COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE

FY 2012-13 STAFF BUDGET BRIEFING

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

-AND-

DEPARTMENT OF HUMAN SERVICES
(Mental Health and Alcohol and Drug Abuse Services)

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

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

-AND-

DEPARTMENT OF HUMAN SERVICES
(Mental Health and Alcohol and Drug Abuse Services)

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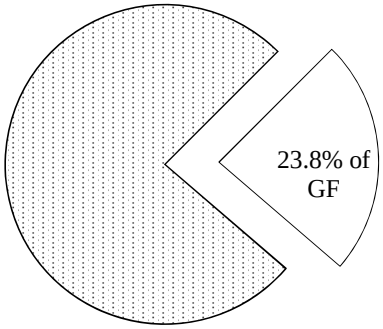
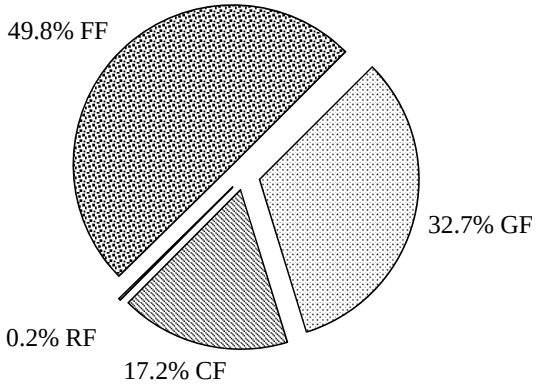
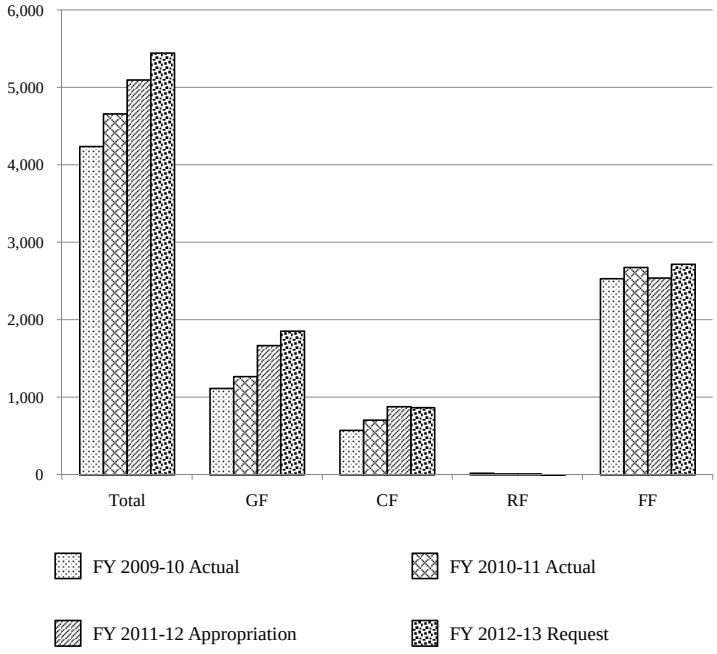


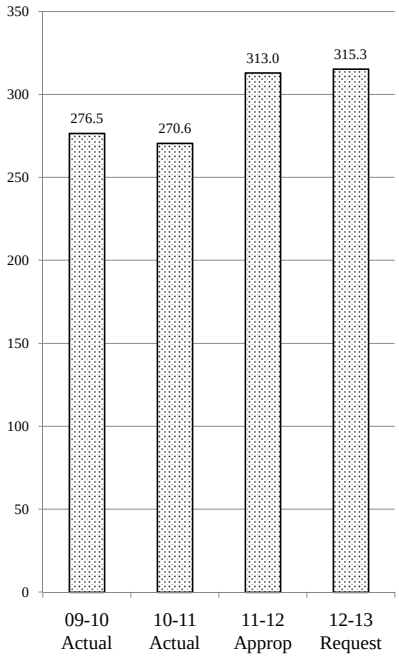
Department Funding Sources



Budget History
(Millions of Dollars)

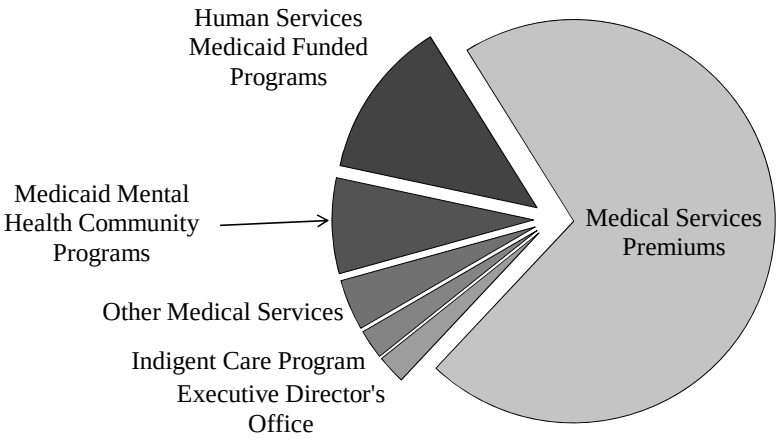


FTE History

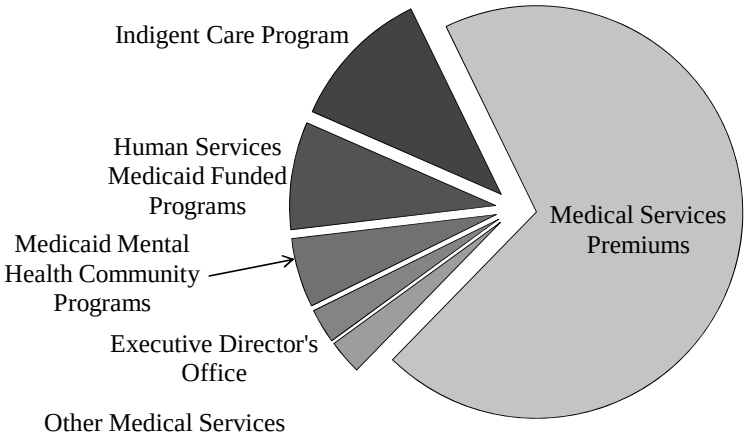


Unless otherwise noted, all charts are based on the FY 2011-12 appropriation.

Distribution of General Fund by Division



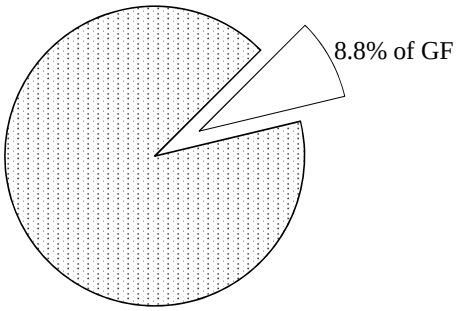
Distribution of Total Funds by Division



FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Human Services

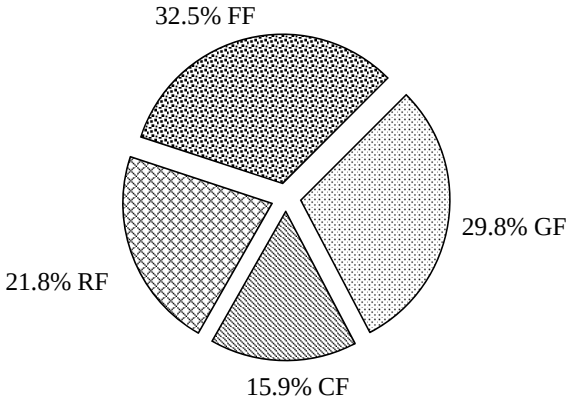
GRAPHIC OVERVIEW

Department's Share of Statewide General Fund

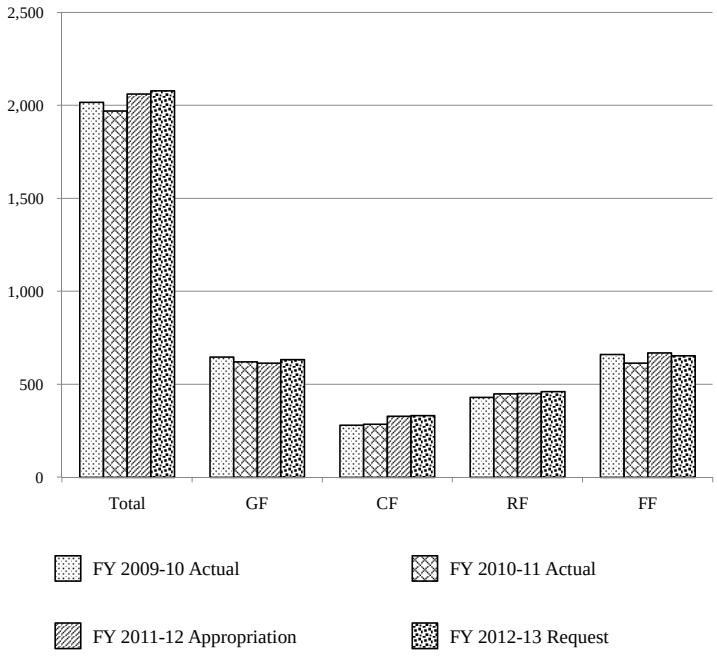


Note: If General Fund appropriated to the Department of Health Care Policy and Financing for human services programs were included in the graph above, the Department of Human Services' share of the total state General Fund would rise to 11.8%.

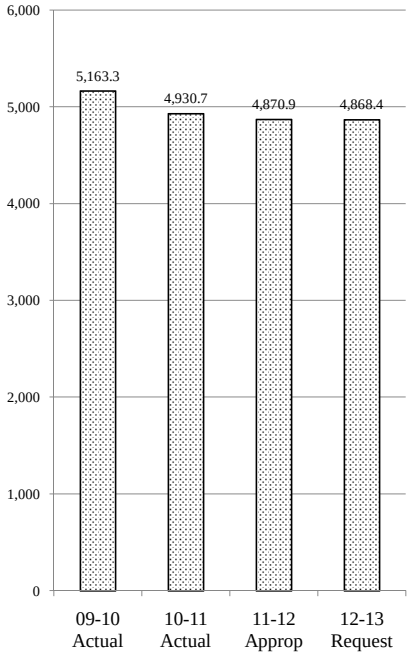
Department Funding Sources



Budget History
(Millions of Dollars)

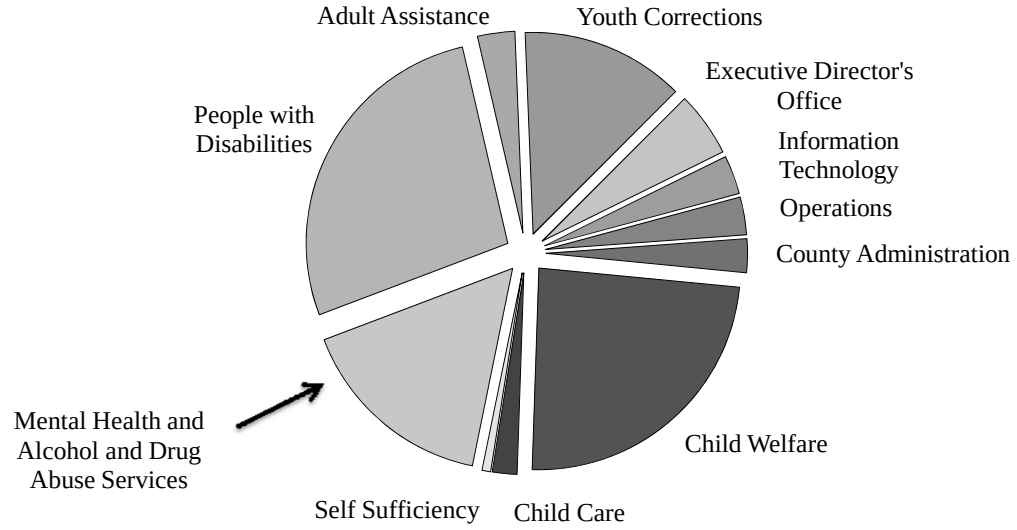


FTE History



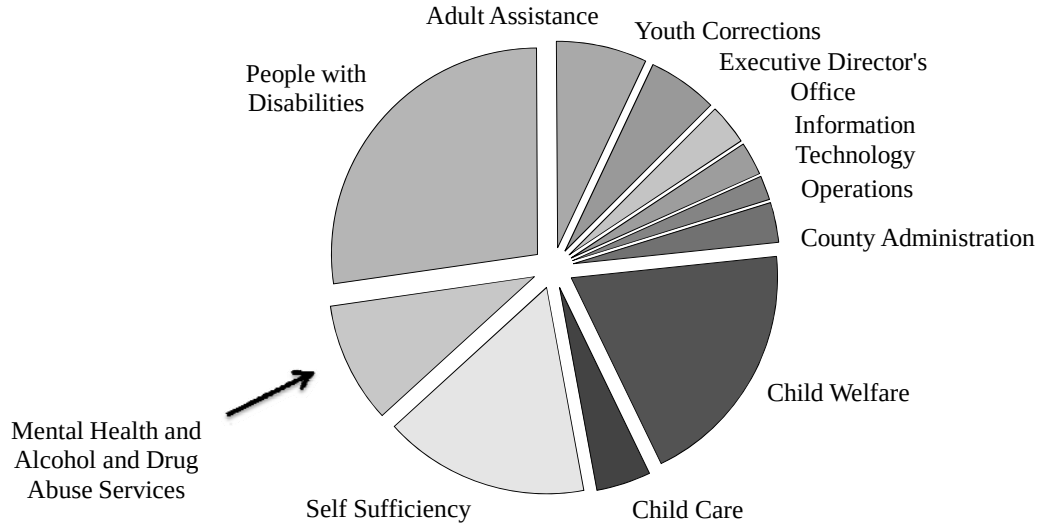
Unless otherwise noted, all charts are based on the FY 2011-12 appropriation.

Distribution of Net General Fund* by Division
FY 2011-12 Appropriation = $827.5 million



*Net General Fund includes General Fund appropriated to the Department of Human Services and General Fund appropriated to the Department of Health Care Policy and Financing for human services programs.

Distribution of Total Funds by Division
FY 2011-12 Appropriation = $2.1 billion



FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Health Care Policy and Financing
(Medicaid Mental Health Community Programs)

DEPARTMENT OVERVIEW

Key Responsibilities (Medicaid Mental Health Community Programs Only)

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

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

Factors Driving the Budget (Medicaid Mental Health Community Programs Only)

Mental Health Capitation Payments

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

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

- Adults 65 and Older (OAP-A);
- Disabled Adults 60 to 64 (OAP-B);
- Disabled Individuals to 59 (AND/AB);
- Categorically Eligible Low-Income Adults (AFDC-A);
- Expansion Adults to 60% of Federal Poverty Level;
- Expansion Adults to 100% of Federal Poverty Level;
- Baby Care Program-Adults;
- Eligible Children (AFDC-C/ BC);
- Foster Care; and
- Breast and Cervical Cancer Program.

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

The following table provides information on the recent expenditures and caseload for Medicaid Mental Health Capitation Payments. As is illustrated, from FY 2007-08 to the FY 2012-13 request, expenditures/appropriations have grown by 58.0 percent while caseload has grown by 71.4 percent.

Medicaid Mental Health Capitation Funding						
	FY 2007-08 Actual	**FY 2008-09 Actual**	**FY 2009-10 Actual**	**FY 2010-11 Actual**	**FY 2011-12 Appropriation**	**FY 2012-13 Request**
Capitation Funding	$196,011,033	$215,860,937	$226,620,818	$251,146,027	$272,492,157	$309,782,499
Annual Dollar Change	n/a	$19,849,904	$10,759,881	$24,525,209	$21,346,130	$37,290,342
Annual Dollar Percent Change	n/a	10.1%	5.0%	10.8%	8.5%	13.7%
Caseload	373,557	417,750	479,185	540,419	575,456	640,090
Annual Caseload Change	n/a	44,193	61,435	61,234	35,037	64,634
Annual Caseload % Change	n/a	11.8%	14.7%	12.8%	6.5%	11.2%

Medicaid Mental Health Fee-for-Service Payments

Medicaid Mental Health Fee-for-Service Payments is a separate budget line item in the Medicaid Mental Health Community Programs Division. The appropriation allows Medicaid clients not enrolled in a BHO to receive mental health services or enrolled Medicaid clients to receive mental health services not covered by the BHO (outside of the scope of the State's contract with the BHOs). Medicaid Mental Health Fee-for-Service Payments are expended across three categories: inpatient services, outpatient services, and physician services.

The following table provides information on the recent expenditures for Medicaid Mental Health Fee for Service Payments. As is illustrated, from FY 2007-08 to the FY 2012-13 request, expenditures/appropriations have grown by 231.1 percent. Much of the change in Medicaid Mental Health Fee for Service Payments is due to increases in the outpatient category of services.

Medicaid Mental Health Fee-for-Service Funding						
	FY 2007-08 Actual	**FY 2008-09 Actual**	**FY 2009-10 Actual**	**FY 2010-11 Actual**	**FY 2011-12 Appropriation**	**FY 2012-13 Request**
Fee-for-Service Funding	$1,335,736	$1,776,253	$2,587,662	$3,870,594	$3,908,827	$4,422,707
Annual Dollar Change	n/a	$440,517	$811,409	$1,282,932	$38,233	$513,880
Annual Dollar Percent Change	n/a	33.0%	45.7%	49.6%	1.0%	13.1%

FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Mental Health and Alcohol and Drug Abuse Services)

DEPARTMENT OVERVIEW

Key Responsibilities

- The **Division of Behavioral Health** provides overall policy development, coordination of services, management and administrative oversight for the delivery of mental health and alcohol and drug abuse community services to Colorado's non-Medicaid eligible population. Additionally, the Division is designated as the State Mental Health Authority and the State Substance Abuse Authority. As such, it collects nearly $30 million in block grant funding from the federal government; and

- The **Mental Health Institute Division** operates the State's two mental health institutes at Fort Logan and Pueblo. The institutes serve all indigent citizens in the State of Colorado who require inpatient services to manage serious mental illness. In addition, the Pueblo facility houses the only forensic psychiatric hospital in the state. The Institute for Forensic Psychiatry (IFP) dedicates 294 beds to adults who are found not guilty by reason of insanity or incompetent to proceed (defendants unable to assist in their own defense). IFP is also the clearinghouse for all criminal court-related evaluations for individuals across the state.

Factors Driving the Budget

Division of Behavioral Health – Mental Health

The Division contracts with 17 community mental health centers (CMHC's) across the state to provide a variety of mental health treatments including inpatient, outpatient, emergency, and consultative and educational services to medically indigent individuals. The medically indigent are individuals whose income is less than 300.0 percent of the federal poverty level, are not eligible for Medicaid, and do not receive mental health services from any other system. The contracts that DHS enters with the CMHCs require the provision of services to a targeted number of indigent individuals across age categories. CMHCs provide a variety of services to the targeted individuals including:

- Case Management;
- Individual Therapy;
- Assessment;
- Med Management; and
- Group Therapy.

While there is statutory authority for the General Assembly to appropriate funds for medically indigent individuals with a need for mental health services, it is not an individual entitlement nor is the appropriation driven by caseload. The amount of available funding appropriated by the

General Assembly determines the number of people who receive services. The State's contracted rate for the medically indigent population is a little over $3,000 per person. The number of targeted clients served through DHS contracts with the CMHCs has hovered around 10,000 individuals for the past few fiscal years. The number of indigent clients contracted for service does not include the number of clients served with other State funding sources, such as Medicaid payments made on behalf of individuals enrolled in BHOs.

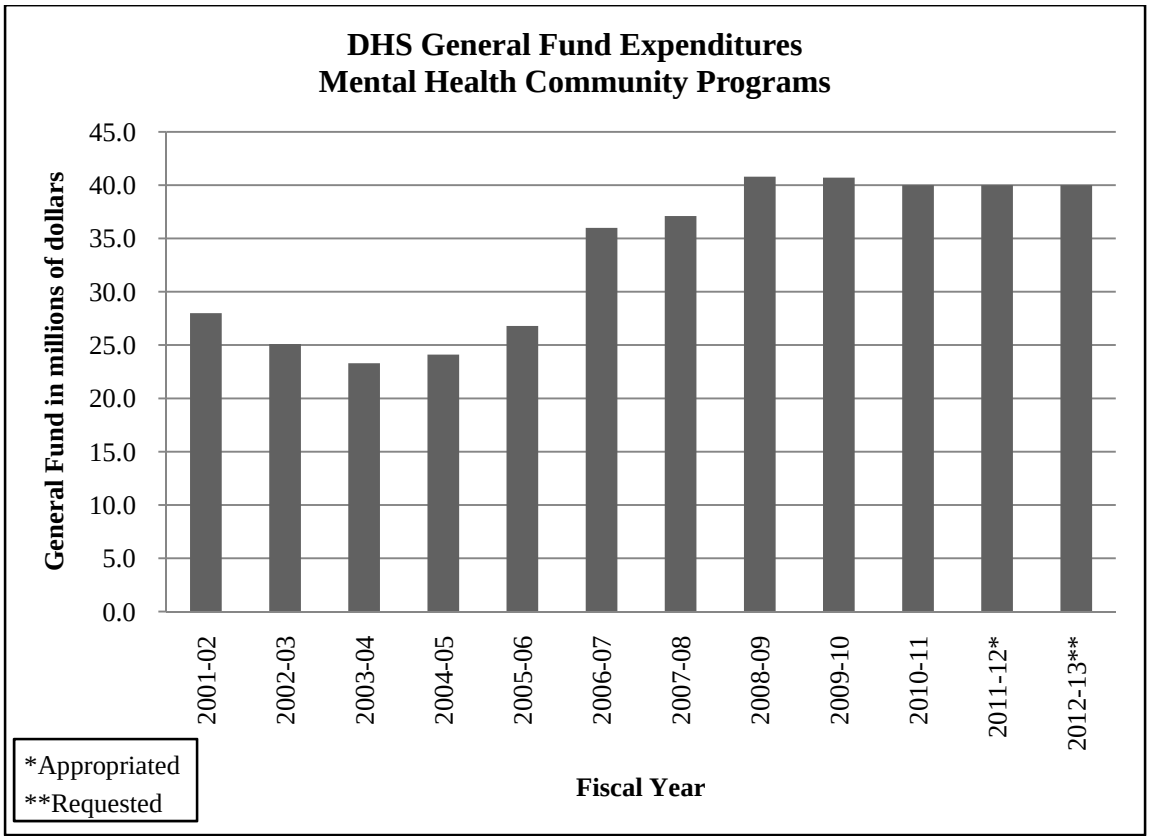
To ensure that community provider arrangements are viable over the long-term, the General Assembly has regularly adjusted community provider rates to account for inflationary changes. The rate changes each year are determined by the Joint Budget Committee in a common policy decision. The table below shows the rate changes for community provider programs in the Division from FY 2007-08 through the FY 2012-13 Department request.

Changes in Community Provider Rates							
	FY 2006-07	**FY 2007-08**	**FY 2008-09**	**FY 2009-10**	**FY 2010-11**	**FY 2011-12**	**FY 2012-13***
Rate Change	3.25%	1.50%	1.50%	0.00%	-2.00%	0.00%	0.00%

*Department request

Historically, the General Assembly has adjusted appropriations to community providers of mental health services in addition to the provider rate inflationary common policy process. For example, the FY 2003-04 appropriation included a decrease of $3.6 million General Fund as part of a reduction in services for non-Medicaid individuals with mental illnesses and the elimination of various pilot programs designed to assist targeted populations as part of the Statewide revenue shortfall. Conversely, the FY 2006-07 appropriation included an increase of $4.4 million General Fund to serve more non-Medicaid individuals with mental illnesses and the FY 2007-08 appropriation included an increase of $1.4 million General Fund for the same purpose.

The table below summarizes General Fund spending by the Division for mental health community programs from FY 2001-02 through the FY 2012-13 budget request.

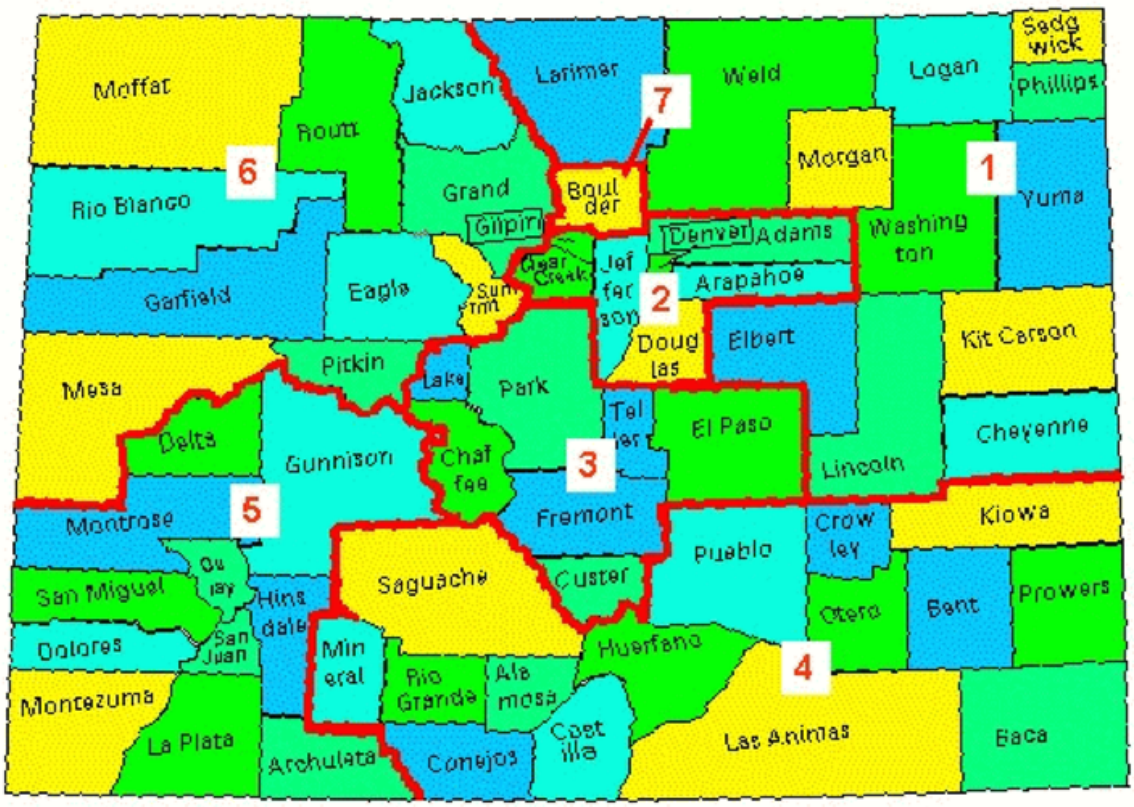


In addition to General Fund appropriations, the Division is appropriated cash funds and federal funds. As the designated "State Mental Health Authority," the Division receives federal funding from the Mental Health Services Block Grant administered by the U.S. Department of Health and Human Services' Substance Abuse and Mental Health Services Administration (SAMHSA). In FY 2011-12 the Block Grant provided the State with approximately $6.5 million. The moneys are provided to community mental health centers for the provision of services, and appropriated to the Division for administrative purposes and research.

The Division receives cash funds from tobacco litigation settlement moneys for the provision of mental health services. The Offender Mental Health Services Fund receives 12 percent of tier two settlement moneys for the purchase of mental health services from community mental health centers for juvenile and adult offenders who have mental health problems and are involved in the criminal justice system. For FY 2011-12, the Division received an appropriation of $3.5 million from the Offender Mental Health Services Fund for this purpose.

Division of Behavioral Health – Substance Use Disorder

DHS has established seven Sub-State Planning Areas (SSPAs) to manage distribution of substance abuse treatment services in the state. Managed Service Organizations (MSOs) are assigned to each SSPA. MSOs are responsible for oversight, quality assurance, and contract compliance of funded substance abuse treatment providers. The map below depicts the seven SSPAs that cover the state.



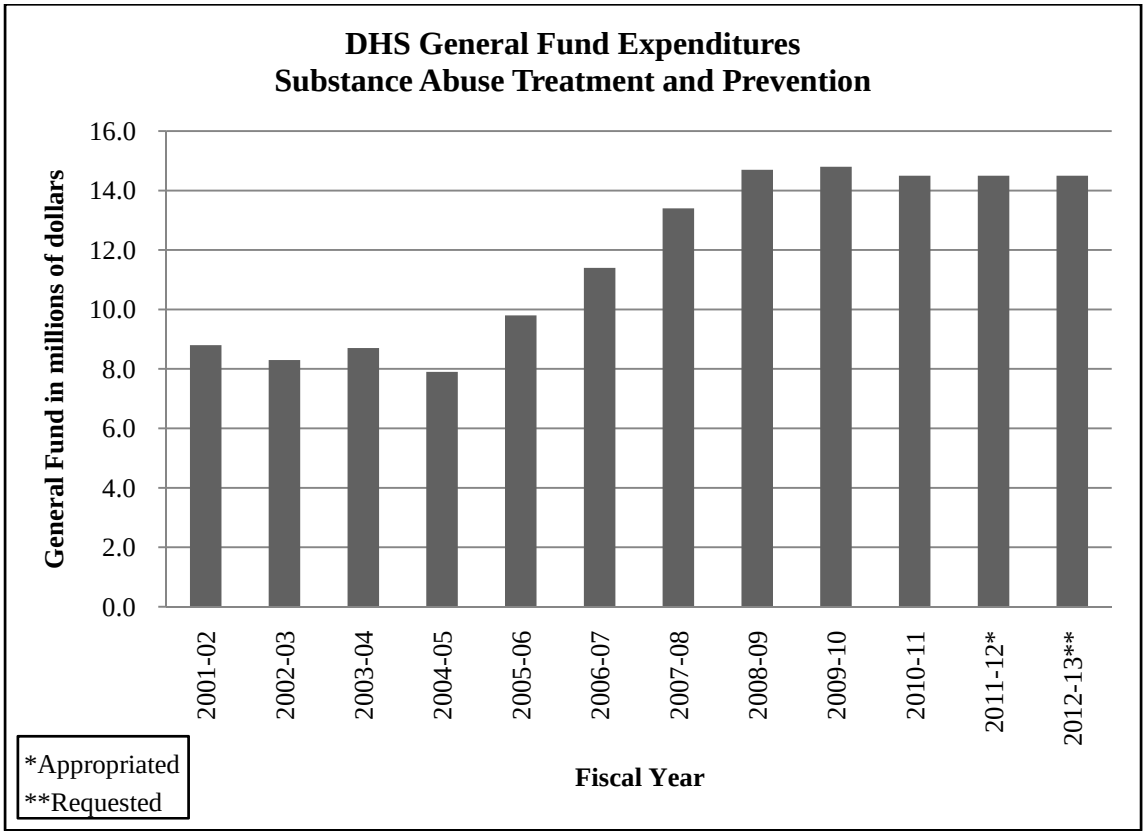
The MSOs arrange for detoxification, Short Term Intensive Residential Remediation Treatment (STIRRT), and traditional treatment services. The Division currently contracts with four MSOs to manage the delivery of substance use disorders services across the seven SSPAs.

- Boulder County Public Health (SSPA 7);
- Connect Care, Inc.(AspenPointe) (SSPA 3);
- Signal Behavioral Health Network, Inc. (SSPA 1, 2 and 4); and
- West Slope Casa, LLC. (SSPA 5 and 6).

Similar to mental health services arranged for by the Division, there is statutory authority for the General Assembly to appropriate funds for medically indigent individuals in need of substance use disorder services, however, it is not an individual entitlement nor is the appropriation driven by caseload. The amount of available funding appropriated by the General Assembly determines the number of people who receive services.

The Division of Behavioral Health's General Fund appropriations for community-based substance usage disorders treatment and prevention services totaled approximately 64.0 percent less than the General Fund appropriations for community-based mental health services for FY 2011-12. Substance usage disorders treatment and prevention services received increases in total General Fund appropriations in FY 2005-06 through FY 2008-09 due to the expansion of specialty programs, such as the Short-term Intensive Residential Rehabilitation Program (STIRRT), and the establishment of specialty programs, such as the Provider Performance Monitoring System. Outside of inflationary provider rate increases, core substance usage disorders treatment and prevention services have not received General Fund increases in the past

ten years. The table below summarizes General Fund spending by the Division on substance usage disorders treatment and prevention services from FY 2001-02 through the FY 2012-13 budget request.



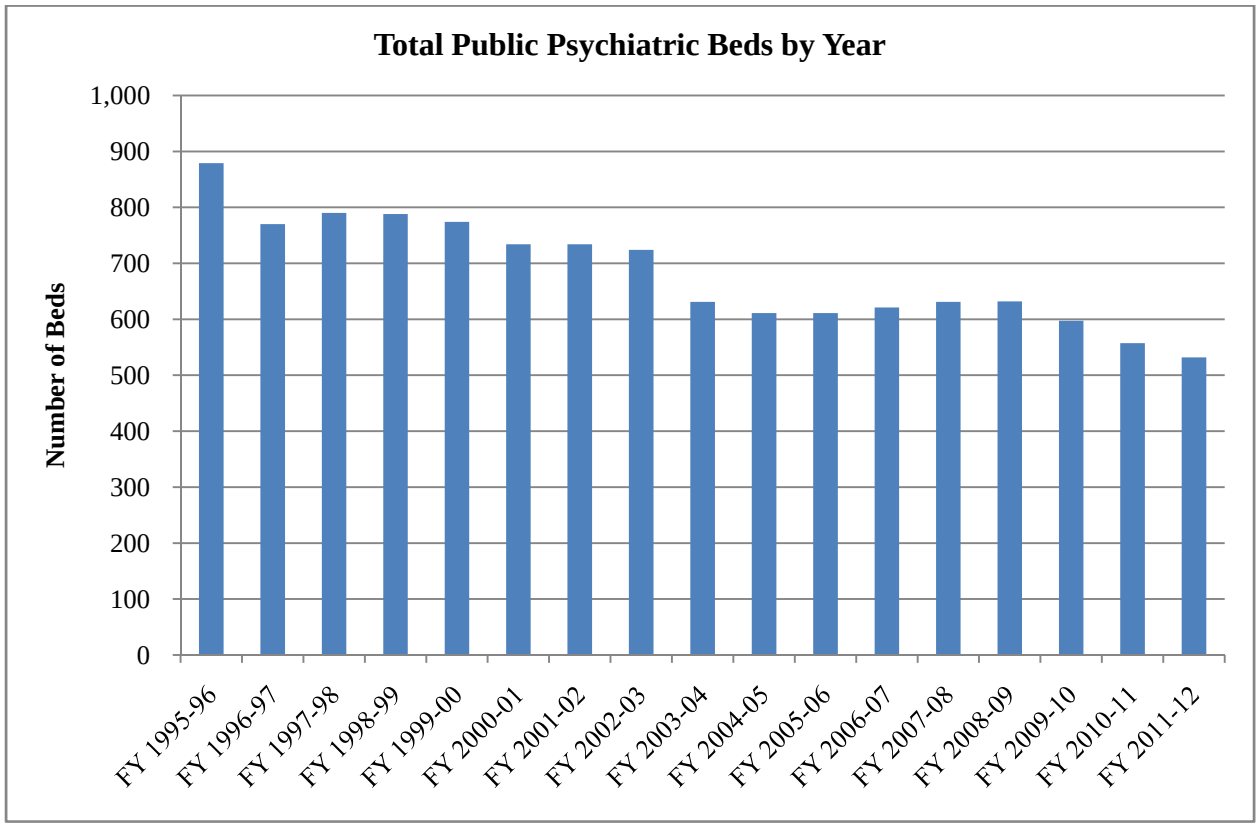
In addition to General Fund appropriations for community-based substance use disorders, the Division is appropriated cash funds and federal funds. As the designated "State Substance Abuse Authority," the Division receives federal funding from the Substance Abuse Prevention and Treatment Block Grant administered by SAMHSA. In FY 2011-12 the Block Grant provided the State with approximately $23.5 million. The moneys are provided to substance use disorders treatment and prevention service providers, and appropriated to the Division for administrative purposes and research.

The Division receives cash funds from tobacco litigation settlement moneys for the provision of mental health services. The Alcohol and Drug Abuse Community Prevention and Treatment Fund receives three percent of tier two settlement moneys for the purchase of community prevention and treatment services from community providers. For FY 2011-12, the Division received an appropriation of $0.9 million from the Alcohol and Drug Abuse Community Prevention and Treatment Fund for this purpose.

Mental Health Institute Division

The Department operates the State's two mental health institutes in Denver and Pueblo. The Colorado Mental Health Institute at Pueblo (Pueblo) opened as the Colorado State Insane Asylum in 1879 to provide services to 11 patients admitted from different counties across the

state. By 1923, the census at the facility rose to over 2,000 patients and continued to grow until 1961 when the hospital had nearly 6,000 patients. Fort Logan was born as an Army post for the federal government in 1887. The fort consisted of officers' quarters, a headquarters building, hospital, enlisted men's barracks, stables, and warehouses. The fort was officially closed in 1946, and the United States Veterans Administration (VA) used the hospital temporarily while the new VA hospital was constructed in Denver. Over 300 acres of the fort land was deeded to the State of Colorado in 1960 to establish a State hospital, which became the Fort Logan Mental Health Center. Colorado was part of the nationwide deinstitutionalization movement in the mid 1960s, as individuals with mental illness were targeted for treatment in the community rather than treatment in a public psychiatric facility. The graph below depicts the number of beds at the two institutes over the past 16 years as an example of the changes occurring in public bed counts in the state.



Pueblo and Fort Logan are both considered Institutions for Mental Disease (IMD) under federal law because both have more than 16 beds and are primarily engaged in providing diagnosis, treatment, or care of persons with mental health disorders, including medical attention, nursing care, and related services. Under the IMD exclusion, Medicaid will not reimburse the State for the inpatient hospitalization of an adult who is between 21 and 64-years-old at Fort Logan or Pueblo. Medicaid will pay for community mental health treatment services for an eligible adult between the ages of 21 and 64. However, when the same adult enters Fort Logan or Pueblo, the cost of his or her care is transferred entirely to the General Fund. Additionally, the 45-day Medicaid inpatient psychiatric benefit limit (implemented in FY 2003-04) has also put pressure on the institutes to reduce the length of stay for patients under age 21 and age 65 and over. In the

absence of an alternative revenue stream, the care of patients age 21 and under and age 65 and over is covered by General Fund following the 45 -day limit.

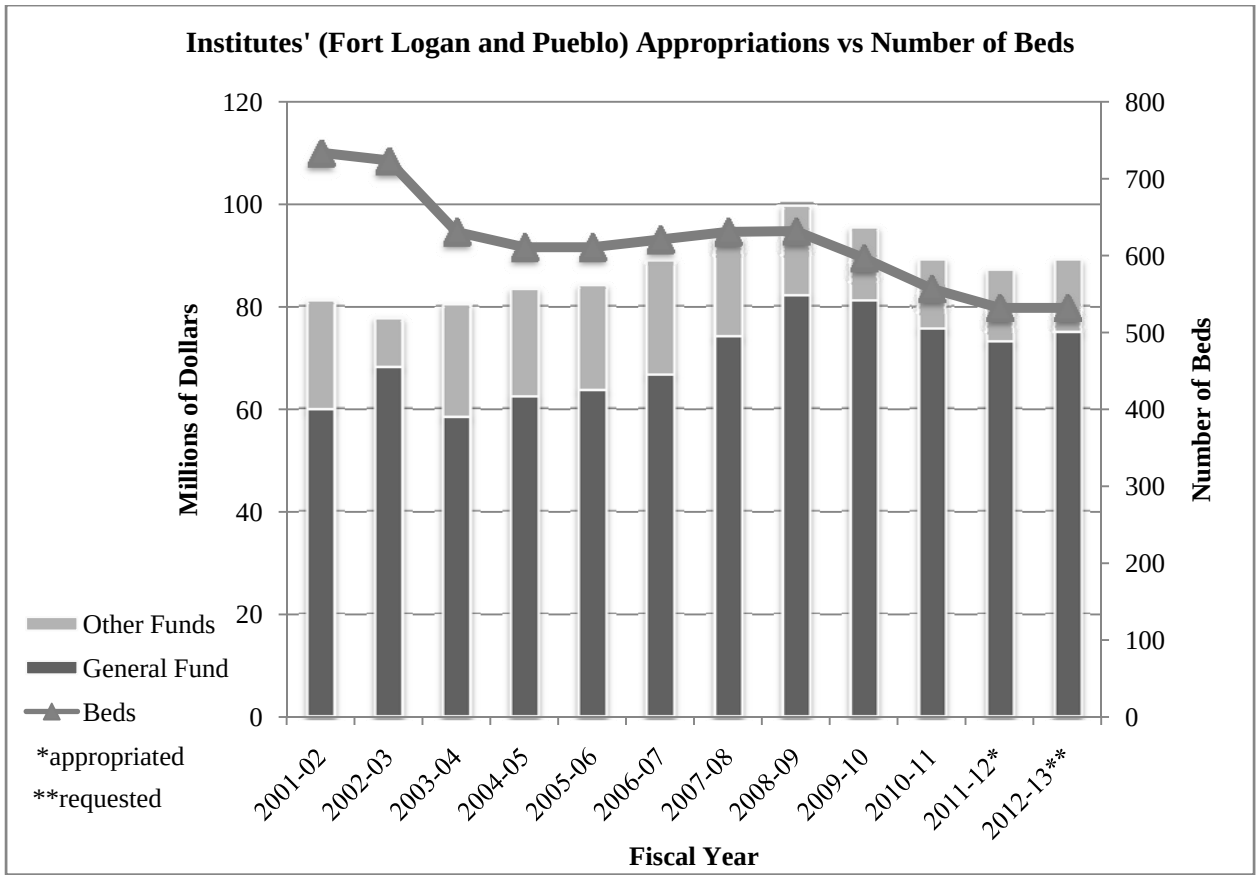
Today, the average daily census across the two institutes is approximately 480 individuals (390 patients at Pueblo and 90 patients at Fort Logan). As is seen in the graph above, since FY 1995-96, the bed count across the institutes has decreased by 39.5 percent (347 beds). Of the 532 available beds in the institutes today, 294 are dedicated to the Institute for Forensic Psychiatry (IFP) at the Colorado Mental Health Institute at Pueblo. The IFP provides services to patients placed in the legal custody of DHS by the courts for competency evaluations and restoration to competency services. The forensics treatment division also provides services to individuals found not guilty by reason of insanity (NGRI). The table below summarizes the number of beds per treatment division, the current occupancy rate, and the average annual cost per bed, for the operating units at Pueblo and Fort Logan today.

Current State Mental Health Institute Beds			
Institute	**Number of Beds**	**Current Occupancy Rate**	**Average Annual Cost Per Bed**
Fort Logan			
Adult	94	95.5%	$269,519
Total	**94**	**95.5%**	
Pueblo			
Forensics	294	90.6%	$211,123
Adolescents	20	52.1%	$405,168
Geriatrics	40	92.7%	$199,074
Adult	64	92.5%	$213,247
Circle	20	81.9%	$211,532
Total	**438**	**88.9%**	

During FY 2009-10, the General Assembly approved the closure of the childrens, adolescent, and geriatric treatment divisions at Fort Logan (59 beds). The division closures resulted in an ongoing savings of $3.7 million General Fund across DHS and the HCPF. As part of the closures, funds were appropriated to community providers for the provision of services for individuals displaced.

The Therapeutic Residential Childcare Facility (TRCCF) treatment division at Fort Logan was approved for closure in FY 2011-12. While the TRCCF served as a safety net for hard to serve children, it was feasible that individuals receiving services in the treatment division could receive similar services in the community. Closing the treatment division resulted in a General Fund savings of approximately $0.6 million.

The graph below represents the relationship between expenditures and the number of beds available in the State institutes from FY 2001-02 through the FY 2012-13 budget request.



The Department's FY 2012-13 budget request does not include additional treatment division closures. The primary driver in the FY 2012-13 budget request for the institutes is the restoration of the FY 2011-12 reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 11-076 that accounts for an increase of $1.4 million total funds (including $1.2 million General Fund).

FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Health Care Policy and Financing
(Medicaid Mental Health Community Programs)

DECISION ITEM PRIORITY LIST

2	**Medicaid Mental Health Community Programs Request**		
	Medicaid Mental Health Community Programs. The FY 2012-13 request includes funding for an estimated base increase to the Medicaid Community Mental Health Programs line items. The Department projects a total caseload increase of 64,634 over the FY 2011-12 appropriated caseload. Statutory authority: Sections 25.5-5-408 and 25.5-5-411, C.R.S.	**Total Funds**	**$36,614,308**
		FTE	0.0
		GF	21,388,240
		CF	(3,087,673)
		RF	(13,544)
		FF	18,327,285

TOTAL DECISION ITEM PRIORITY LIST

Total Funds	**$36,614,308**
FTE	0.0
GF	21,388,240
CF	(3,087,673)
RF	(13,544)
FF	18,327,285

FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Mental Health and Alcohol and Drug Abuse Services)

DECISION ITEM PRIORITY LIST

2	**Electronic Health Record and Pharmacy System Feasibility Study** **Mental Health and Alcohol and Drug Abuse Services.** The FY 2012-13 budget request includes funding to conduct a feasibility study of an electronic health record and a new pharmacy system for the Colorado Mental Health Institutes at Pueblo and Fort Logan. An electronic health record system and replacement of the existing legacy pharmacy system would address problems identified in prescribing and monitoring medications, improve clinical decision making, and reduce medical errors. Staff currently uses paper documents to record and reference virtually all patient information and to address questions regarding individual patient psychiatric and medical treatment needs. *Statutory authority: Section 26-1-201, C.R.S.*	**Total Funds** *FTE* GF	**$75,000** 0.0 75,000
	TOTAL DECISION ITEM PRIORITY LIST	**Total Funds** *FTE* GF	**$75,000** 0.0 75,000

FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Health Care Policy and Financing
(Medicaid Mental Health Community Programs)

BASE AND TECHNICAL CHANGES

1 **Annualization of S.B. 11-008**

Medicaid Mental Health Community Programs. The FY 2012-13 budget request includes the annualization of S.B. 11-008 (Boyd/Gerou) that specifies that the income eligibility criteria for Medicaid that applies to children aged five and under and pregnant women shall also apply to children between the ages of six and 19. On or after September 1, 2011, children under the age of 19 and pregnant women will be eligible for Medicaid if their family income is less than 133 percent of the federal poverty level (FPL). It also allows tobacco tax cash funds to be used to offset General Fund expenditures for persons who enroll in Medicaid as a result of the bill, and provided they were eligible for the Children's Basic Health Plan (CBHP) prior to September 1, 2011.

Total Funds	**$1,009,781**
FTE	0.0
GF	353,423
FF	656,358

2 **Annualization of S.B. 11-250**

Medicaid Mental Health Community Programs. The FY 2012-13 budget request includes the annualization of S.B. 11-250 (Boyd/Ferrandino & Summers) that increases the upper income limit for Medicaid eligibility among pregnant women from the current level of 133 percent to 185 percent of federal poverty level (FPL) in order to comply with federal law. By changing income limits, it also allows eligible pregnant women to transition from the Children's Basic Health Plan (CBHP) to Medicaid.

Total Funds	**$180,133**
FTE	0.0
GF	63,047
FF	117,086

TOTAL BASE AND TECHNICAL CHANGES

Total Funds	**$1,189,914**
FTE	0.0
GF	416,470
FF	773,444

FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Mental Health and Alcohol and Drug Abuse Services)

BASE AND TECHNICAL CHANGES

1	**Annualize S.B. 11-076 (PERA Contributions)**		
	Mental Health and Alcohol and Drug Abuse Services. The FY 2012-13 budget request restores the FY 2011-12 reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 11-076.	**Total Funds**	**$1,511,634**
		FTE	0.0
		GF	1,235,447
		CF	115,513
		RF	115,141
		FF	45,533
2	**Annualization of FY 2010-11 SBA-8 (5% Operating Reduction)**		
	Mental Health and Alcohol and Drug Abuse Services. The FY 2012-13 budget request restores the FY 2010-11 five percent operating expenses reduction made for two years through a prior budget decision.	**Total Funds**	**$95,602**
		FTE	0.0
		GF	74,798
		RF	20,804
3	**Annualization of Fort Logan TRCCF Closure**		
	Mental Health and Alcohol and Drug Abuse Services. The FY 2012-13 budget request includes the result of a budget action taken in FY 2011-12 to close the Therapeutic Residential Child Care Facility at the Colorado Mental Health Institute at Fort Logan (known as Mountain Star Residential Treatment Center). The treatment division closure resulted in the elimination of a 20 bed, unlocked, residential treatment center serving youth ages 12 to 18 referred by county departments of social services and the Department's Division of Youth Corrections (DYC).	**Total Funds**	**($42,371)**
		FTE	0.0
		GF	(42,371)

BASE AND TECHNICAL CHANGES	
Total Funds	**$1,587,280**
FTE	0.0
GF	1,267,874
CF	115,513
RF	135,945
FF	67,948

FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Health Care Policy and Financing
(Medicaid Mental Health Community Programs)

OVERVIEW OF NUMBERS PAGES

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2011-12 appropriation and its FY 2012-13 request.

Table 1: Total Requested Change, FY 2011-12 to FY 2012-13 (millions of dollars)

Category	GF	CF	RF	FF	Total	FTE
FY 2011-12 Appropriation	$127.8	$10.5	$0.0	$138.1	$276.4	0.0
FY 2012-13 Request	149.6	7.4	0.0	157.2	314.2	0.0
Increase / (Decrease)	$21.8	($3.1)	($0.0)	$19.1	$37.8	0.0
Percentage Change	17.1%	(29.4%)	(100.0%)	13.8%	13.7%	n/a

The following table highlights categories of changes contained in the Department's FY 2012-13 budget request, as compared with the FY 2011-12 appropriation, for the portion of the Department covered in this briefing packet.

Table 2: Total Department Requested Changes, FY 2011-12 to FY 2012-13 (millions of dollars)

Category	GF	CF	RF	FF	Total	FTE
Decision Items	$21.4	($3.1)	$0.0	$18.3	$36.6	0.0
Technical/Base Changes	0.4	0.0	0.0	0.8	1.2	0.0
TOTAL	$21.8	($3.1)	($0.0)	$19.1	$37.8	0.0

FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Mental Health and Alcohol and Drug Abuse Services)

OVERVIEW OF NUMBERS PAGES

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2011-12 appropriation and its FY 2012-13 request for the portion of the Department of Human Services addressed in this briefing packet. A large portion of the Department's reappropriated funds are Medicaid-related transfers from the Department of Health Care Policy and Financing (HCPF). Roughly half of the corresponding HCPF appropriations are General Fund. Net General Fund equals the direct GF appropriation shown, plus the GF portion of the HCPF transfer.

Table 1: Total Requested Change, FY 2011-12 to FY 2012-13 (millions of dollars)

Category	GF	CF	RF	FF	Total	NGF	FTE
FY 2011-12 Appropriation	$129.5	$16.8	$11.6	$37.6	$195.5	$132.8	1,211.1
FY 2012-13 Request	130.8	16.9	11.7	37.7	197.1	134.2	1,211.1
Increase / (Decrease)	$1.3	$0.1	$0.1	$0.1	$1.7	$1.4	0.0
Percentage Change	1.0%	0.7%	1.2%	0.2%	0.9%	1.1%	0.0%

The following table highlights categories of changes contained in the Department's FY 2012-13 budget request, as compared with the FY 2011-12 appropriation, for the portion of the Department covered in this briefing packet.

Table 2: Total Department Requested Changes, FY 2011-12 to FY 2012-13 (millions of dollars)

Category	GF	CF	RF	FF	Total	NGF	FTE
Decision Items	$0.1	$0.0	$0.0	$0.0	$0.1	$0.1	0.0
Technical/Base Changes	1.3	0.1	0.1	0.1	1.6	1.3	0.0
TOTAL	$1.3	$0.1	$0.1	$0.1	$1.7	$1.4	0.0

FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Mental Health and Alcohol and Drug Abuse Services)

BRIEFING ISSUE

ISSUE: Performance-based Goals and the Department's FY 2012-13 Budget Request

This issue brief summarizes the Department of Human Services report on its performance relative to its strategic plan, and discusses how the FY 2012-13 budget request advances the Department's performance-based goals. Pursuant to the State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act (H.B. 10-1119), the full strategic plan for the Department of Human Services can be accessed from the Office of State Planning and Budgeting web site.

The issue brief assumes that the performance-based goals are appropriate for the Department. Pursuant to the SMART Government Act legislative committees of reference are responsible for reviewing the strategic plans and recommending changes to the departments. The issue brief also assumes that the performance measures are reasonable for the performance-based goals. Pursuant to the SMART Government Act the State Auditor periodically assesses the integrity, accuracy, and validity of the reported performance measures. Please note that the Department's full strategic plan includes seven strategic imperatives, six strategic initiatives, and five overarching highest priority objectives and performance measures and additional division-specific objectives and performance measures. This issue brief only deals with one of the five overarching objectives. The remaining four overarching objectives will be evaluated in separate issue briefings.

DISCUSSION:

Performance-based Goals and Measures

The Department's top priority objective for the division included in this briefing is:

4. To promote quality and effective behavioral health practices to strengthen the health, resiliency and recovery of Coloradans.

Objective: The Colorado Mental Health Institute at Pueblo (CMHIP) provides inpatient and outpatient services to patients ordered to CMHIP for evaluation of competency to stand trial, restoration to competency, and individuals found not guilty by reason of insanity. Currently, the length of time from when a patient is ordered to CMHIP for evaluation to the time that the patient is admitted to CMHIP is 27 days. The Office of Behavioral Health, Division, and CMHIP staff will work with the State Judicial Department, Office of the Public Defender, Colorado Sheriff's Association, and the Colorado District Attorney's Council to reduce the time interval to less than 24 days, with no patient's interval being more than 28 days for any patient, no later than January 1, 2013.

a. How is the Department measuring the specific goal/objective? The Department is measuring its goal/objective by the number of days from the time a patient is ordered to undergo a competency evaluation to the time the patient is admitted to CMHIP for the evaluation. The target for this objective is less than 24 days.

b. Is the Department meeting its objective, and if not, why? The number of days from the time a patient is ordered to undergo a competency evaluation to the time the patient is admitted to CMHIP for the evaluation is currently 27 days. The Department is in the midst of a legal investigation concerning its failure to meet the 24 day interval standard. As a result, the Department has been advised by its attorneys not to comment on the specific reasons why it is has been able to meet the goal.

c. How does the budget request advance the performance-based goal? The Department's FY 2012-13 budget request does not include additional funding to assist the agency in reaching its goal.

Objective: The Division will develop a web-based, data dashboard that illustrates accurate and timely statewide behavioral health treatment information. The behavioral health data dashboard will be designed for both internal and external stakeholders in a user-friendly format to track trends and drive programmatic and policy decision-making. The data dashboard will be built in several phases: Phase 1 will include improved provider information and make standard behavioral health screening tools available to external stakeholders; Phase 2 will publish statewide demographic data on consumers (non-identifying data) receiving substance use treatment services; and Phase 3 will include statewide data on the performance of substance use disorder treatment agencies. The dashboard will encourage engagement in behavioral health services and making informed choices regarding the selection of providers.

a. How is the Department measuring the specific goal/objective? The Department is measuring its goal/objective by the number of referrals into substance use disorder treatment by self, family, or health care providers. The goal is to increase the number of referrals by two percent each year.

b. Is the Department meeting its objective, and if not, why? If the Department was to reflect on its prior performance, it would find that it did not meet its goal of increasing the number of referrals into substance use disorder treatment by self, family, or health care providers in FY 2009-10 or FY 2010-11 (see table below).

   The Division has been developing a statewide treatment directory to better inform the public of the substance abuse treatment resources that are available in Colorado. The intent of the directory, scheduled to be operational by February 1, 2012, is to increase referrals to treatment in Colorado.

Number of Substance Abuse Referrals By Year					
	FY 2008-2009	**FY 2009-2010**	**FY 2010-2011**	**FY 2011-2012**	**FY 2012-2013**
Benchmark	n/a	7,281	7,277	7,155	7,298
Actual	7,138	7,134	6,775	n/a	n/a
Percentage Change	n/a	-0.1%	-5.0%	5.6%	2.0%

c. How does the budget request advance the performance-based goal? The Department's FY 2012-13 budget request includes continuation level funding.

FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Health Care Policy and Financing
(Medicaid Mental Health Community Programs)

BRIEFING ISSUE

ISSUE: Medicaid Mental Health Community Program Budget Request Highlights

The State provides mental health services to Medicaid enrollees through a capitated managed care program by which the State pays a regional entity a contracted amount for each Medicaid client eligible for mental health services in the entity's geographic area. The Department of Health Care Policy and Financing (HCPF) projects a need for $276.4 million total funds in FY 2011-12, $314.2 million total funds in FY 2012-13, and $348.6 million total funds in FY 2013-14 due to a growth in caseload from an appropriated level of 575,456 in FY 2011-12 to an anticipated caseload of 683,788 in FY 2013-14.

SUMMARY:

- Medicaid mental health community services in Colorado are delivered through a managed care or capitated program whereby the State contracts with a Behavioral Health Organization (BHOs) to provide mental health services to all Medicaid-eligible persons needing such services;

- The current FY 2011-12 appropriation for the Medicaid Mental Health Community Program is $276.4 million total funds (including $127.8 million General Fund). The Department of Health Care Policy and Financing (HCPF) projects that $280.7 million total funds (including $135.5 million General Fund) is needed to meet FY 2011-12 anticipated expenditures of the Program; and

- HCPF projects that an appropriation of $314.2 million total funds (including $149.6 million General Fund) will be needed to cover the expenses of the Medicaid Mental Health Community Program during FY 2012-13.

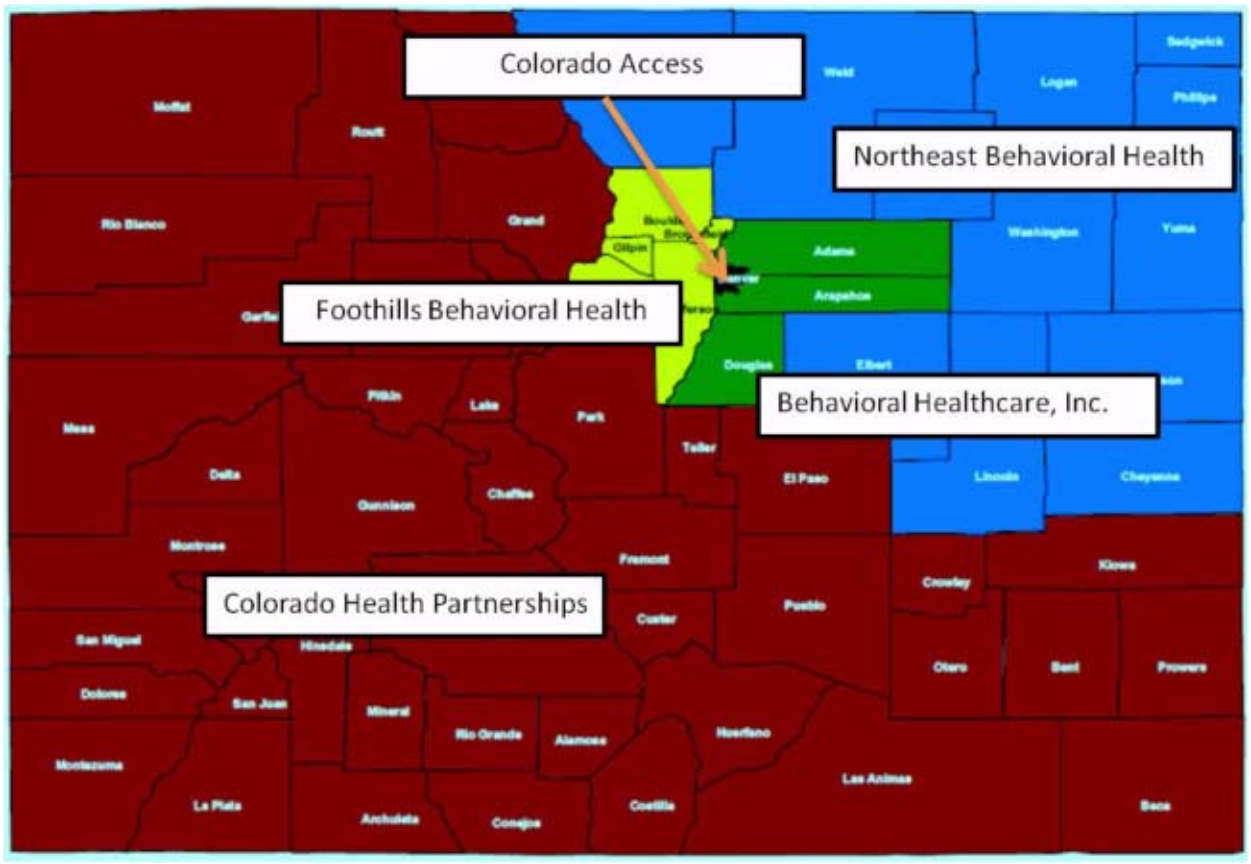
DISCUSSION:

Background

Prior to 1995, Medicaid enrollees in Colorado received mental health services through either a fee-for-service system or health maintenance organizations (HMO). In 1995, the General Assembly authorized the State to provide mental health services to Medicaid enrollees through a capitated managed care program. Under the capitation model, the State pays a regional entity, known as a Behavioral Health Organization (BHOs), a contracted amount (per member per month) for each Medicaid client eligible for mental health services in the entity's geographic area. The BHO is required to provide appropriate mental health services to all Medicaid-eligible persons needing such services.

The rate paid to each BHO is based on a Medicaid client's class eligibility for mental health services (e.g., children in foster care, low-income children, elderly, disabled) in each geographic region. Under the capitated mental health system, changes in rates paid, changes in overall Medicaid eligibility, and case-mix (mix of types of clients within the population) are important drivers in overall state appropriations for mental health services.

The map below depicts the five BHOs that the Department of Health Care Policy and Financing (HCPF) contracts with as part of the capitated program.

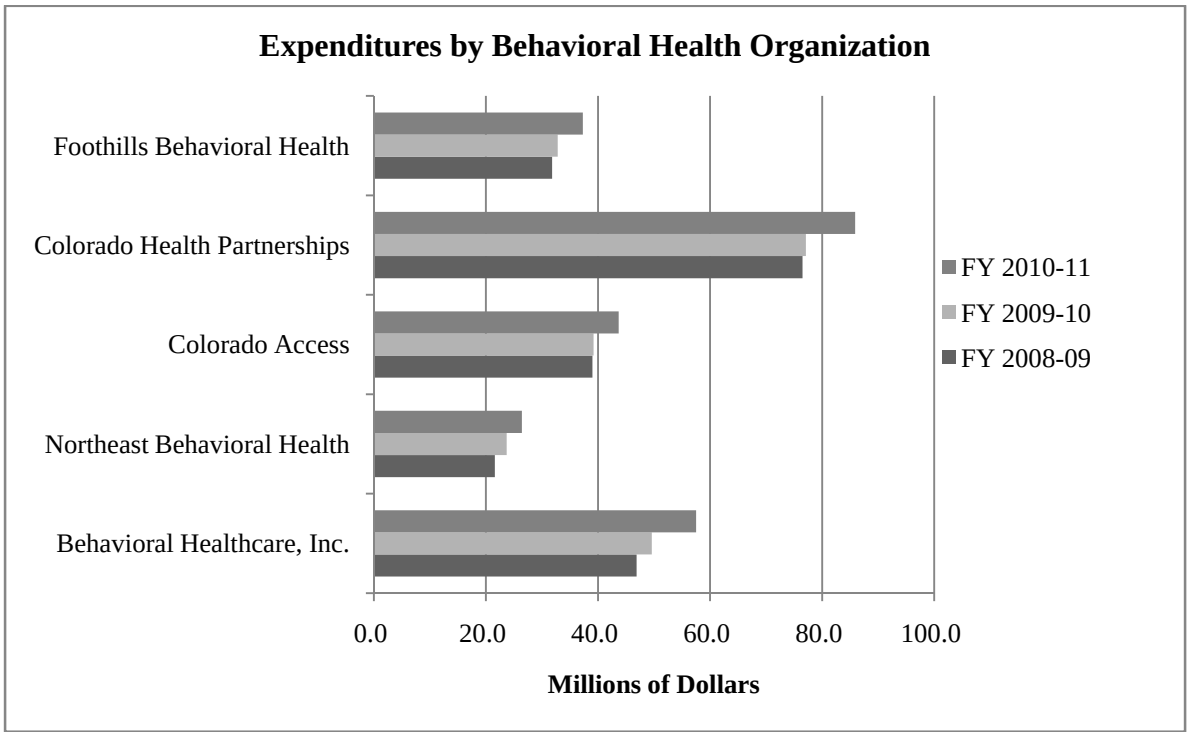


Each BHO is responsible for providing or arranging medically necessary mental health services to all Medicaid-eligible individuals enrolled with a BHO in the following categories:

- Adults 65 and Older (OAP-A);
- Disabled Adults 60 to 64 (OAP-B);
- Disabled Individuals to 59 (AND/AB);
- Categorically Eligible Low-Income Adults (AFDC-A);
- Expansion Adults;
- Baby Care Program-Adults;
- Eligible Children (AFDC-C/ BC);
- Foster Care; and
- Breast and Cervical Cancer Program.

Services provided by the BHOs include, but are not limited to:

- Inpatient hospitalization;
- Psychiatric care;
- Rehabilitation and outpatient care;
- Individual and group therapy;
- Clinic services;
- Case management;
- Medication management and physician care;
- Emergency services;
- Assertive community treatment;
- Respite services;
- Clubhouse and drop-in centers;
- Non-hospital residential care as it pertains to mental health; and
- Alternatives to institutionalization.



FY 2011-12 Budget Projection

The FY 2011-12 current appropriation includes $276.4 million total funds (including $127.8 million General Fund) for the provision of services to a caseload of 575,456. The Department indicates that the FY 2011-12 appropriation must grow by 1.6 percent. There are four primary drivers for the projected mid-year appropriation change:

1. The State offers a Medicaid buy-in program for disabled adults and children with income up to 450 percent of the federal poverty level. Individuals enroll under this Medicaid coverage by paying a monthly premium. For the FY 2011-12 appropriation, staff incorrectly forecasted the disabled population versus the buy-in disabled population

resulting in an anticipated under-appropriation of $7.8 million total funds (including $3.9 million General Fund);

2. The Department projects that caseload will increase 3.4 percent, from 575,456 to 595,044, from the current FY 2011-12 appropriation to the projected FY 2011-12 expenditures. The growth results in an anticipated increase of $9.9 million total funds (including $4.9 million General Fund);

3. The FY 2011-12 caseload forecast for individuals eligible for Medicaid coverage as a result of the H.B. 09-1293 Hospital Provider Fee is not trending to the forecasted level. This results in an anticipated decrease of $10.2 million total funds (including $5.1 million cash funds); and

4. Rates for FY 2011-12 are occurring at points below the projection used for the current FY 2011-12 appropriation resulting in an anticipated decrease of $3.4 million total funds (including $1.6 million General Fund).

The table below outlines the current FY 2011-12 appropriation compared to the projected FY 2011-12 expenditures need by aid category, as well as by capitation and fee-for-service payment categories. It is anticipated that the Committee will take action on the FY 2011-12 appropriation for the Medicaid Mental Health Community Program during the figure setting process in March 2012 for FY 2012-13.

FY 2011-12 Medicaid Mental Health Community Programs Budget Overview						
Cost	**Appropriation**		**Projection**		**Difference**	
Item	**Caseload**	**Expenditure**	**Caseload**	**Expenditure**	**Caseload**	**Expenditure**
Capitation Payments						
Aid Categories						
Adults 65 and Older	39,556	$6,179,743	39,579	$6,692,978	23	$513,235
Disabled Individuals Through 64	70,268	126,618,910	68,104	126,011,751	(2,164)	(607,159)
Low Income Adults	129,767	35,925,352	135,981	38,674,580	6,214	2,749,228
Eligible Children	316,392	61,721,658	332,377	66,713,969	15,985	4,992,311
Foster Care	18,878	42,966,292	18,363	40,213,468	(515)	(2,752,824)
Breast and Cervical Cancer Program	595	164,458	640	182,790	45	18,332
Aid Categories Subtotal	**575,456**	**$273,576,413**	**595,044**	**$278,489,536**	**19,588**	**$4,913,123**
Adjustments						
Recoupment	n/a	($1,084,255)	n/a	($1,481,943)	n/a	($397,688)
Date of Death Retractions	n/a	0	n/a	(425,860)	n/a	(425,860)
Adjustments Total	**n/a**	**($1,084,255)**	**n/a**	**($1,907,803)**	**n/a**	**($823,548)**
Capitation Payments Total	**575,456**	**$272,492,158**	**595,044**	**$276,581,733**	**19,588**	**$4,089,575**
Fee-For-Service						
Inpatient	n/a	$810,373	n/a	$844,851	n/a	$34,478

FY 2011-12 Medicaid Mental Health Community Programs Budget Overview						
Cost	**Appropriation**		**Projection**		**Difference**	
Item	**Caseload**	**Expenditure**	**Caseload**	**Expenditure**	**Caseload**	**Expenditure**
Outpatient	n/a	3,001,171	n/a	3,162,407	n/a	161,236
Physician	n/a	97,283	n/a	104,204	n/a	6,921
Fee-For-Service Total	**n/a**	**$3,908,827**	**n/a**	**$4,111,462**	**n/a**	**$202,635**
Total Mental Health Community Programs	**575,456**	**$276,400,985**	**595,044**	**$280,693,195**	**19,588**	**$4,292,210**
Incremental Change					**3.4%**	**1.6%**

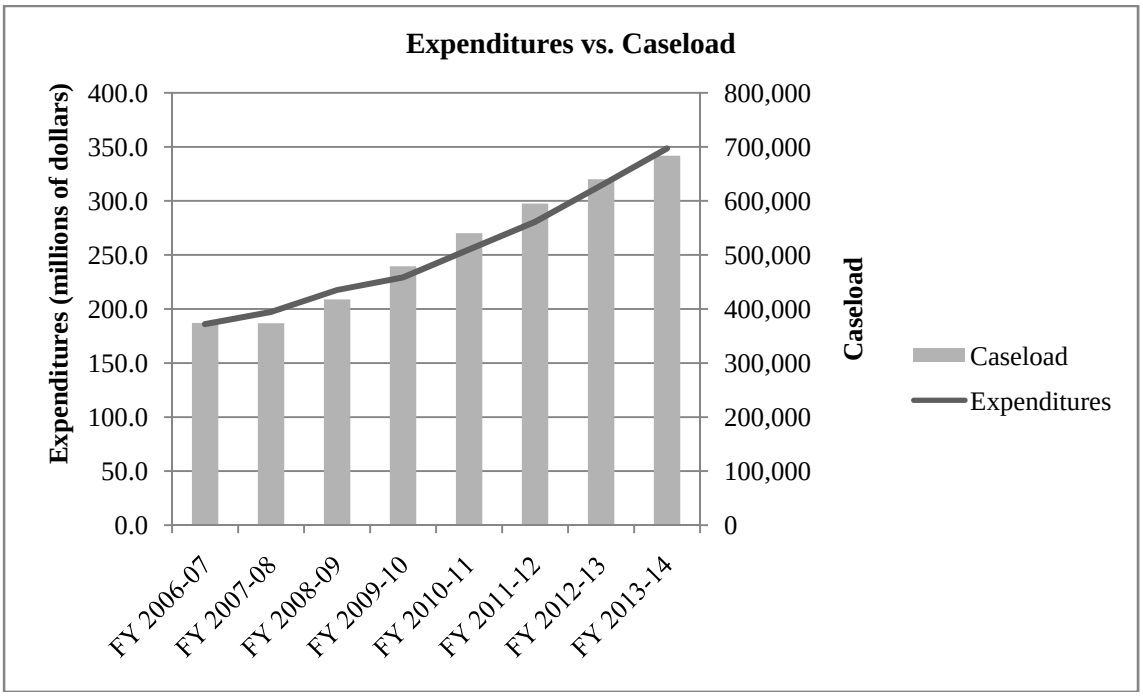
FY 2012-13 Budget Projection

The FY 2012-13 requested appropriation includes $314.2 million total funds (including $149.6 million General Fund) for the provision of services to a caseload of 640,090. This represents an increase of 11.9 percent in expenditures and an increase of 7.6 percent over the projected FY 2011-12 appropriation need submitted by the Department. The primary driver for the FY 2012-13 budget request increase over the anticipated FY 2011-12 expenditure level is caseload.

FY 2012-13 Medicaid Mental Health Community Programs Budget Overview						
Cost	**FY 2011-12 Projection**		**FY 2012-13 Projection**		**Difference**	
Item	**Caseload**	**Expenditure**	**Caseload**	**Expenditure**	**Caseload**	**Expenditure**
Capitation Payments						
Aid Categories						
Adults 65 and Older	39,579	$6,692,978	40,347	$7,029,046	768	$336,068
Disabled Individuals Through 64	68,104	126,011,751	73,451	145,733,897	5,347	19,722,146
Low Income Adults	135,981	38,674,580	146,548	43,254,871	10,567	4,580,291
Eligible Children	332,377	66,713,969	360,359	75,419,689	27,982	8,705,720
Foster Care	18,363	40,213,468	18,668	39,387,936	305	(825,532)
Breast and Cervical Cancer Program	640	182,790	717	212,114	77	29,324
Aid Categories Subtotal	**595,044**	**$278,489,536**	**640,090**	**$311,037,553**	**45,046**	**$32,548,017**
Adjustments						
Recoupment	n/a	($1,481,943)	n/a	($871,781)	n/a	$610,162
Date of Death Retractions	n/a	(425,860)	n/a	(383,273)	n/a	42,587
Adjustments Total	**n/a**	**($1,907,803)**	**n/a**	**($1,255,054)**	**n/a**	**$652,749**
Capitation Payments Total	**595,044**	**$276,581,733**	**640,090**	**$309,782,499**	**45,046**	**$33,200,766**
Fee-For-Service						
Inpatient	n/a	$844,851	n/a	$908,808	n/a	$63,957
Outpatient	n/a	3,162,407	n/a	3,401,807	n/a	239,400
Physician	n/a	104,204	n/a	112,092	n/a	7,888
Fee-For-Service Total	**n/a**	**$4,111,462**	**n/a**	**$4,422,707**	**n/a**	**$311,245**
Total Mental Health Community Programs	**595,044**	**$280,693,195**	**640,090**	**$314,205,206**	**45,046**	**$33,512,011**
Incremental Change					**7.6%**	**11.9%**

FY 2011-12 and FY 2012-13 Projections: Looking Forward and Back

The Medicaid Mental Health Community Program caseload has grown from 374,119 to 683,788 (82.8 percent) from FY 2006-07 through the FY 2013-14 projection. During this same time period, expenditures have grown at a rate of 76.7 percent. The graph below compares expenditures to caseload over an eight year period.



FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Health Care Policy and Financing
(Medicaid Mental Health Community Programs)

BRIEFING ISSUE

ISSUE: Behavioral Health Hot Topics

Recent studies indicate that there is a gap between the number of Coloradans living in a household at or below 300.0 percent of the federal poverty level in need of behavioral health services and those receiving services. Efforts, including the integration of behavioral and primary health care, are being implemented to bridge this gap in a manner that improves the health of the state's citizens, enhances the care experience, and controls costs.

SUMMARY:

- The Colorado Population in Need 2009 report indicates 42.0 percent of Coloradans living in a household at or below 300.0 percent of the federal poverty level are in need of behavioral health services are receiving services;

- The 2011 Status of Behavioral Health Care in Colorado written by TriWest indicates that the State's system is improving at integrating behavioral health and primary health services, cross-agency collaboration, and use of evidence-based treatment strategies. The State must continue to improve providing access to care, funding for services, and developing and attracting practitioners; and

- Providers and managed care organizations across the state have begun to collaborate and develop formal partnerships to integrate primary care, mental health services, and substance use disorders services in an effort to improve the health of the state's citizens, enhance the care experience, and control costs.

DISCUSSION:

Behavioral Health Care Needs of Coloradans

The Department of Human Services' (DHS) Division of Behavioral Health contracted with the Western Interstate Commission for Higher Education (WICHE) to study the unmet need and disparities in care among Coloradans with serious behavioral health disorders who cannot afford to pay (living in households at or below 300.0 percent of the federal poverty level) for mental health and/or substance abuse treatment services. The team investigated adults with serious mental illness, adults with substance use disorders, adults with co-occurring serious mental illness and substance use disorders, and children and adolescents with severe emotional disturbance (children and adolescents with co-occurring severe emotional disturbance and substance use disorders are included in the severe emotional disturbance category of behavioral health disorders). The results of the study were published as the Colorado Population in Need 2009 report.

The data generated by the study can be broken into three categories. The first category, prevalence estimates, refers to the total number of individuals with a serious behavioral disorder in the study population of individuals living in a household at or below 300.0 percent of the federal poverty level during the study time period of FY 2006-07. The estimate was generated by taking national prevalence rates from epidemiological studies and applying them to Colorado census data.

The second category of data, service utilization, details the number of individuals living in households at or below 300.0 percent of the federal poverty level who accessed behavioral health services funded by the Department of Health Care Policy and Financing (HCPF) or DHS in the study time period.

The third category, unmet need, illustrates the number of individuals who qualified for, but did not access HCPF and/or DHS-funded behavioral health services in FY 2006-07. From the data collected in these three groups, it is possible to determine the percentage of qualified individuals who accessed services (penetration rate) funded by DHS and HCPF across the state. The table below provides a summary of the findings contained in the Colorado Population in Need 2009 report.

Colorado Population in Need 2009 Study Findings, FY 2006-07				
Population Category	**Prevalence**	**Service Utilization**	**Unmet Need**	**Penetration Rate**
Adults - Serious Mental Illness only	89,803	30,358	59,445	33.8%
Adult - Substance Use Disorder	65,990	28,599	37,391	43.3%
Adults - Co-occurring	13,958	2,298	11,660	16.5%
Adolescents and Children - Severe Emotional Disturbance	49,364	30,839	18,525	62.5%
Total	**219,115**	**92,094**	**127,021**	**42.0%**

The Status of Behavioral Health Care in Colorado Report

A group of eight Colorado foundations commissioned TriWest Group in 2003 to conduct an assessment and critical analysis of the public and private mental health systems in the state. The report published from the assessment and analysis indicated that Colorado's mental health delivery structure consisted of many overlapping and fragmented systems which were underfunded and did not provide adequate access for citizens across the state. Subsequently, four Colorado foundations (Caring for Colorado Foundation, The Colorado Health Foundation, The Colorado Trust, and The Denver Foundation) created an organization called Advancing Colorado's Mental Health Care (ACMHC). ACMHC was a five year project that brought together stakeholders in the mental health community to discuss the needs presented in the 2003 study. At the end of the five-year project, TriWest Group provided an updated assessment of behavioral health care in the state called The Status of Behavioral Health Care in Colorado.

The 2011 Status of Behavioral Health Care in Colorado provides several key insights into the current behavioral health care landscape in the state. The table below presents the seven key findings contained in the report.

The Status of Behavioral Health in Colorado (2011 Report from TriWest)	
Findings	**Notes**
Coordination and integration of services have improved, but are needed more than ever.	Behavioral health services are multiple, varied by funding, focus of care, and geography. Since 2003, State agencies with similar behavioral health missions have worked together more effectively. Need still exists for coordination of services for individuals with severe and complex needs.
Despite some gains, many people still cannot access the needed care.	Rural citizens have more difficulties accessing behavioral health care than urban and suburban citizens in Colorado. Youth and adults of color disproportionately receive behavioral health treatment in correctional settings. Lesbian, gay, bisexual, or transgender (LGBT) citizens to a lack of sensitivity to LGBT concerns. Hearing, mobility, and vision disabilities are at a greater risk of behavioral health issues.
Funding for mental health services continues to be insufficient to meet overall needs, and funding for substance use disorder services and prevention is less sufficient.	Colorado has generally maintained its overall investment in behavioral health services.
Improved integration of services is required to slow cost increases and improve health outcomes.	Overall health care spending for Coloradans is higher per person for those with behavioral health issues. The challenge is to provide access to behavioral health services prior to an individual presenting in correctional, child welfare, or homeless shelter settings.
There is increasing evidence about which behavioral health services work, and those that work are somewhat more available to Coloradans.	Promotion of evidence-based practices in behavioral health care has expanded across the state. Very few individuals with the highest needs are receiving evidence-based treatments. Correctional entities are expanding the use of evidence-based practices. There exists a need to better integrate mental health and substance use disorder service delivery in Medicaid regional care collaboratives.
There are too few providers and the need is growing.	The number of behavioral health practitioners has increased by 35.0 percent since 2003. Colorado continues to have a shortage of psychiatrists in general, providers who specialize in treating children and older adults, providers who speak languages other than English, and providers living in rural areas of the state.
Prioritization of resilience and recovery is still needed.	Peer supports are valuable in helping individuals with behavioral health issues to teach and mentor recovery and resilience.

The TriWest report concluded with several recommendations for improving the delivery of behavioral health care services in Colorado.

- The State must address the complex details to integrate service delivery rather than simply reorganizing systems;
- Opportunities to consolidate State-level delivery of and financing for behavioral health care services should be explored to better align benefits;
- Performance indicators for behavioral health should be incorporated into current Medicaid regional care collaborative initiatives;
- Counties should be included in behavioral health care planning to leverage their broader human services resources;

- Person-centered medical homes (PCMHs) must continue to be an emphasis in Colorado to promote coordinate care that addresses both physical health and behavioral health; and

- The State should invest more financial resources in behavioral health, particularly substance use disorder treatment services.

Integrated Care

Historically, mental health services have been isolated from substance use disorders and the primary care world. Understanding the need to improve an individual's interrelated health outcomes, providers and managed care organizations across the state have begun to collaborate and develop formal partnerships to integrate primary care, mental health services, and substance use disorders services. For example, North Range Behavioral Health merged operations with local substance abuse disorders provider Island Grove Regional Treatment Center in 2008 to provide a complete range of integrated services for individuals with mental illnesses, substance use disorders, or both. In the same year, North Range Behavioral Health entered into a partnership with Sunrise Community Health Center (a Federally Qualified Health Center) to provide integrated primary care and behavioral health services.

From a financial perspective, individuals with behavioral health issues are a costly contingent group of an insurance population because of the high rate of physical care required. Individuals with severe and persistent behavioral health illnesses often have co-morbid conditions that are intertwined, such as diabetes or heart disease. These individuals increase the cost of the total healthcare system, and have shorter life spans on average than people without behavioral health illnesses.

House Bill 11-1242 (Ferrandino/Nicholson) requires HCPF to study issues concerning the integrated delivery of health care. HCPF, with input from BHOs, community mental health centers, and other health care providers, is required to review existing regulations, reimbursement policies, barriers, and incentives that affect the integrated delivery of health care. The Department is required to report its findings to the Joint Budget Committee and legislative committees by April 1, 2012 on any revisions to State statute or regulations that would facilitate the integration of physical and behavioral health care services and by June 30, 2012 on the barriers to and potential incentives for increasing the delivery of integrated physical and behavioral health care services.

Cost Savings

HCPF's FY 2012-13 budget request includes a decision item which seeks to create a gain-sharing incentive plan. The plan focuses on providing appropriate treatments to individuals while closely monitoring care options to avoid costly options. If a provider is able to demonstrate savings while accomplishing positive health outcomes, they are rewarded with an incentive payment. Gain-sharing plans are budget neutral because the incentive payments are made from moneys achieved through the avoidance of costly treatment options.

As it relates to the Medicaid Mental Health Community Program, the proposed gain-sharing plan creates an incentive structure by which BHOs are held accountable for managing expenditures made by clients on psychotropic drugs. BHOs are in a unique position for implementing a gain-

sharing plan because they manage the mental health benefits for the Department, but are not under contract to cover pharmacy expenses. Pharmacy expenses for psychotropic drugs are paid for from the Department's fee-for-service appropriation. This facet of the Department's incentive plan, which is slated to save $0.3 million total funds in FY 2012-13 and $0.9 million total funds in FY 2013-14, would incent BHOs to better manage the State's expenditures on pharmaceuticals.

Substance Use Disorder Benefit

House Bill 05-1015 (Romanoff/Johnson) added outpatient substance abuse treatment as an optional service to the State's Medicaid program. Prior to the passage of H.B. 05-1015, only two Medicaid-covered substance abuse treatment options existed. First, detoxification services were available to Medicaid enrollees if an accompanying medical condition was present. Second, pregnant, substance abusing women were eligible for substance usage disorders services up until 60 days postpartum.

Medicaid supported substance abuse treatment services are administered in a fee-for-service model whereby providers render Medicaid-eligible services and HCPF reimburses the providers. This is a different model than the Department of Human Services (DHS) uses to administer State and federal funding for substance abuse treatment. The DHS model consists of a series of contracts with Managed Service Organizations (MSOs) that are responsible for oversight, quality assurance, and contract compliance of funded substance abuse treatment providers.

The State Auditor is statutorily required to submit a report to the Legislative Audit Committee analyzing the costs and savings to the Medicaid program as a result of adding outpatient substance abuse treatment as a benefit. This report was presented to the Audit Committee on December 13, 2010. The report indicated that the State's Medicaid outpatient substance abuse treatment cost the State an additional $2.4 million for Fiscal Years 2006-07 through 2008-09, the first three years the benefit was in operation. While a reduction in medical costs was identified for Medicaid clients accessing the benefit, it was not feasible to determine if the cost savings was caused by the addition of the benefit.

Treatment Funding for Individuals Involved in the Criminal Justice System

There are currently three primary funding sources for substance use disorder treatment for individuals involved in the criminal justice system.

1. Drug Offender Surcharge fund consists of 90 percent of drug offender surcharge revenues, which range from $200 to $4,500 for each conviction or deferred sentence. Moneys credited to the Fund are subject to annual appropriation to the Judicial Department, the Department of Corrections, the Department of Public Safety's Division of Criminal Justice, and the Department of Human Services to cover the costs associated with substance abuse assessment, testing, education, and treatment. The requested FY 2012-13 appropriation from the Fund is $4.1 million across the four agencies.

2. S.B. 03-318 (Gordon/Hefley) made several changes to the offense level of illegal drug use or possession, and created the Drug Offender Treatment Fund and an interagency task force on treatment. Moneys generated from sentencing reform savings are distributed to

local treatment boards comprised of the district attorney or designee, chief public defender or designee and a probation officer for the treatment of substance abuse for drug and alcohol dependent offenders. The requested FY 2012-13 appropriation is $2.2 million General Fund for the Judicial Department.

3. H.B. 10-1352 (Waller/Steadman and Mitchell) made a number of changes to offenses related to controlled substances, and distributed moneys generated from sentencing reform savings to the Drug Offender Surcharge Fund to cover the costs associated with substance abuse assessment, testing, education, and treatment. The requested FY 2012-13 appropriation is $6.2 million General Fund to the Judicial Department, of which $4.1 million is reappropriated to the Department of Corrections, the Department of Public Safety's Division of Criminal Justice, and the Department of Human Services.

Each of the three funding sources detailed above has a separate statutory fund, a separate oversight and decision making structure, and different permissible uses. The Colorado Criminal and Juvenile Justice Commission (CCJJ) recently voted to propose legislation to consolidate the Drug Offender Surcharge (including moneys derived from the passage of H.B. 10-1352) and the Drug Treatment Fund into a single fund called the Correctional Treatment Cash Fund. Additionally, the proposed legislation includes the consolidation of the three oversight bodies that currently oversee the three fund streams into a single decision making body. The points below summarize the key concepts contained in the proposed legislation.

- One oversight body and decision making authority consisting of the Department of Corrections, Judicial Department (Division of Probation Services), Department of Public Safety, Department of Human Services, Office of the State Public Defender, Colorado District Attorney's Council, Colorado Sheriff's Association, and Colorado Counties, Inc.

- A consolidated and expanded statutory purpose for use of the moneys to include screening, testing, assessment/evaluation, education, a statewide conference, treatment (substance use disorder and co-occurring substance use disorder and mental health), recovery support services, and data collection, analysis, and administrative support.

- Populations served are diversion (adult and juvenile), probation (adult and juvenile), parole (adult and juvenile), community corrections, and jail.

- Enhanced data collection and reporting conducted by the Department of Human Services' Division of Behavioral Health on treatment outcomes.

- Redefined membership and expanded duties of local 318 boards.

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Department of Health Care Policy and Financing
(Medicaid Mental Health Community Programs)
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	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	Request vs. Appropriation
DEPARTMENT OF HEALTH CARE POLICY AND FINANCING					
Sue Birch, Executive Director					
(3) MEDICAID MENTAL HEALTH COMMUNITY PROGRAMS					
Primary functions: Provides mental health services and programs for eligible Medicaid clients.					
Mental Health Capitation for Medicaid Clients	**223,368,053**	**249,352,665**	**272,492,157**	**309,782,499**	*
General Fund	79,359,784	95,057,227	125,823,308	147,371,079	
Cash Funds	6,393,602	9,559,892	10,510,223	7,422,550	
Reappropriated Funds	10,833	13,000	13,544	0	
Federal Funds	137,603,834	144,722,546	136,145,082	154,988,870	
Medicaid Mental Health Fee for Service Payments	**2,587,662**	**3,870,594**	**3,908,827**	**4,422,707**	*
General Fund	993,452	1,532,590	1,954,414	2,211,353	
Federal Funds	1,594,210	2,338,004	1,954,413	2,211,354	
Total Funds - (3) Medicaid Mental Health Community Programs	**225,955,715**	**253,223,259**	**276,400,984**	**314,205,206**	**13.7%**
FTE	**0.0**	**0.0**	**0.0**	**0.0**	**0.0%**
General Fund	80,353,236	96,589,817	127,777,722	149,582,432	17.1%
Cash Funds	6,393,602	9,559,892	10,510,223	7,422,550	(29.4%)
Reappropriated Funds	10,833	13,000	13,544	0	(100.0%)
Federal Funds	139,198,044	147,060,550	138,099,495	157,200,224	13.8%

*This line item includes a decision item.

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Department of Human Services
(Mental Health and Alcohol and Drug Abuse Services)
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	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	Request vs. Appropriation
DEPARTMENT OF HUMAN SERVICES					
Reggie Bicha, Executive Director					
(8) MENTAL HEALTH AND ALCOHOL AND DRUG ABUSE SERVICES					
This section includes mental health community programs, the mental health institutes, alcohol and drug abuse programs, co-occurring behavioral health services, and funds for the central administration of these programs.					
(A) Administration					
Personal Services	**4,295,176**	**4,108,711**	**4,388,739**	**4,462,567**	
FTE	50.0	48.0	55.9	55.9	
General Fund	1,107,295	1,047,842	1,205,338	1,228,372	
Cash Funds	336,900	307,500	309,334	315,620	
Reappropriated Funds	790,417	745,530	805,007	817,724	
Federal Funds	2,060,564	2,007,839	2,069,060	2,100,851	
Operating Expenses	**254,169**	**274,615**	**290,672**	**292,478**	
General Fund	27,392	25,847	17,365	18,729	
Cash Funds	22,412	24,687	39,772	39,772	
Reappropriated Funds	12,160	15,824	15,824	16,266	
Federal Funds	192,205	208,257	217,711	217,711	
Indirect Cost Assessment	**296,653**	**349,077**	**270,861**	**270,861**	
Cash Funds	3,280	3,280	3,280	3,280	
Federal Funds	293,373	345,797	267,581	267,581	
Federal Programs and Grants	**708,275**	**399,452**	**2,511,904**	**2,525,646**	
FTE	5.5	2.1	6.0	6.0	
Federal Funds	708,275	399,452	2,511,904	2,525,646	

*This line item includes a decision item.

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	Request vs. Appropriation
Other Federal Grants	**211,245**	**303,669**	**457,383**	**457,383**	
Federal Funds	211,245	303,669	457,383	457,383	
Supportive Housing and Homeless Program	**17,991,801**	**19,055,978**	**(22,415)**	**0**	
FTE	16.3	15.8	0.0	0.0	
Federal Funds	17,991,801	19,055,978	(22,415)	0	
Total Funds - (A) Administration	**23,757,319**	**24,491,502**	**7,897,144**	**8,008,935**	**1.4%**
FTE	**71.8**	**65.9**	**61.9**	**61.9**	**0.0%**
General Fund	1,134,687	1,073,689	1,222,703	1,247,101	2.0%
Cash Funds	362,592	335,467	352,386	358,672	1.8%
Reappropriated Funds	802,577	761,354	820,831	833,990	1.6%
Federal Funds	21,457,463	22,320,992	5,501,224	5,569,172	1.2%
(B) Mental Health Community Programs					
(I) Mental Health Services for the Medically Indigent					
Services for Indigent Mentally Ill Clients	**39,650,775**	**39,274,337**	**39,170,328**	**39,170,328**	
General Fund	33,443,723	32,774,850	32,774,850	32,774,850	
Reappropriated Funds	0	0	161,909	161,909	
Federal Funds	6,207,052	6,499,487	6,233,569	6,233,569	
Medications for Indigent Mentally Ill Clients	**1,713,993**	**1,713,993**	**1,713,993**	**1,713,993**	
General Fund	1,713,993	1,713,993	1,713,993	1,713,993	
Early Childhood Mental Health Services	**1,109,363**	**1,135,359**	**1,146,676**	**1,146,676**	
General Fund	1,109,363	1,135,359	1,146,676	1,146,676	

*This line item includes a decision item.

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	Request vs. Appropriation
Assertive Community Treatment Programs	**1,316,734**	**1,290,400**	**1,290,400**	**1,290,400**	
General Fund	658,367	645,200	645,200	645,200	
Cash Funds	658,367	645,200	645,200	645,200	
Alternatives to Inpatient Hospitalization at a Mental Health Institute	**3,112,579**	**3,138,615**	**3,138,615**	**3,138,615**	
General Fund	3,112,579	3,138,615	3,138,615	3,138,615	
Mental Health Services for Juvenile and Adult Offenders	**4,136,840**	**3,794,185**	**3,455,461**	**3,455,461**	
Cash Funds	4,136,840	3,794,185	3,455,461	3,455,461	
Family Advocacy Demonstration Sites	**142,545**	**156,923**	**0**	**0**	
Cash Funds	142,545	156,923	0	0	
Enhanced Mental Health Pilot Services for Detained Youth	**84,203**	**0**	**0**	**0**	
General Fund	84,203	0	0	0	
Veteran Mental Health	**47,106**	**0**	**0**	**0**	
Cash Funds	47,106	0	0	0	
Total Funds - (I) Mental Health Services for the Medically Indigent	**51,314,138**	**50,503,812**	**49,915,473**	**49,915,473**	**0.0%**
General Fund	40,122,228	39,408,017	39,419,334	39,419,334	0.0%
Cash Funds	4,984,858	4,596,308	4,100,661	4,100,661	0.0%
Reappropriated Funds	0	0	161,909	161,909	0.0%
Federal Funds	6,207,052	6,499,487	6,233,569	6,233,569	0.0%

*This line item includes a decision item.

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	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	Request vs. Appropriation
(II) Residential Treatment for Youth					
Residential Treatment for Youth (H.B. 99-1116)	**1,011,487**	**862,519**	**976,994**	**976,994**	
General Fund	530,578	414,673	560,154	560,154	
Cash Funds	275,886	300,000	300,000	300,000	
Reappropriated Funds	205,023	147,846	116,840	116,840	
Total Funds - (II) Residential Treatment for Youth	**1,011,487**	**862,519**	**976,994**	**976,994**	**0.0%**
General Fund	530,578	414,673	560,154	560,154	0.0%
Cash Funds	275,886	300,000	300,000	300,000	0.0%
Reappropriated Funds	205,023	147,846	116,840	116,840	0.0%
Total Funds - (B) Mental Health Community Programs	**52,325,625**	**51,366,331**	**50,892,467**	**50,892,467**	**0.0%**
General Fund	40,652,806	39,822,690	39,979,488	39,979,488	0.0%
Cash Funds	5,260,744	4,896,308	4,400,661	4,400,661	0.0%
Reappropriated Funds	205,023	147,846	278,749	278,749	0.0%
Federal Funds	6,207,052	6,499,487	6,233,569	6,233,569	0.0%

*This line item includes a decision item.

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	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	Request vs. Appropriation
(C) Mental Health Institutes					
Mental Health Institute - Ft. Logan	**23,896,703**	**19,928,717**	**18,973,703**	**19,289,621**	*
FTE	270.6	237.7	206.3	206.3	
General Fund	20,536,761	15,928,541	16,789,133	17,072,635	
Cash Funds	2,919,019	3,338,261	1,829,651	1,849,154	
Reappropriated Funds	440,923	661,915	354,919	367,832	
Mental Health Institute - Pueblo	**69,983,188**	**70,721,000**	**68,648,739**	**69,882,255**	*
FTE	913.8	944.4	940.2	940.2	
General Fund	58,269,153	56,819,134	56,947,176	57,982,047	
Cash Funds	5,159,092	6,097,123	5,743,183	5,832,907	
Reappropriated Funds	6,554,943	7,804,743	5,958,380	6,067,301	
Educational Programs	**879,531**	**716,289**	**133,733**	**134,788**	
FTE	8.9	5.4	2.7	2.7	
General Fund	134,881	100,190	19,564	19,667	
Cash Funds	122,442	27,277	0	0	
Reappropriated Funds	263,256	216,998	114,169	115,121	
Federal Funds	358,952	371,824	0	0	
General Hospital	**678,857**	**0**	**0**	**0**	
FTE	1.2	0.0	0.0	0.0	
General Fund	678,857	0	0	0	

*This line item includes a decision item.

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	Request vs. Appropriation
Total Funds – (C) Mental Health Institutes	**95,438,279**	**91,366,006**	**87,756,175**	**89,306,664**	**1.8%**
FTE	**1,194.5**	**1,187.5**	**1,149.2**	**1,149.2**	**0.0%**
General Fund	79,619,652	72,847,865	73,755,873	75,074,349	1.8%
Cash Funds	8,200,553	9,462,661	7,572,834	7,682,061	1.4%
Reappropriated Funds	7,259,122	8,683,656	6,427,468	6,550,254	1.9%
Federal Funds	358,952	371,824	0	0	0.0%
(D) Alcohol and Drug Abuse Division					
(I) Treatment Services					
Treatment and Detoxification Contracts	**23,115,961**	**23,127,530**	**23,179,819**	**23,179,819**	
General Fund	11,343,686	11,309,025	11,337,648	11,337,648	
Cash Funds	1,156,923	1,209,820	1,218,518	1,218,518	
Reappropriated Funds	267,405	275,706	275,706	275,706	
Federal Funds	10,347,947	10,332,979	10,347,947	10,347,947	
Case Management for Chronic Detoxification Clients	**369,361**	**369,311**	**369,311**	**369,311**	
General Fund	2,478	2,428	2,428	2,428	
Federal Funds	366,883	366,883	366,883	366,883	
Short-term Intensive Residential Remediation and Treatment (STIRRT)	**3,401,037**	**3,128,717**	**3,340,683**	**3,340,683**	
General Fund	3,017,721	2,935,993	2,957,367	2,957,367	
Cash Funds	383,316	192,724	383,316	383,316	
High Risk Pregnant Women Program	**1,474,989**	**1,191,166**	**1,999,146**	**1,999,146**	
Reappropriated Funds	1,474,989	1,191,166	1,999,146	1,999,146	

*This line item includes a decision item.

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	Request vs. Appropriation
Total Funds - (I) Treatment Services	**28,361,348**	**27,816,724**	**28,888,959**	**28,888,959**	**0.0%**
General Fund	14,363,885	14,247,446	14,297,443	14,297,443	0.0%
Cash Funds	1,540,239	1,402,544	1,601,834	1,601,834	0.0%
Reappropriated Funds	1,742,394	1,466,872	2,274,852	2,274,852	0.0%
Federal Funds	10,714,830	10,699,862	10,714,830	10,714,830	0.0%
(II) Prevention and Intervention					
Prevention Contracts	**3,831,628**	**3,702,449**	**3,886,951**	**3,886,951**	
General Fund	34,061	33,649	33,649	33,649	
Cash Funds	5,000	5,000	27,072	27,072	
Federal Funds	3,792,567	3,663,800	3,826,230	3,826,230	
Persistent Drunk Driver Programs	**901,903**	**1,251,268**	**1,670,823**	**1,670,823**	
Cash Funds	901,903	1,251,268	1,670,823	1,670,823	
Law Enforcement Assistance Fund Contracts	**213,216**	**168,559**	**255,000**	**255,000**	
Cash Funds	213,216	168,559	255,000	255,000	
Total Funds - (II) Prevention and Intervention	**4,946,747**	**5,122,276**	**5,812,774**	**5,812,774**	**0.0%**
General Fund	34,061	33,649	33,649	33,649	0.0%
Cash Funds	1,120,119	1,424,827	1,952,895	1,952,895	0.0%
Federal Funds	3,792,567	3,663,800	3,826,230	3,826,230	0.0%

*This line item includes a decision item.

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	Request vs. Appropriation
(III) Other Programs					
Federal Grants	**2,974,790**	**2,276,054**	**5,063,429**	**5,063,429**	
Reappropriated Funds	0	0	195,500	195,500	
Federal Funds	2,974,790	2,276,054	4,867,929	4,867,929	
Balance of Substance Abuse Block Grant Programs	**7,235,208**	**8,642,456**	**6,671,360**	**6,671,360**	
General Fund	189,763	175,442	185,968	185,968	
Federal Funds	7,045,445	8,467,014	6,485,392	6,485,392	
Community Prevention and Treatment	**990,115**	**888,082**	**816,621**	**816,621**	
Cash Funds	990,115	888,082	816,621	816,621	
Gambling Addiction Counseling Services	**98,768**	**71,129**	**144,727**	**144,727**	
Reappropriated Funds	98,768	71,129	144,727	144,727	
Rural Substance Abuse Prevention and Treatment	**0**	**0**	**88,443**	**88,443**	
Cash Funds	0	0	88,443	88,443	
Total Funds - (III) Other Programs	**11,298,881**	**11,877,721**	**12,784,580**	**12,784,580**	**0.0%**
General Fund	189,763	175,442	185,968	185,968	0.0%
Cash Funds	990,115	888,082	905,064	905,064	0.0%
Reappropriated Funds	98,768	71,129	340,227	340,227	0.0%
Federal Funds	10,020,235	10,743,068	11,353,321	11,353,321	0.0%

*This line item includes a decision item.

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	Request vs. Appropriation
Total Funds - (D) Alcohol and Drug Abuse Division	**44,606,976**	**44,816,721**	**47,486,313**	**47,486,313**	**0.0%**
General Fund	14,587,709	14,456,537	14,517,060	14,517,060	0.0%
Cash Funds	3,650,473	3,715,453	4,459,793	4,459,793	0.0%
Reappropriated Funds	1,841,162	1,538,001	2,615,079	2,615,079	0.0%
Federal Funds	24,527,632	25,106,730	25,894,381	25,894,381	0.0%
(E) Co-occurring Behavioral Health Services					
Substance Use Disorder Offender Services (H.B. 10-1352)	**0**	**0**	**1,450,000**	**1,450,000**	
Reappropriated Funds	0	0	1,450,000	1,450,000	
Behavioral Health Services for Juveniles and Adults at Risk or Involved in the Criminal Justice System (H.B. 10-1284)	**0**	**0**	**0**	**0**	
General Fund	0	0	0	0	
Total Funds - (E) Co-occurring Behavioral Health Services	**0**	**0**	**1,450,000**	**1,450,000**	**0.0%**
General Fund	0	0	0	0	0.0%
Reappropriated Funds	0	0	1,450,000	1,450,000	0.0%

*This line item includes a decision item.

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(Mental Health and Alcohol and Drug Abuse Services)
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	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	Request vs. Appropriation
Total Funds - (8) Mental Health and Alcohol and Drug Abuse Services	**216,128,199**	**212,040,560**	**195,482,099**	**197,144,379**	**0.9%**
FTE	**1,266.3**	**1,253.4**	**1,211.1**	**1,211.1**	**0.0%**
General Fund	135,994,854	128,200,781	129,475,124	130,817,998	1.0%
Cash Funds	17,474,362	18,409,889	16,785,674	16,901,187	0.7%
Reappropriated Funds	10,107,884	11,130,857	11,592,127	11,728,072	1.2%
Federal Funds	52,551,099	54,299,033	37,629,174	37,697,122	0.2%
Net General Fund	*138,305,708*	*131,118,947*	*132,790,667*	*134,171,092*	*1.0%*

*This line item includes a decision item.

FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Health Care Policy and Financing
(Medicaid Mental Health Community Programs)

APPENDIX B: SUMMARY OF MAJOR LEGISLATION

- **S.B. 11-008 (Boyd/Gerou):** The bill specifies that the income eligibility criteria for Medicaid that applies to children aged 5 and under and pregnant women shall also apply to children between the ages of 6 and 19. On or after September 1, 2011, children under the age of 19 and pregnant women will be eligible for Medicaid if their family income is less than 133 percent of the federal poverty level (FPL). It also allows tobacco tax cash funds to be used to offset General Fund expenditures for persons who enroll in Medicaid as a result of the bill, and provided they were eligible for the Children's Basic Health Plan (CBHP) prior to September 1, 2011. The bill results in a projected appropriation of $1.0 million (including $0.4 General Fund) in FY 2012-13 for Medicaid mental health capitation payments.

- **S.B. 11-250 (Boyd/Ferrandino and Summers):** The bill increases the upper income limit for Medicaid eligibility among pregnant women from the current level of 133 percent to 185 percent of federal poverty level (FPL) in order to comply with federal law. By changing income limits, it also allows eligible pregnant women to transition from the Children's Basic Health Plan (CBHP) to Medicaid. The bill results in a projected appropriation of $180,133 (including $63,047 General Fund) in FY 2012-13 for Medicaid mental health capitation payments.

- **H.B. 11-1242 (Ferrandino/Nicholson):** The bill requires the Department of Health Care Policy and Financing (HCPF) to study issues concerning the integrated delivery of health care. Integrated services address the mental and physical health needs of a patient at the same time. HCPF, with input from behavior health organizations, community mental health centers, and other health care providers, is required to review existing regulations, reimbursement policies, barriers, and incentives that affect the integrated delivery of health care. The study is to be paid for with gifts, grants, and donations, and matching federal moneys. HCPF is required to report its findings to the Joint Budget Committee and legislative committees.

APPENDIX B: SUMMARY OF MAJOR LEGISLATION

- **H.B. 11-1043 (Massey/Steadman and Spence):** Clarifies a number of provisions in the Colorado Medical Marijuana Code for licensure, licensee operations, sales and use taxes, access to records, patients, physicians and caregivers, research and development, and disposition of marijuana. For FY 2011-12, reduces General Fund appropriations by $1,000,000 for co-occurring behavioral health services and increases General Fund appropriations by $1,000,000 and 14.5 FTE for the Colorado Mental Health Institute at Pueblo's Circle Treatment Program. Additionally, the bill appropriates $7,696 for FY 2011-12 to the Department of Revenue's Information Technology Division and reappropriates the amount to the Governor's Office of Information Technology for programming services.

- **H.B. 11-1230 (Duran/Boyd):** Consolidates housing assistance programs in the Department of Human Services into the Department of Local Affairs. The bill specifies that the consolidation is to occur no later than July 1, 2011. The bill transfers $20,101,143 federal funds and 19.5 FTE from the Department of Human Services to the Department of Local Affairs.

FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Health Care Policy and Financing
(Medicaid Mental Health Community Programs)

APPENDIX C: UPDATE OF FY 2011-12 LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION

Long Bill Footnotes

- There were no Long Bill footnotes for FY 2011-12 for the Medicaid Mental Health Community Programs budgetary division.

Requests for Information

2. **Department of Health Care Policy and Financing, Medical Services Premiums** -- The Department is requested to submit a report on the managed care organizations' capitation rates for each population and the estimated blended rate for each aid category in effect for FY 2011-12 to the Joint Budget Committee by September 1, 2011. The Department is requested to include in the report a copy of each managed care organization's certification that the reimbursement rates are sufficient to assure the financial stability of the managed care organization with respect to delivery of services to the Medicaid recipients covered in their contract pursuant to Section 25.5-5-404 (1) (l), C.R.S.

Comment: The Department submitted the requested information. This information is used by staff to track annual changes to rates for behavior health organizations.

4. **Department of Health Care Policy and Financing, Executive Director's Office, Information Technology Contracts and Projects, Centralized Eligibility Vendor Contract Project** -- The Department of Health Care Policy and Financing is requested to submit a report by November 1, 2011, to the Joint Budget Committee providing information on the current contract expenditures and the strategic plan for the centralized eligibility vendor contract project. In the report, the Department is requested to provide the following information:

   (a) a three-year expenditure plan for the contract for FY 2012-13, FY 2013-14, and FY 2014-15;
   (b) information comparing the cost effectiveness of this contract when compared to eligibility performed by the counties;
   (c) information regarding the number of clients who have eligibility performed by the centralized eligibility vendor but may also be eligible for other state assistance programs with eligibility determined by the counties;
   (d) information comparing the ability of the contractor to meet federal guidelines for determining eligibility compared to eligibility performed by the counties; and

(e) information about the amount of oversight the Governor's Office of Information Technology provides on the contract.

Comment: Statute (25.5-8-102.2, C.R.S.) requires that the administration of Child Health Plan Plus (CHP+) consist of a public-private partnership. The Department has contracted with an outside vendor to perform eligibility and enrollment determination, as well as customer service, enrollment fee collection, appeals, and training. In addition to the State requirement, federal requirements indicate that individuals must first be screened for Medicaid rather than CHP+. To adhere to the requirements, CBMS includes a joint application for Medicaid and CHP+.

The Eligibility and Enrollment Medical Assistance contract is currently held by MAXIMUS, Inc., and runs from July 2010 through June 2015. Under this contract, MAXIMUM, Inc. is obligated to leverage technology to modernize the enrollment and renewal process for both Medicaid and CHP+. The contract with MAXIMUS, Inc. is funded by a combination of hospital provider fee, Children's Basic Health Plan Trust, and federal moneys.

(a) The table below outlines the three year expenditure plan for the MAXIMUS, Inc. contract as requested.

Three Year Expenditure Plan	
Fiscal Year	**Yearly Not-To-Exceed Amount**
2012-13	$3,747,444
2013-14	$3,750,000
2014-15	$3,750,000

(b) An analysis comparing the cost effectiveness of this contract when compared to eligibility performed by the counties has not been conducted since the 2007 Colorado Workload Study report issued by Deloitte. No other analysis has been conducted at this time.

(c) The Department indicates that from October 15, 2010 through November 1, 2011, approximately 36 percent of the applicants qualify for other State assistance programs. Of the 36 percent that qualify for other State assistance programs, 89 percent qualify for food stamps.

(d) The Department is in the development stages to correct the eligibility system operations to accurately capture timely processing of applications across eligibility sites.

(e) The contract entered into between the Department and MAXIMUS, Inc. is an existing administrative vendor contract and, according to the Department, is outside of the Governor's Office of Information Technology's authority and scope to oversee.

FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Mental Health and Alcohol and Drug Abuse Services)

APPENDIX C: UPDATE OF FY 2011-12 LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION

Long Bill Footnotes

- There were no Long Bill footnotes for FY 2011-12 for the Mental Health and Alcohol and Drug Abuse Services budgetary division.

Requests for Information

- No requests for information were made for the Mental Health and Alcohol and Drug Abuse Services budgetary division.