the remaining three months of FY 2005-06 and for FY 2006-07. The Department released this proposals as an open bid (meaning it did not define the scope of work or the amount of funding available). Due to the length of time needed for vendors to respond and for the Department evaluate the contracts, the Department exercised a holdover provision with LogistiCare to extend their emergency contract through May 2006 at an additional cost of \$799,062. Finally, after the bid process was complete, the Department awarded LogistiCare a 13 months contract at a monthly cost of \$446,992 for June 1, 2006 through June 30, 2007.

Based on the new LogistiCare contract, FY 2006-07 costs for non-emergency transportation services are anticipated to be \$5,363,904 for the eight front range counties. However, the Department anticipates that implementing the telemedicine program required in S.B. 06-165 will reduce the amount of non-emergency transportation needed by the contractor by \$203,878. Therefore, the total estimated need for the LogistiCare contract is now estimated at \$5,160,026.

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County Non-Emergency Transportation Costs

The current FY 2006-07 appropriation available for non-emergency transportation services is \$5,068,722. Therefore, the current LogistiCare contract estimate of \$5,160,026 already exceeds the current appropriation for FY 2006-07. Because the LogistiCare contract already exceeds the appropriation, the current appropriation would leave no funding available for the remaining 56 counties non-emergency transportation needs. Based on 16 months of expenditures, the Department estimates that the non-metro counties will need approximately \$161,692 per month for a total of \$1,940,307 for FY 2006-07. However, the Department assumes savings of approximately \$73,749 due to the passage of S.B. 06-165. Therefore, the Department assumes a total appropriation need of \$1,866,558 for the non-metro counties.

Table 1: Request vs. Current Appropriation	
LogistiCare Contract Cost Estimate	\$5,160,026
Non-metro County Need	<u>1,866,558</u>
Total Estimated Need	\$7,026,584
Current Appropriation	<u>(5,068,722)</u>
Supplemental Need	\$1,957,862

Recommendation

As stated earlier, staff recommends the Department's request. During figure setting last year, the results of the reprocurement for broker contract was not complete. To avoid affecting the bidding process, the Department did not request additional funding for FY 2006-07. However, staff attempted to provide some additional funding with a COLA increase in order to try to address some of the issue. After the Long Bill was complete, the Department had finalized the reprocurement process. At that time, the Department came forward with an emergency supplemental of \$1,121,497 for FY 2005-06. The JBC approved the FY 2005-06 emergency supplemental to increase the LogistiCare contract. At that time, the JBC was notified that there would need to be an adjustment to the FY 2006-07. However, because the supplemental did not meet 1331 emergency criteria, the Department decided to wait until January supplementals to make the request. Staff believes that recommending this supplemental request is consistent with the prior JBC action that approved the FY 2005-06 1331 emergency supplemental based on the new contract with LogistiCare and cost estimates for the remaining 56 counties.

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Supplemental # 7 - Increased Funding for Medicaid Management Information System Contract

	Request	Recommendation
Total	<u>\$3,454,449</u>	\$2,826,714
General Fund	931,454	808,909
Cash Funds Exempt*	36,272	0
Federal Funds	2,486,723	2,017,805

*Children's Basic Health Plan

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?	YES
[An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	
This request is related to additional increases for the negotiated fixed price contract, corrects fund splits for projects based on new federal approval, and funds the winning bid for the first year of the new fiscal agent contract.	

Department Request:

The Department requests a total fund increase of \$3,454,499 for the Medicaid Management Information System Contract line item to reflect: (1) a change in the approved federal financial participation rate for the Drug Rebate Analysis and Management System; (2) an increase of \$627,735 for negotiated increases to the vendor's fixed price contract; and (3) \$2,826,714 to fund the winning bid for the first year of the new fiscal agent contract (FY 2006-07).

Staff Recommendation:

Staff recommends a total of \$2,826,714 to address the Department's request. Following is a discussion of staff's recommendation based on the three issues raised in the Department's request.

Drug Rebate Analysis and Management System

The Drug Rebate Analysis and Management System (DRAMS) was developed to improve the drug rebate accounting system, to track rebate amounts invoiced and/or disputed, to compute interest on un paid balances, and to properly track pricing and rebate per unit charges. For FY 2006-07, the Committee approved \$375,000 for this project. However the costs for this project were offset by an assumed savings of \$494,920 in the Medical Services Premiums (of the presumed savings, \$247,460 was General Fund and \$247,460 is federal funds). At the time the JBC approved the project, it was assumed that the Department would receive a 75 percent match from CMS. Therefore, the total administrative costs of the DRAMS project were assumed to be \$93,750 General Fund and \$281,250 federal funds. However, after the appropriation was made, CMS denied the Department's request for an enhanced match rate for this project and approved a normal

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administrative match rate of 50 percent. Based on this information, staff recommends the Department's request to increase their General Fund appropriation for the MMIS system by \$93,750 and to decrease their federal funds appropriation by \$93,750. With this recommendation, the total General Fund appropriation for the administrative costs of this project will be \$187,500 and the federal funds appropriation will be \$187,500. At this time, staff does not recommend any changes to the assumed savings in the Medical Services Premiums line item for this issue. Based on the General Fund savings in the Medical Services Premiums line item, there still is a new savings of \$59,960 General Fund for the DRAMS project even with the enhanced General Fund costs now estimated.

Table 1: Long Bill Appropriation adjusted for special legislation for MMIS Contract Line Item						
	General Fund	Health Care Expansion	CBHP Trust Fund	Other CFE	Federal Funds	Total
FY 2006-07	\$5,486,108	\$284,899	\$224,016	\$120,944	\$17,069,870	\$23,185,837
<u>Staff Rec. for DRAMS change</u>	<u>\$93,750</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$93,750)</u>	<u>\$0</u>
Total	\$5,579,858	\$284,899	\$224,016	\$120,944	\$16,976,120	\$23,185,837

Fixed Price Contract for Medicaid Management Information System

Beginning March 1, 2004, the Department converted to a fixed price contract for the MMIS contract. Functions that are part of the fixed price contract include the following:

- ✓ Base Claims and what are known as Overage Claims;
- ✓ Encounter Claims;
- ✓ Capitations;
- ✓ School Health Claims;
- ✓ Non-pharmacy Prior Authorization Reviews;
- ✓ The Decision Support Subsystem; and
- ✓ HIPAA Transaction and Code Sets.

Items that remain outside the fixed price portion of the contract include pharmacy prior authorization reviews, postage, changes required by special legislation and bulletin board services. These services are excluded from the fixed price contract because of their variability from year to year. These items are estimated individually and added-on to the total cost estimate for the MMIS contract.

In the first full year of the fixed price contract (FY 2004-05), the contract was negotiated at \$1,669,787. In FY 2005-06, the fixed price contract was negotiated at a monthly rate of \$1,731,928 (before H.B. 05-1262).

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Therefore, the original Long Bill FY 2005-06 appropriation provided a total of \$20,783,157 for the fixed price contract and additional \$1,484,890 for other add-on costs (i.e. postage, development costs, etc.). In addition to the Long Bill Appropriation, \$993,221 in development and administrative costs were added to the appropriation for special legislation (i.e. Amendment 35 implement -- H.B. 05-1262, consumer directed care -- H.B. 05-1243, and obesity pilot -- H.B. 05-1066). However, last year's supplemental bills reduced the appropriation by \$229,220. The majority of this reduction, \$204,570, related to additional cost saving estimated for MMA 2003 implementation related to reduced costs for pharmacy prior authorizations. Therefore, the final FY 2005-06 appropriation was as follows:

	<u>Original App.</u>	<u>Final App.</u>
Fixed Price Contract	\$20,783,157	\$20,783,157
Pharmacy Prior Authorization (adj. for supplemental)	818,284	613,714
Postage Costs	351,377	351,377
One-time development costs SB 04-177 & HB 04-1219	197,500	197,500
MMA 2003 Development Costs	73,279	73,279
Substance Abuse Development Costs	44,450	44,450
<u>Special Bills (05 Bills & Supplementals)</u>	<u>0</u>	<u>968,571</u>
Total Base (Long Bill Appropriation SB 05-209)	\$22,268,047	\$23,032,048

Table 2 below shows the Department's final expenditures for this line item.

Table 2: FY 2005-06 Final Appropriation and Expenditures				
	General Fund	CFE	Federal Funds	Total
FY 2005-06 Appropriation	\$5,549,271	\$560,375	\$16,922,402	\$23,032,048
Roll Forward to FY 2006-07	(\$42,672)	(\$25,097)	(\$203,306)	(\$271,075)
<u>REVERSION</u>	<u>(\$291,980)</u>	<u>(\$99,985)</u>	<u>(\$631,932)</u>	<u>(\$1,023,897)</u>
Final Expenditures 05-06	\$5,214,619	\$435,293	\$16,087,164	\$21,737,076

Please note that in FY 2004-05 the Department reverted \$383,238 General Fund from this line item, in FY 2003-04 the Department over expended the General Fund by \$55,060, in FY 2002-03 the Department reverted \$138,123 from the line item.

For the FY 2006-07, staff recommended the Department's budget request (see 2006-07 figure setting packet page 45). This resulted in a total \$23,012,942 being appropriated in the Long Bill -- H.B. 06-1385 as shown on the next page.

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	<u>FY 2006-07 App.</u>
Fixed Price Contract	\$20,794,746
H.B. 05-1262 Claims Processing & Disk Storage	1,025,971
Pharmacy Prior Authorization (adj. budget amendment)	409,144
H.B. 05-1262 Pharmacy Prior Authorization	56,704
Postage Costs	351,377
DRAMS project	<u>375,000</u>
FY 2006-07 Long Bill Appropriation	\$23,012,942
2006 Session Appropriations for Special Bills	<u>172,895</u>
Total FY 2006-07 Appropriation	\$23,186,837

The current FY 2006-07 appropriation supports a base fixed contract amount for claims processing and disk storage, including Health Care Expansion populations, of \$21,820,717. However, the Department's actual negotiated fixed price contract with ACS is for \$22,450,078. In last year's budget request, the Department failed to request the scheduled increase for the contract. The Department budget staff had assumed that the increase in funding due to the Expansion Medicaid populations would cover the scheduled contract increases. However, the Department's IT staff had contracted this funding in addition to the scheduled increase for contract. Therefore, the Department requests an additional \$627,735 to cover the shortfall in the appropriation for the current contract (staff's calculation is slightly different at \$629,361). Of the amount the Department is requesting, \$152,226 would be an increase to the General Fund, \$6,591 would be from the Children Basic Health Plan Trust Fund and the remaining \$468,918 would be General Fund.

Table 3: Department's request to adjust the fixed price contract						
	General Fund	Health Care Expansion	CBHP Trust Fund	Other CFE	Federal Funds	Total
FY 2006-07	\$5,486,108	\$284,899	\$224,016	\$120,944	\$17,069,870	\$23,185,837
<u>Department Supplemental Request for Fixed Contract Issue</u>	<u>\$152,226</u>	<u>\$0</u>	<u>\$6,591</u>	<u>\$0</u>	<u>\$468,918</u>	<u>\$627,735</u>
Total for Fixed Contract Issue	\$5,638,334	\$284,899	\$230,607	\$120,944	\$17,538,788	\$23,813,572

Staff does not recommend this request. When the Department originally requested the fixed price contract, the Department noted in their concerns or uncertainties section of their supplemental write-up that *"If claims volume increases or decreases significantly and unexpectedly in the near future, the fixed price costs may have to be renegotiated."* (Page S.4-20 January 3, 2005 Supplemental Request). The Department also noted that the fixed price contract may have to be adjusted for legislation that would substantially change their

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claims volume. At the time the fixed contract was negotiated, it was assumed that caseload would continue to increase (see Department's November 2005, 2006 and 2007 budget requests). Therefore, when H.B. 05-1262 passed, it was assumed that this bill would substantially add to the Department's already growing caseloads. However, since H.B. 05-1262 has passed, the Medicaid caseload has actually been declining. Therefore, when the H.B. 05-1262 caseloads are added to the Traditional caseloads, there has actually been a decline in the total number of clients served rather than the dramatic increases that were first forecasted. Table 4 below compares the costs for the fixed price contract with the estimated total Medicaid caseload.

Table 4: Fixed Price Contract Compared with Actual and Forecasted Caseload			
	FY 2004-05	FY 2005-06	FY 2006-07
Fixed Price Contract -- Including Health Care Expansion Fund	\$20,037,448	\$21,486,577	\$21,820,717
Percent Increase from FY 2004-05 to FY 2006-07			8.90%
Medicaid Caseload (includes Expansion)	402,802	399,705	398,450
CBHP Children Caseload (Dept Req.)	40,005	46,755	49,255
CBHP Prenatal (member months / 12)	557	1,129	1,612
OAP	<u>4,766</u>	<u>5,076</u>	<u>5,542</u>
Total Caseload	448,130	452,665	454,859
Percent Increase from FY 2004-05 to FY 2006-07			1.50%

As stated above, current caseload in the Medicaid population has *not* changed substantially since the H.B. 05-1262 populations were added on. Therefore, staff does not support the Department's current decision to negotiate the costs for H.B. 05-1262 as an add-on to the current fixed price contract (note if the original projects for H.B. 05-1262 and the traditional Medicaid caseload had materialized staff would have supported the add-on negotiation -- however, assumptions must be tested against reality). Staff does not believe that contractor has seen a large increase in claim volume due to caseload increase during the last three years. In addition, the contractor should have seen a decrease in claim volume due to the Medicare Modernization Act (beyond the pharmacy prior authorization reductions that were deducted in the budget). For these reasons, staff does not recommend this part of the Department's request.

Please note, staff would be willing to reconsider her recommendation to adjust funding splits if the Department wants to submit additional analysis at the time they submit their February request. It may be appropriate to reduce some of the funding from the Health Care Expansion Fund and appropriate additional funding from the General Fund if supported by the Department's caseload projections. However, at this time staff does not believe that an increase in funding is needed beyond the current appropriation for this issue.

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System Enhancements Based on Rebid

The third part of the Department's supplemental request relates system enhancements due to the rebid of the MMIS contract. On March 29, 2004, the Centers for Medicare and Medicaid Services (CMS) denied the Department's request to extend their contract with Affiliated Computer Services, Inc. (ACS) to manage the Department's MMIS system. Therefore, for the last three years the Department has been in the process of rebidding the MMIS contract (initially the process was suppose to be completed by November 2006 but was extended until June 30, 2007). In September 2006, ACS was re-awarded the vendor contract for the MMIS system. During the rebidding of the contract, the Department had to identify system changes that are needed to meet the State's current needs and to comply with federal requirements. When these issues were identified in the RFP, the costs for the system changes were calculated at \$2,826,714, less \$130,000 which the Department was able to negotiate. In addition, in awarding the contract, these system changes are required to be completed by the end of the first reprocurement year (i.e. FY 2006-07).

Staff recommends this portion of the Department's request. The costs that are identified are one-time costs to update the MMIS based on the current needs of the Department. It is also importation to note that a part of the competitive process, the Department will be able to reduce contract costs in the out-years of operation. Beginning with FY 2007-08, the Department anticipates savings of \$1.5 million to the MMIS. The Department has informed staff that a budget amendment for FY 2007-08 will be submitted on January 24, 2007 to reflect these savings. Therefore, most of the investment in FY 2006-07 will result in the same amount of savings to the MMIS contract line by FY 2008-09.

Table 5: Estimate for System Changes Part of the Department's Request						
	General Fund	Health Care Expansion	CBHP Trust Fund/1	Other CFE	Federal Funds	Total
FY 2006-07	\$5,486,108	\$284,899	\$224,016	\$120,944	\$17,069,870	\$23,185,837
<u>Staff Rec. for System Changes</u>	<u>\$715,159</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,111,555</u>	<u>\$2,826,714</u>
Total	\$6,201,267	\$284,899	\$224,016	\$120,944	\$19,181,425	\$26,012,551

/1 The Department's request includes \$29,681 from the CBHP Trust Fund. Because the CBHP Trust Fund is forecasted to have a negative balance right now, staff appropriates this funding directly from the General Fund.

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Summary

In summary, staff recommends a total increase of \$2,826,714. Table 6 below summarizes staff's recommendation.

Table 6: Summary of Staff Recommendation						
	General Fund	Health Care Expansion	CBHP Trust Fund/1	Other CFE	Federal Funds	Total
FY 2006-07	\$5,486,108	\$284,899	\$224,016	\$120,944	\$17,069,870	\$23,185,837
DRAMS Fund Split Correction	\$93,750	\$0	\$0	\$0	(\$93,750)	\$0
Fixed Price Contract Correction	\$0	\$0	\$0	\$0	\$0	\$0
<u>Staff Rec. for System Changes</u>	<u>\$715,159</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,111,555</u>	<u>\$2,826,714</u>
Total	\$6,295,017	\$284,899	\$224,016	\$120,944	\$19,087,675	\$26,012,551

Supplemental # 8 - Increase Funding for Commercial Lease Space

	Request	Recommendation
Total	<u>\$330,648</u>	<u>\$330,648</u>
General Fund	165,324	165,324
Federal Funds	165,324	165,324

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God / a technical error in the appropriation / new data / <u>an unforeseen contingency</u>]	YES
After the Long Bill was passed last year, the Department was notified that the basement area of their Capitol lease space was unsuitable for staff. This created additional overcrowding in their current space. In addition, an opportunity arose to lease commercial lease space at a location the Department currently uses and that could accommodate future growth for the Department.	

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Department Request:

The Department requests a supplemental of \$115,672 total funds for additional commercial lease space. In addition to the costs for the commercial lease space, the Department requests \$10,500 for moving expenses and \$214,856 for one-time operating expenses for furniture and equipment. The Department offsets these costs with a reduction of \$10,380 in their personal services lines for costs that the Department believes they can absorb within existing appropriations.

Staff Recommendation:

Staff recommends the Department's request.

Background and Analysis

In 2003, the Joint Budget Committee approved a supplemental to move the Department of Health Care Policy and Financing Staff from the Human Services Building on Sherman Street to their current location at 1570 Grant Street (capitol complex lease space). At the time the Department moved to 1570 Grant Street, the Long Bill FTE appropriation for the Department was 194.5 FTE. While this location alleviated some of the overcrowding problems that the Department had at the Sherman Street location, the space at the 1570 Grant Street location was only adequate to house the current FTE (i.e. when the Department moved the space was completely occupied).

Since the move to 1570 Grant Street, the Department's Long Bill FTE appropriation has increased to 230.7 FTE (an increase of approximately 15.7 percent). The space at 1570 Grant Street is now currently accommodating 223 FTE positions. In addition to the Grant Street lease space, in FY 2005-06 the JBC began approving additional appropriations for commercial lease space. In FY 2005-06, the JBC approved \$36,278 for commercial lease space and the current appropriation in FY 2006-07 is \$49,510. The Department's current commercial lease space is at 225 E. 16th Avenue.

In April 2006, the Department of Personnel and Administration issued a letter to HCPF identifying life and safety liability concerns with staff in the basement and recommended against using this space for staff (at the time, HCPF had housed the CBMS and MMA call centers in the basement and had further plans to expand into the basement area). By June 2006 the Department had converted all open space at the 1570 Grant Street location into employee work areas including converting mail rooms and kitchens into work areas. In June 2006 the Department submitted an emergency supplemental request to the JBC to request additional funding in FY 2006-07 to expand their commercial lease space at their current location. In June 2006, the JBC did not approve the supplemental because it did not meet the 1331 emergency supplemental criteria under Section 24-75-111, C.R.S (i.e. an over expenditure would not occur before the General Assembly would reconvene in January). However, the JBC indicated that it would be appropriate for the Department to resubmit this issue in January as a regular supplemental issue.

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The Department's current commercial space lessor had additional lease space that became available at the Department's current location at 225 E. 16th Avenue at rates between \$14.10 and \$15.50 per square foot. Because the new space would accommodate the Department's growth, allow for additional space for conference rooms, and would keep the Department's staff consolidated within two locations, the Department decided to enter into an additional lease agreement for the space. Please note that the Department wrote letters to the Committee informing the Committee and staff of this decision.

Staff recommends the Department's request for additional funding. Staff believes that the Department's actions will accommodate the Department's lease space needs in both the short and long-term. The rate that the Department has negotiated is at or below the market rate for commercial lease space in the downtown Denver area. Additionally, because this space will accommodate the Department for at least the next five years, the Department should not incur additional costs related to moving staff again. Table 1 below summarizes staff's recommendation.

Table 1: Summary of Staff Recommendation -- Incremental Increase in Funding			
	General Fund	Federal Funds	Total
Personal Services (moving costs)	\$5,250	\$5,250	\$10,500
Personal Services (amount that can be absorbed within existing resources)	(\$5,190)	(\$5,190)	(\$10,380)
Increase to Commercial Lease Space	\$57,836	\$57,836	\$115,672
<u>One-Time Operating Expenses for Office Furniture and Equipment</u>	<u>\$107,428</u>	<u>\$107,428</u>	<u>\$214,856</u>
Total	\$165,324	\$165,324	\$330,648

Supplemental # 9 - Increase funding for HIPAA National Provider Identifier Implementation

	Request	Recommendation
Total	<u>\$1,339,621</u>	<u>\$1,339,621</u>
General Fund	29,409	43,475
Cash Funds Exempt*	14,066	0
Federal Funds	1,296,146	1,296,146

*Children's Basic Health Plan Trust Fund

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Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?	YES
[An emergency or act of God / <u>a technical error in the appropriation</u> / <u>new data</u> / an unforeseen contingency]	
The funding is based on new estimates on the costs of implementing the HIPAA National Provider Identifier requirement. The funding request also corrects the fund split from a 75 percent Federal match to a 90 percent Federal match as allowed by the federal government.	

Department Request:

The Department's request is for \$1,339,621 total funds to complete the implementation for the federal mandate under the Health Insurance Portability and Accountability Act of 1996 (HIPAA), and to revise fund splits for funds already appropriated, from 75 percent federal match to 90 percent federal match.

Staff Recommendation:

Staff recommends the Department's request. However, because the CBHP Trust Fund is current projected staff recommends that the CBHP state share of these costs be funded directly from the General Fund.

Background and Analysis

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) mandated that the U.S. Department of Health and Human Services adopt a standard unique health identifier for health care providers. On January 23, 2004, the DHS published a Final Rule that adopted the National Provider Identifier (NPI) as this identifier. Under the rule, all HIPAA covered healthcare providers, whether they are individuals or organizations, must obtain an NPI for use to identify themselves in HIPAA standard transactions. Once enumerated, a provider's NPI will not change. The NPI remains with the provider regardless of job or location changes. In addition, HIPAA covered entities such as providers completing electronic transactions, healthcare clearinghouses, and large health plans, must use only the NPI to identify covered health care providers in standard transactions by May 23, 2007. Small health plans must use only the NPI by May 23, 2008.

The NPI code will consists of ten numeric characters. After the required effective date of the rule (May 23, 2007), all claims processed through the Department must use this ten character numeric identifier. Colorado's current Medicaid provider identification numbers are not compatible with the NPI standards. Therefore, the Department will need to make system changes within the Medicaid Management Information System (MMIS) in order to come into compliance with NPI rule.

The current FY 2006-07 appropriation was based on an assumption of needing 5,106 programming hours for a total cost of \$690,962 for programming and verification. However, after the Department and their contractor

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completed the final assessment of the changes needed for the MMIS system to accept the NPI numbers, the estimate to complete all system changes (including to the Web Portal) is now 16,464 total programming, data conversion, and testing hours. However, while this new estimate of the total hours needed greatly increases the FY 2006-07 costs from \$690,962 to \$1,339,621, the Department has also received approval from CMS to use a 90 percent federal match for all costs related to Medicaid (the Children's Basic Health Plan costs will only receive a 65 percent federal match). Therefore, the total increased costs for the state share of this project once the fund splits are adjusted for is only \$43,475. Because these are one-time costs that will not be funded in FY 2007-08 and because the CBHP Trust Fund is currently forecasted to have a deficit balance, staff recommends that all of the state share of this supplemental come from the General Fund.

Table 1: Summary of Staff Recommendation -- Incremental Increase in Funding			
	Current Appropriation	New Estimate of Costs	Total Supplemental Needed
MMIS System Changes (current appropriation assumed 5,106 programming hours, new assessment is for 15,700)	\$648,462	\$1,834,141	\$1,185,679
Independent Verification / Secondary Assessment	\$42,500	\$144,042	\$101,542
<u>Web Portal Changes</u>	<u>\$0</u>	<u>\$52,400</u>	<u>\$52,400</u>
Total Funds	\$690,962	\$2,030,583	\$1,339,621
General Fund	\$167,558	\$211,033	\$43,475
CBHP Trust Fund	\$7,255	\$7,255	\$0
Federal Funds	\$516,149	\$1,812,295	\$1,296,146

Although this supplemental is in response to a federal law change, this funding is not for a new program, service or an expansion of an existing services. Therefore, staff recommends that the appropriation be under the 6.0 percent limit.

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Supplemental # 10 - IT Changes Needed for Implementation of Deficit Reduction Act of 2005 -- Long Term Care

	Request	Recommendation
Total	<u>\$35,404</u>	<u>\$35,404</u>
General Fund	16,586	18,521
Cash Funds Exempt -- Children's Basic Health Plan Trust Fund	1,935	0
Cash Funds Exempt -- Old Age Pension Fund	183	183
Federal Funds	16,700	16,700

Impact to Department of Human Services -- CBMS Costs

	Request	Recommendation
Total	\$102,001	\$102,001
General Fund	16,010	16,010
Cash Funds -- Old Age Pension Fund	8,186	8,186
Cash Funds Exempt - Transfer from HCPF	35,404	35,404
Federal Funds	42,401	42,401

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?	YES
[An emergency or act of God / a technical error in the appropriation / <u>new data</u> / an unforeseen contingency]	
Rules for the Deficit Reduction Act of 2005 were not adopted until after the Legislature adjourned last year.	

Department Request:

The Department of Health Care Policy requests a total change to their Long Bill appropriation of \$35,404 for CBMS changes that are required by the Deficit Reduction Act of 2005. This supplemental request also has a \$102,001 total fund increase in the Department of Human Services Long Bill appropriation. Of the amount requested for the Department of Human Services, \$35,404 is a cash funds exempt transfer from the Department of Health Care Policy and Financing. Funding allocations for change requests for CBMS are

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computed through the CBMS calculated as required by the federal agreement and thus require the appropriations to both Departments.

Staff Recommendation:

Staff recommends the Department's request. However, staff recommends that any of the costs associated with the CBHP program be funded directly from the state General Fund rather than through the CBHP Trust Fund. Currently, staff is forecasting a deficit situation in the CBHP Trust Fund. Therefore, rather than appropriate General Fund into the CBHP Trust and Fund and then make an appropriation out of the CBHP Trust Fund for the costs associated with CBHP program, staff recommends that appropriation come directly from the state General Fund.

Background:

The Deficit Reduction Act of 2005 was signed into law February 8, 2006. In addition to the new citizenship verification requirements that are discussed in supplement 4 of this packet, this law also made some substantial changes to the eligibility determination process for long-term care applicants. Some of these changes include:

- 1) Extended the "look-back" period to 60 months for all income and assets transferred or disposed of by an individual. Prior to the DRA of 2005, the "look-back" period was 36 months prior to application or 60 months only if a trust was involved.
- 2) Changed the penalty period to begin on the first day of the month during or after the transfer of the assets was made or the date of initial Medicaid eligibility, whichever is later. Prior to DRA 2005, the penalty period began on the day the transfer occurred. In addition, states can no longer round penalty period down and may assess the penalty period of multiple transfers in a single month in one continuous penalty period.
- 3) Tightened the criteria for approval of a hardship waiver to the above penalty period.
- 4) Requires the disclosure of any interest the applicant or community spouse has in an annuity or similar financial instrument, regardless of whether it is irrevocable or treated as an asset. In addition, the DRA 2005 now allows annuities, promissory notes, life estates, equity positions in homes, or trust may now be considered assets and are subject to the asset look-back period.

In order to implement and enforce the DRA 2005 provisions mentioned above, eligibility changes will be needed for the CBMS system. The Department believes that the following costs must be completed:

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- 1) Modify re-determination packets to include text that designates the State as the remainder beneficiary on annuities or similar financial instruments;
- 2) Change the long-term care decision tables to exempt a client's equity interest in a home with a value of less than \$500,000 or, the value of home more than \$500,000 if the client's spouse or qualified dependent lives in the home.
- 3) Change the long-term care decision tables so that the new look back period of 60 months for all transfers that are on or after February 8, 2006.
- 4) Change the long-term care decision tables to implement the change to the hardship waiver; and
- 5) Change the long-term care decision tables to accommodate the revised method of including annuities as assets.

The total cost estimate for the project is \$102,000 for a total of 1,040 programming hours. The fund splits for the project are calculated using the Colorado Benefits Management System calculator, which is the only federally approved method for splitting funds between the Department and the Department of Human Services.

Supplemental # 11 -Public School Health Services Federal Audit Compliance

	Request	Recommendation
Total	<u>\$184,520</u>	\$184,520
General Fund	0	0
Cash Funds	0	0
Cash Funds Exempt	0	0
Federal Funds	184,520	184,520

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Impact to Department of Education

	Request	Recommendation
Total	(\$15,528,941)	(\$15,528,941)
General Fund	0	0
Cash Funds -- Old Age Pension Fund	0	0
Cash Funds Exempt - Transfer from HCPF	(15,528,941)	(15,528,941)
Federal Funds	0	0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	YES
<p>This request makes technical corrections to the School Health Services programs appropriation in both the Department of Health Care Policy and Financing and in the Department of Education. In addition, the requests addresses some federal audit issues related to rate setting methodologies for the program.</p>	

Department Request:

The Department's request has three parts:

- 1) Requests \$200,000 in federal funds in the Department's personal services line item for contract work with Public Consulting Group to update the School Health Services rate setting methodology. These federal funds are deducted from the amount of federal funds that would be transferred to school districts for health related services.
- 2) Requests \$184,520 federal funds in the Department's personal services line item to reflect the amount of federal funds that are transferred to the Department of Education for administration of the Public School Health Services appropriation.
- 3) Reduces the appropriation in the Department of Education by \$15,528,941 cash funds exempt to eliminate an "informational-only" appropriation. Currently, the Long Bill double counts this appropriation.

Staff Recommendation:

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Staff recommends the Department's request.

- 1) The Centers for Medicare and Medicaid Services conducted a review of the School Health Services program from July 2004 through November 2004. The CMS submitted their preliminary findings to the Department on February 2006. Findings for this review were received after the FY 2006-07 budget amendment process (the Department's have until January 24th each year to amend their budget requests). In addition, the Department had disagreed with a number of the findings. As of the Department's hearing this year (December 19, 2006), the Department had not received written feedback from CMS on the areas of disagreement or have received the final report.

However, in the preliminary report, CMS recommended that the State complete an annual reconciliation of interim payments reported on certifications of public expenditures to actual incurred expenditures at the individual school level. In addition, to reconciling "certified" expenditures with actual incurred expenses, CMS recommended that rates be cost-based, district specific, and should incorporate an annual time study.

In response to the federal audit, in October 2006 the Department contracted with Public Consulting Group to aid the Department in developing a rate setting methodology, specifically in the areas of district-specific rates and a cost settlement process to compare actual costs to payments made to participating School Health Services providers. The cost of this contract for FY 2006-07 is \$200,000. The contract will be paid solely from the federal funds that the school districts draw down through the School Health Services program.

Staff recommends that \$200,000 be transferred from the Other Medical Services Division, S.B. 97-101 Public School Health Services line item to a new line item in the Department's Executive Director's Office named Public School Health Services Administration. The \$200,000 should allow the Department to set rates in a manner consistent with CMS recommendations as well as allow PCG to continue to help the state try to maximize federal revenues for this program.

- 2) Current administrative expenses for the Public School Health Services program are allowed to be deducted from the federal funds received as long as costs are below 10 percent of the anticipated federal funds. The current appropriation for the program assumes that the state would be able to certify \$16,007,021 in expenses from the school districts that would draw down a matching \$16,007,021 in federal funds. However, current administrative expenses (before item #1 above) for the program are \$478,080. Of this amount, \$184,520 is expended by the Department of Education.

In the current Long Bill, the federal funds for the Department of Education are only appropriated in the Department of Education. Because these funds are Title XIX monies and the federal government requires that there be one state agency to receive all Title XIX monies, the appropriation should also be in the Department of Health Care Policy and Financing's Long Bill appropriation. Therefore, staff

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recommends that \$184,520 be appropriated in the HCPF EDO in a new line item named Public School Health Services Administration in order to correct this technical error. This ensures that all Title XIX monies are first contained in HCPF's appropriation before being transferred to other state departments and thus, is consistent with federal requirements.

- 3) In the past, the amount of funding transferred to the Department of Education also included the amount of funding that was distributed to the school districts for program costs. Including this appropriation in the Department of Education was for informational purposes only so that the total amount of state distributions to school districts could be easily tracked. However, the Department of Education does not distribute this funding to the school districts -- the Department of Health Care Policy and Financing does. Therefore, having the appropriation in two places is a double count of the same monies and serves no administrative function. Because all Title XIX monies must originate in the HCPF's budget, staff recommends the Department's request to eliminate the informational-only appropriation in the Department of Education. With staff's recommendation, the only appropriation for this program that will be in the Department of Education's budget will be their administrative costs that are transferred from HCPF.

Supplemental # 12 -Staff Initiated Supplemental on Tobacco Settlement Monies

	Request	Recommendation
Total	<u>\$0</u>	(\$220,525)
Cash Funds Exempt	0	(220,525)

<p>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? YES [An emergency or act of God / a technical error in the appropriation / <u>new data</u> / an unforeseen contingency]</p> <p>The amount of tobacco settlement payments that were received by the state was lower than what the original calculation for the Primary and Preventive Care Grant program assumed.</p>
--

Department Request:

The Department does not have a request for this issue.

Staff Recommendation:

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Staff recommends a decrease of \$220,525 to the Primary and Preventive Care Grant Program to reflect the actual Tobacco Settlement monies that the state received in April 2006.

The Primary and Preventive Care Grant Program is funded through the Comprehensive Primary and Preventive Care Fund (Section 25.5-3-207, C.R.S. (2006)). The Comprehensive Primary and Preventive Care Fund is allocated a percentage of the total amount of moneys received by the State from the Tobacco Master Settlement Agreement. Beginning in FY 200-01, the revenue into the fund is equal to 3 percent minus amount to provided to State Auditor's Office for auditing the programs.

The current appropriation assumed that the state would receive \$87,558,052 in Tobacco Master Settlement monies for use in FY 2006-07. However, the April 2006 payment actually only was for \$80,203,864. Therefore, the amount of funding actually available for the Comprehensive Primary and Preventive Care Fund is \$2,401,215 rather than the current appropriation of \$2,621,740. Therefore, staff recommends a reduction of \$220,525 to align the current appropriation to the actual amount of funding available for this program.

Supplemental # 13 - Rate Increases for the Consumer Directed Attendant Support Waiver Service Providers

	Request	Recommendation
Total	<u>\$0</u>	\$0
Cash Funds Exempt	0	0

<p>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? YES [An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]</p> <p>It has come to the Committee's attention that the Department did not adjust rates for the Consumer Directed Attendant Support Waiver Service providers.</p>

Department Request:

The Department does not have a request for this issue.

Staff Recommendation:

Staff recommends that the Joint Budget Committee write a letter to the Department stating that it was the intent of the JBC for the clients in the Consumer Directed Attendant Support Waiver Service to receive the

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provider rate increases that were funded beginning April 1, 2006 and will be funded in April 1, 2007 pursuant to H.B. 06-1339 and H.B. 06-1385.

Last year the JBC approved a rate package for home and community-based service providers with the goal of bringing most of the therapy and home care provider rates to within 90 percent of the Medicare rate by April 1, 2007. The calculations for the rate increase were based on the total units of service for each provider class and their current rates when compared to Medicare rates for similar services. Because this rate increase was not a normal "COLA" type increase, the calculations for the rate increases costs were complicated and targeted. In calculating the rate increases, JBC staff assumed that all unit of services, including those units provided under the Consumer Directed Attendant Support Service (CDAS) waiver program, were included in the information staff received from the Department in order to calculate the impact of the rate proposal. It was not the intent of the JBC last year to exclude the CDAS providers from the rate increases.

Clients on the Consumer Directed Attendant Support Service waiver program receive a monthly allocation based on (a) the client's utilization of attendant support services or the current level of services authorized on the long-term care plan, and (b) the Medicaid rates in effect at the time. When the Department implemented H.B. 06-1369 Footnote 40a, the Department implemented rate increases for clients who enrolled in the Consumer Directed Attendant Support waiver on or after July 1, 2006, but did not increase the rates for the clients already on the waiver. Therefore, 181 clients were not able to provide rate increases to their aids at the same level as clients using home health agencies or clients who joined the Consumer Directed Attendant Support Service waiver after July 1, 2006. The Department estimates that the cost of increasing the rates for these 181 clients would cost \$35,936 per month.

In conversations with the Department, the Department staff has informed JBC staff that the Department would provide these rate increases to the Consumer Directed Attendant Support Service waiver clients if directed to by the JBC. The Department staff indicated that they could begin the review and could immediately begin providing the rate increases as each client's case was reviewed and adjusted. As stated earlier, the Department estimates that it would cost \$35,936 per month once all clients rates had been adjusted. Therefore, if most clients had their rates adjusted by the end of February 2006, the total cost for including these clients for the fiscal year would be a maximum of \$179,680 total funds.

Staff recommends that Committee send a letter to the Department directing them that it was the intent that the CDAS waiver providers receive the rate increases that were provided to home health agencies and to CDAS providers who have clients that entered the program on or after July 1, 2006. The Department does not need a footnote or state plan amendment to implement these rate changes. Therefore, the Department could begin remedy this situation immediately. In addition, because current staff projections for the Medical Services Premiums line item reflect a negative appropriation of \$29,680,667 total funds, the current appropriation can absorb the cost of \$179,680 related to providing these rate increases. Therefore, staff does not recommend any appropriation change to the Medical Services Premiums line item at this time. However, staff will adjust for this additional cost in her final MSP supplemental recommendation in March 2007.

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Supplemental # 14 - Letternote Corrections

	Request	Recommendation
Total	<u>\$0</u>	\$0
Cash Funds Exempt	0	0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	YES
Staff recommends two letternote corrections to the current appropriation bill to correct technical errors.	

Department Request:

The Department does not have a request for this issue.

Staff Recommendation:

Staff recommends that the Joint Budget Committee authorize staff to correct two letter notes in the current appropriation bill to correct technical errors.

- 1) Letternote "h" in the Indigent Care Program should be corrected to indicate that the source of the cash funds exempt appropriation comes from both the Children's Basic Health Plan Trust Fund and from the Health Care Expansion Fund. Currently, the letter note indicates only the CBHP Trust Fund as a source of funding.

Current Letternote:

"^hThese amounts shall be from the Children's Basic Health Plan Trust created in Section 26-19-105 (1), C.R.S."

Proposed Changes:

"^hOf this amount, \$1,947,089 shall be from the Children's Basic Health Plan Trust created in Section 26-19-105 (1), C.R.S. and \$518,545 shall be from the Health Care Expansion Fund created in Section 24-22-117 (2) (a) (I), C.R.S."

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^k Of this amount, \$17,500,146 shall be from the Children's Basic Health Plan Trust created in Section 26-19-105 (1), C.R.S. and \$7,254,613 shall be from the Health Care Expansion Fund created in Section 24-22-117 (2) (a) (I), C.R.S.

^l Of this amount, \$1,877,566 shall be from the Children's Basic Health Plan Trust created in Section 26-19-105 (1), C.R.S. and \$192,214 shall be from the Health Care Expansion Fund created in Section 24-22-117 (2) (a) (I), C.R.S."

Please note, these letter notes will change again if there is a change to the appropriation amounts recommended after the Department submits their supplemental for the CBHP program.

- 2) Letternote "c" in the Indigent Care Program should be corrected to explicitly state that this amount is not subject to the 6.0 percent limit to be consistent with how this funding is explained in the Department of Public Health and Environment.

Current Letternote:

"^c This amount is appropriated as General Fund exempt pursuant to Section 24-22-117 (a) (c) (I) (B), C.R.S. and is not subject to the limitation on state fiscal year spending imposed by Section 20 of article X of the State Consitution."

Proposed Letternote:

"^c This amount shall be from revenues from the imposition of additional state cigarette and tobacco taxes which are transferred to the General Fund pursuant to Article X, Section 21 (5) (e) of the State Constitution. This amount is not subject to the limitation on state fiscal year spending imposed by Article X, Section 20 of the State Constitution. This amount is also not subject to the statutory limitation on General Fund appropriations growth or any other spending limitation existing in law pursuant to Article X, Section 21 (8) of the State Constitution."

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Previously Approved 1331 Supplemental # 1 - DHS Changes to Developmental Disabilities

	Previously Approved	Current Staff Recommendation
Total	(<u>\$7,483,450</u>)	(<u>\$7,483,450</u>)
General Fund	(3,741,725)	(3,741,725)
Federal Funds	(3,741,725)	(3,741,725)

Description of Supplemental:

This supplemental request and impact to the Department of Health Care Policy and Financing budget will be discussed in the JBC Staff Packet that is presented on the Department of Human Services Developmentally Disabled Issues by Amanda Bickel. This presentation is scheduled to occur on Wednesday, January 24, 2007.

Previously Approved 1331 Supplemental # 2 - Cases Exceeding Processing Guidelines

	Previously Approved	Current Staff Recommendation
Total	<u>\$173,407</u>	<u>\$173,407</u>
FTE	4.0	4.0
General Fund	73,958	73,958
Federal Funds	99,449	99,449

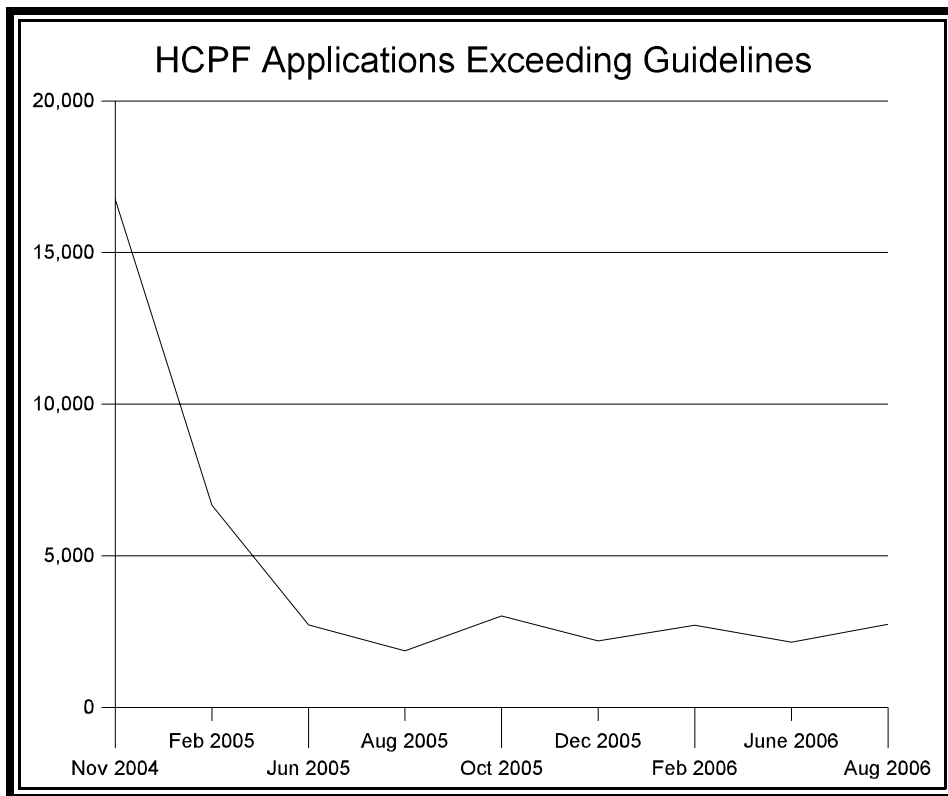
Description of Supplemental:

This supplemental was approved to allow the Department to hire 4.0 FTE in order to complet with federal processing guidelines for Medicaid and Children's Basic Health Plan applications. In FY 2005-06, HCPF contracted for 4.0 temporary FTE to monitor applications exceeding the federal guidelines. These FTE were funded from the appropriation that the Department received from the Centralized Data Entry Team (CDET) for the Colorado Benefits Management System (CBMS). However, funding for these positions were not continued in the FY 2006-07 final appropriation. However, in September 2006 the Joint Budget Committee approved making these 4.0 FTE positions and associated funding permanent.

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Analysis:

Depending on the type of Medicaid application, the counties have between 45 to 90 days to process most HCPF applications (45 for Family Medicaid / CBHP and up to 90 days for cases involving a disability determination). Due to some initial problems with the start-up of CBMS in September 2004, there became a larger back-log of applications that exceeded the guidelines. In addition, the State was sued over the implementation of CBMS and a benefit freeze flag was initiated at HCPF until cases were cleansed. This benefit freeze flag ensured that eligible clients were not erroneously eliminated from programs while the counties and HCPF fixed initial CBMS system problems. However, in the two years since CBMS has been implemented, the number of out of compliance applications has fallen dramatically. In November 2004, the number of Medicaid and CBHP applications exceeding the guidelines was 16,745 and in August 2006 the number of applications exceeding the guidelines was 2,741. Since February 2006, the average number of applications exceeding the guidelines has been approximately 2,526.



In FY 2005-06 the General Assembly funded a Centralized Data Entry Team (CDET) to work on the backlog of cases in order to comply with the CBMS lawsuit court order and the initial CBMS implementation problems. This funding was imbedded in the DHS appropriation for CBMS with funding allocated to the different CBMS benefit programs (e.g. the DHS appropriation contained Medicaid and CBHP funding).

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However, beginning in April 2006, DHS and HCPF reached an agreement to transfer the oversight for the 4.0 FTE contract staff used to monitor and process out-of-compliance Medicaid and CBHP cases from DHS to HCPF. This gave HCPF direct oversight for the Medicaid and CBHP cases.

At this point, staff believes that the majority of the CBMS *system* problems have been addressed or solved. Therefore, the problem of applications exceeding the processing guidelines is no longer a systems problem but is an ongoing resource need to ensure that HCPF and the counties meet the federal guidelines. To put the problem into perspective, in July 2006 the Medicaid and CBHP caseload equaled 454,500 clients. Applications exceeding the guidelines in July was 3,005 applications or 0.6 percent of the total Medicaid and CBHP caseload.

While an average of 2,000 to 3,000 applications exceeding the guidelines is relatively small compared to overall size the Medicaid and CBHP caseloads, careful monitoring and auditing of the counties is necessary to ensure that a performance standard of less than 0.1 percent is not exceeded in the future. In addition, to show compliance with CBMS lawsuit stipulation, the JBC approved additional funding and 4.0 FTE positions to continue the work of monitoring out-of-compliance applications.

Staff continues to recommend this supplemental in the amount that the JBC approved in September 2006.

Previously Approved 1331 Supplemental #3 - Division of Mental Health TRCCF and PRTF Program

	Previously Approved	Current Staff Recommendation
Total	(\$393,696)	(\$393,696)
Cash Funds Exempt	(196,848)	(196,848)
Federal Funds	(196,848)	(196,848)

Description of Supplemental:

This supplemental related to a change in the funding for the residential treatment centers. The above funding represents the change to the Medicaid funding that is transferred to the Department of Human Services. This supplemental was originally presented by Alexis Senger in September 2006. Staff does not currently recommend any change in funding. Amanda Bickel be the staff contact on this supplemental in future.

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Previously Approved 1331 Supplemental #4 - CMS and HCPF Required Changes to DD Medicaid Waiver

	Previously Approved	Current Staff Recommendation
Total	(\$3,805,583)	(\$3,805,583)
General Fund	(1,902,792)	(1,902,792)
Federal Funds	(1,902,791)	(1,902,791)

Description of Supplemental:

This supplemental request and impact to the Department of Health Care Policy and Financing budget will be discussed in the JBC Staff Packet that is presented on the Department of Human Services Developmentally Disabled Issues by Amanda Bickel. This presentation is scheduled to occur on Wednesday, January 24, 2007.

Statewide Common Policy Supplemental Requests (Non-Prioritized Items S1 through S5)

These requests are not prioritized and are not analyzed in this packet. These items will be acted on separately by the JBC when it makes a decision regarding common policies.

Department of Health Care Policy and Financing's Direct Portion of Statewide Supplemental Request	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	Total	FTE
1. Worker's Compensation	(\$8,537)	\$0	\$0	(\$8,537)	(\$17,074)	0.0
2. Risk Management and Property Funds	21,838	0	0	21,838	43,676	0.0
3. Capitol Complex Leased Space	16,429	0	0	16,429	32,858	0.0
4. Computer Service (GGCC)	(31,173)	0	(16,235)	(47,407)	(94,815)	0.0
5. ALJ Adjustments	(79,963)	0	0	(79,962)	(159,925)	0.0
Total Statewide Supplemental Requests for Department of Health Care Policy and Financing	(81,406)	0	(16,235)	(97,639)	(195,280)	0.0

Staff Recommendation: The staff recommendation for these requests is pending committee approval of common policy supplementals. Staff asks permission to include the corresponding appropriations in the

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Department's supplemental bill when the committee approves this common policy supplemental. If staff believes there is reason to deviate from the common policy, staff will appear before the committee later to present the relevant analysis.

Non-Prioritized Requests -- Primary Analysis is in Other Departments (Non-Prioritized Items S6 through S20)

These requests are not prioritized and are not analyzed in this packet . These items will be acted on separately by the JBC when it makes a decision regarding common policies.

Department of Health Care Policy and Financing's Costs for Supplemental Requests Originating in Other State Departments	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	Total	FTE
6. DPHE -- Adjustment to Medicaid State/ Federal Funds	\$128,011	\$0	\$0	(\$128,011)	\$0	0.0
7. DHS - Implement BENDEX Modernization	28,678	0	3,663	28,876	61,217	
8. DHS Division of MH TRCCF and PRTF Program Implementation	0	0	(130,602)	(130,603)	(261,205)	
9. DHS Local Match Repalced by State Match of General Fund	7,607,945	0	(7,607,945)	0	0	
10. DHS Mental Health Institute RTC Funding Correction	(338,885)	0	0	(338,885)	(677,770)	
11. DHS - Slary Survey Adjustment	(177,879)	0	0	(177,565)	(355,444)	
12. DHS -- Refinance DD Medicaid Waiver Transition Costs	210,883	0	0	210,882	421,765	
13. DHS -- HLD/STF Shift in Pay Date	(146,571)	0	0	(146,362)	(292,933)	
14. DHS -- PASARR contract in error at 50% Federal Funds -- should be 25%	(386)	0	0	386	0	
15. DHS Vehicle Reconciliation	(21,996)	0	0	(21,997)	(43,993)	
16. DHS Risk Management	26,202	0	0	26,201	52,403	
17. CHS -- Worker's Compensation	99,143	0	0	99,142	198,285	
18. DHS -- Computer Center	(287)	0	0	(288)	(575)	0.0
19. DHS -- Multi-Use Network	(6,699)	0	0	(6,699)	(13,398)	0.0
20. CBMS RFP Supplemental	83,319	0	10,640	83,895	177,854	0.0

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Department of Health Care Policy and Financing's Costs for Supplemental Requests Originating in Other State Departments	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	Total	FTE
Total Statewide Supplemental Requests for Department of Health Care Policy and Financing	7,491,478	0	(7,724,244)	(501,028)	(733,794)	0.0

Staff Recommendation:

The staff recommendation for these requests **are pending** committee approval of common policy supplementals. Staff asks permission to include the corresponding appropriations in the Department's supplemental bill when the committee takes action on these supplementals in other departments.

Informational Only -- No Action is Necessary

In June 2006, the JBC approved three non-related DHS supplementals for the Department of Health Care Policy and Financing for FY 2005-06. See Amanda Bickel's presentation on January 24, 2007 for DHS related 1331 emergency supplementals for FY 2005-06 that affected the HCPF budget.

- 1) The Committee approved an addition of \$2,781,716 General Fund for the Medicare Modernization Act of 2003. The emergency supplemental was approved in order to pay for six months of the clawback payments rather than the five months the appropriation had originally anticipated. The State Controller's Office informed the Committee that under the accrual basis of accounting, the July payment had to be booked against the FY 2005-06 appropriation because it related to expenses incurred in June 2006.

FY 2005-06 Adjustment State Contribution for MMA	JBC Approved Amount
General Fund	\$2,781,716

- 2) The Committee approved an addition of \$296,497 total funds for non-emergency transportation services. As discussed earlier in this packet, in FY 2005-06 the Department had to renegotiated their contract for the transportation broker. Based on the outcome of this negotiation, the JBC approved an additional \$1,121,497 for the non-emergency transportation line item. However, the JBC offset

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this increase with a decrease of \$825,000 in personal services due to anticipated reversion in this line item.

FY 2005-06 Adjustment for Non-Emergency Transportation	
Issue	JBC Approved Amount
Total Funds	<u>\$296,497</u>
General Fund	\$148,249
Federal Funds	\$148,248

- 3) The Committee approved \$1,140,484 in appropriation authority from the Supplemental Old Age Pension Health and Medical Fund for an over expenditure in this program. The over expenditure occurred due to rate increases that were provided to the program but not able to be sustained due to increases in caseload and utilization. However, changes to adjust the rates back downward did not occur until May 2006 and were too late to avoid the over expenditure in the program. The funds for this supplemental came from the fund balances in the Supplemental Old Age Pension Health and Medical Fund.

FY 2005-06 Adjustment Old Age Pension Medical Program.	
	JBC Approved Amount
Cash Funds Exempt	<u>\$1,140,484</u>