

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



SUPPLEMENTAL REQUESTS FOR FY 2011-12

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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DEPARTMENT OF HUMAN SERVICES
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Prioritized Supplementals

**Supplemental Request, Department of Health Care Policy and Financing Priority #2
Medicaid Mental Health Community Programs**

	Request	Placeholder Recommendation
Total	\$4,292,211	\$4,292,211
General Fund	7,741,587	7,741,587
Cash Funds	(5,568,294)	(5,568,294)
Reappropriated Funds	(13,544)	(13,544)
Federal Funds	2,132,462	2,132,462

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

Department Request: The Department of Health Care Policy and Financing (HCPF) requests an increase of \$4.3 million total funds (including \$7.7 million General Fund) over the current FY 2011-12 appropriation of \$276.4 million total funds (including \$127.8 million General Fund) for the provision of services to clients enrolled in the Medicaid Mental Health Community Program.

Staff Recommendation: Staff's recommendation is pending. **It is recommended that supplemental adjustments for the Medicaid Mental Health Community Programs division be made in the Long Bill Supplemental Add-on** (a section of the annual budget bill that amends the current year appropriation). However, **staff recommends that the Department's request for an increase of \$4.3 million total funds (including \$7.7 million General Fund) for FY 2011-12 is used as placeholder value.** Please note that staff does not anticipate presenting major changes to the placeholder recommendation for FY 2011-12 during the Long Bill (and Add-on) figure setting process outside of technical adjustments based on additional months of actual data.

Staff Analysis:

Background – Capitated Program

Medicaid mental health community services in 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

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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. 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.

Background – Fee-for-Service

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.

FY 2011-12 Supplemental Budget Request

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 to meet the need of this entitlement program. 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

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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 supplemental request by aid category, as well as by capitation and fee-for-service payment categories.

FY 2011-12 Medicaid Mental Health Community Programs Budget Overview						
Cost Item	Appropriation		Department Projection		Difference	
	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	<u>595</u>	<u>164,458</u>	<u>640</u>	<u>182,790</u>	<u>45</u>	<u>18,332</u>
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	<u>n/a</u>	<u>0</u>	<u>n/a</u>	<u>(425,860)</u>	<u>n/a</u>	<u>(425,860)</u>
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
Outpatient	n/a	3,001,171	n/a	3,162,407	n/a	161,236
Physician	<u>n/a</u>	<u>97,283</u>	<u>n/a</u>	<u>104,204</u>	<u>n/a</u>	<u>6,921</u>
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%

Traditionally, supplemental adjustments for the Medicaid Mental Health Community Programs division are made in the Long Bill Supplemental Add-on (a section of the annual budget bill that amends the current year appropriation). This allows time for staff to compile additional months

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of expenditure data than are available at this time to formulate an accurate appropriation recommendation. For budget balancing purposes, staff recommends that the Committee use the Department's request for an increase of \$4.3 million total funds (including \$7.7 million General Fund) for FY 2011-12 as a placeholder value. At this point in time, staff does not believe that major changes to the placeholder recommendation will be required for FY 2011-12 during the Long Bill (and Add-on) figure setting process outside of technical adjustments based on additional months of actual data will be needed.

**Supplemental Request, Department of Human Services Priority #1
Staffing, Pharmaceuticals, and IT Issues at the Colorado Mental Health Institutes**

	Request	Recommendation
Total	<u>\$2,963,710</u>	<u>\$2,191,016</u>
General Fund	2,963,710	2,191,016

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

Department Request: The Department of Human Services (DHS) requests an increase of \$3.0 million General Fund and 3.2 FTE for FY 2011-12 to increase the staff-to-patient ratio, fill existing vacancies, cover costs associated with employees bumping into other positions, meet the increased costs of pharmaceuticals, and cover the expenses of added information technology tools at the State's two mental health institutes. The FY 2012-13 companion budget amendment to this supplemental seeks \$4.5 million and 18.9 FTE in FY 2012-13. The table below summarizes the requests.

DHS FY 2011-12 and FY 2012-13 General Fund and FTE Request				
Line Item	FY 2011-12		FY 2012-13	
	Dollar Amount	FTE	Dollar Amount	FTE
Executive Director's Office				
Health, Life, and Dental	\$112,672	0.0	\$188,615	0.0
Short-term Disability	1,969	0.0	3,711	0.0
AED	31,150	0.0	62,907	0.0
SAED	25,031	0.0	57,665	0.0
Shift Differential	<u>55,409</u>	<u>0.0</u>	<u>152,244</u>	<u>0.0</u>
EDO Total	\$226,231	0.0	\$465,142	0.0

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DHS FY 2011-12 and FY 2012-13 General Fund and FTE Request				
Line Item	FY 2011-12		FY 2012-13	
	Dollar Amount	FTE	Dollar Amount	FTE
Mental Health Institutes				
Fort Logan	\$866,170	1.4	\$1,366,156	8.3
Pueblo	1,871,309	1.8	2,631,089	10.6
MHI Total	\$2,737,479	3.2	\$3,997,245	18.9
Total Request	\$2,963,710	3.2	\$4,462,387	18.9

Staff Recommendation: Staff recommends the Committee reject the Department’s request and instead approve the following two actions (described in detail in the “Staff Analysis” section below):

1. Increase the FY 2011-12 appropriation for the institutes by \$2.2 million and 3.2 FTE to fund an increase in staff-to-patient ratio, fill existing vacancies, and cover the rising costs of pharmaceuticals. Staff recommends that the Committee reject DHS’ request to provide moneys for unfunded salary expenses related to the exercise of bumping rights and the request to fund the expenses of added information technology tools at the institutes.

2. Yearly appropriations for the Colorado Mental Health Institute at Fort Logan and the Colorado Mental Health Institute at Pueblo are currently housed in two line items (one for Fort Logan and one for Pueblo). Staff recommends that the Fort Logan and Pueblo line items each be split into three distinct line items in the FY 2012-13 Long Bill: Personal Services, Operating Expenses, and Pharmaceuticals. This action will give the legislature increased access to the budgetary drivers associated with the operation of the facilities.

Staff Analysis:

Background

The Department operates two State mental health institutes providing inpatient hospitalization for individuals with serious mental illness. The facilities operate on a 24 hour-a-day, 7 day-a-week basis each day of the year. The Colorado Mental Health Institute at Fort Logan, located in southwest Denver County, has one treatment division serving adults with 94 total beds. The Colorado Mental Health Institute at Pueblo is organized into five treatment divisions (adolescent, adult, geriatric, co-occurring mental illness and substance abuse disorders, and forensics) with 438 total beds. 294 of the 438 beds at Pueblo are for forensic 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. The treatment division is known as the Institute for Forensic Psychiatry.

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Request Part One: New FTE to Achieve 1.35 Direct Care Staff-to-Patient Ratio

The Centers for Medicare and Medicaid (CMS) cited the Pueblo facility for failure to maintain adequate nursing coverage in November 2010. The Department took steps to increase the level of direct care nursing staff by closing a 16 bed treatment unit in the Institute for Forensic Psychiatry on January 7, 2011. The unit was originally intended to serve as a psychiatric-medical unit for acute inpatient care. The low number of patients, however, rendered the unit cost ineffective. As a result of the closure, 27.0 FTE were redeployed to other treatment units at the Pueblo facility to mitigate direct nursing staffing shortfalls that negatively impact staff-to-patient ratios.

The Joint Budget Committee and the legislature approved a FY 2010-11 supplemental (and companion FY 2011-12 budget amendment) request to fund 21.8 additional FTE at the Pueblo facility and 10.2 FTE at the Fort Logan facility to address the issue of shift relief coverage. The FY 2011-12 Long Bill appropriation included \$1.5 million for this purpose.

CMS returned to the Pueblo facility in September 2011 and cited the Department for an insufficient level of non-nursing, direct care clinical staff. Non-nursing direct care clinical staff includes therapists, psychologists, and social workers needed to evaluate patients, develop treatment plans, and to provide adequate active treatment. CMS does not require psychiatric hospitals to maintain specific staff to patient ratios (level of staffing needed to provide safe and adequate care to patients). Instead, the Department used a measure of 1.35 direct care staff to patient ratio to determine adequacy. The 1.35 ratio of direct care staff to patient is derived from the terms of the Nieberger settlement agreement. The table below illustrates the current and requested staff-to-patient ratio by facility.

Staff-to-Patient Ratio at Fort Logan and Pueblo			
Facility	Current Direct Care FTE	Desired Direct Care FTE	Difference
Fort Logan	110.2	118.5	8.3
Pueblo	544.8	555.4	10.6
Total	655.0	673.9	18.9

The addition of 18.9 FTE would cost the State \$1.5 million General Fund in FY 2012-13. For FY 2011-12, the supplemental request seeks an appropriation of 3.2 FTE and \$0.3 million General Fund.

The Department has considered the possibility of closing additional treatment units and redeploying staff to other treatment units as it did in January 2011. Due to treatment division closures since FY 2009-10, however, the Pueblo and Fort Logan facilities are used to fulfill basic core functions, including statutorily required forensic services (competency evaluation,

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restoration to competency, and services for individuals found not guilty by reason of insanity) and treatment for individuals with an acuity level that cannot be serviced in the community.

Staff recommends funding the Department’s request for 3.2 FTE and \$0.3 million General Fund in FY 2011-12. From a patient care perspective, despite the decrease in number, the State's public psychiatric beds continue to provide a valuable service in the continuum of mental health care for individuals with serious mental illnesses. Patients at the institutes receive treatment in that setting because they have been referred there by the community mental health centers due to the acuity of their illness and the lack of suitable treatment options outside of a public psychiatric hospital. In other words, there are very few options for those receiving treatment at the State’s facilities. From a regulatory and fiscal perspective, it is not in the State’s best interest to risk losing its CMS certification at the Pueblo or Fort Logan facilities. The facilities’ FY 2011-12 appropriation includes over \$15 million in revenue from CMS sources (Medicaid and Medicare). If this money were to no longer be available to the State, it would indicate that adequate care is not being provided to a vulnerable segment of the state’s population and that the State must provide over \$15 million in State revenue to maintain the current level of service provision.

Request Part Two: Personal Services Shortfall

The Department requests an increase of \$1,115,075 General Fund in FY 2011-12 to cover the expenses of 20.2 vacant FTE positions filled during the first three months of the fiscal year to comply with regulatory requirements cited in recent CMS surveys. The table below outlines the funding request by facility and fiscal year.

Requested General Fund Increase for Personal Services Shortfall				
Facility	FY 2011-12		FY 2012-13	
	Dollar Amount	FTE	Dollar Amount	FTE
Fort Logan	\$0	0.0	0	0.0
Pueblo	<u>1,115,075</u>	<u>0.0</u>	<u>1,158,773</u>	<u>0.0</u>
Total	\$1,115,075	0.0	\$1,158,773	0.0

The positions had previously been kept open by the Colorado Mental Health Institute at Pueblo to manage rising costs associated with food, medical supplies and pharmaceuticals. Additionally, the Department has used the vacancy savings to manage the costs of shift differential not covered by the Department’s appropriation for shift differential.

Staff recommends funding the 20.2 FTE positions in FY 2011-12 as a result of the positive care outcomes for patients deemed most at risk at the Pueblo facility and regulatory compliance that the Department has achieved since filling the positions at the commencement of the fiscal year. According to the Department, the May 2011 CMS survey indicated that CMS considered staffing levels at the Pueblo facility to be inadequate and placed the institute on a termination track to lose its CMS certification. The loss of CMS certification, as mentioned above, triggers a loss in Medicare and Medicaid reimbursement. As a result, the Department filled the 20.2 FTE

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positions as rapidly as possible in FY 2011-12 to comply with the parameters outlined by CMS. On November 28, 2011, CMS rescinded its termination track. In terms of patient care, filling the 20.2 vacant FTE positions allowed the Pueblo facility to meet acuity nurse staffing needs for 93 percent and 87 percent of all shifts in August and September of 2011, respectively. The percentage figures represent the highest levels attained by the institute in recorded history.

This component of the supplemental request also contains a request for \$520,757 General Fund to provide moneys to backfill salaries for employees who exercised their retention, or bumping, rights to obtain other positions in the Department after treatment division closures eliminated their prior positions. Budgetary actions taken in FY 2009-10 and FY 2010-11 eliminated 122.6 FTE and associated expenses through the closure of the childrens, adolescent, geriatric, and therapeutic residential child care facility treatment divisions at the Fort Logan facility. The table below outlines the funding request by facility and fiscal year.

Requested General Fund Increase for Unfunded Salary Expenses		
Facility	FY 2011-12	FY 2012-13
Fort Logan	\$520,757	\$520,757
Pueblo	<u>0</u>	<u>0</u>
Total	\$520,757	\$520,757

According to statute (Section 24-50-104 (1) (V) (e), C.R.S.):

“The state personnel director shall sustain an employee's base salary in the event such employee's position is placed in a lower pay range due to an allocation of such employee's position, a system maintenance study of all positions in a class, a general job evaluation study of the state personnel system, or the annual compensation survey for a period not to exceed three years from the effective date of such placement.”

According to the State Personnel Board (Rule 3-13 (A)):

“A department head has sole discretion to grant saved pay when employees exercise retention rights and the decision must be applied consistently throughout the retention area.”

Staff concurs with the Department’s opinion that it is complying with the spirit of the law by providing additional pay for individuals who have bumped into a position funded at the minimum salary range when the employee had previously held a position at a level higher than the minimum of the salary range. Staff, however, recommends that the Committee reject the requested FY 2011-12 appropriation increase of \$520,757 General Fund on the grounds that treatment division closures at the Fort Logan facility were designed to provide maximize savings to the State through the reduction of personnel and operating expenses. The decision to close

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treatment divisions was not done so without much deliberation and concern for both the individuals receiving care at the Fort Logan facility, as well as the care providers. Staff recognizes that the Fort Logan facility employs highly skilled, trained, and dedicated staff members who the State has an interest in retaining. Unfortunately, the decrease in State revenue has created an environment whereby treatment division closures are necessary, as are staff reductions and pay decreases for those seeking retention by the Department in other positions.

Request Part Three: Pharmaceuticals

The Department projects that pharmaceutical costs will exceed FY 2011-12 budgeted costs by \$817,909 due to the average costs of atypical anti-psychotics rising by 7.8 percent yearly from FY 2005-06 through FY 2010-11 (from \$5.56 per dose to \$8.01 per dose during that span of time). The table below outlines the funding request by facility and fiscal year.

Requested General Fund Increase for Pharmaceuticals		
Facility	FY 2011-12	FY 2012-13
Fort Logan	\$187,843	\$244,770
Pueblo	630,066	818,247
Total	\$817,909	\$1,063,017

DHS indicates that it is the practice of the institutes' psychiatrists to prescribe medications that are the most effective in controlling the illness and most likely to be taken by the patient after discharge. Atypical anti-psychotic medications are considered the prevailing psychiatric medical standard of care, both within the industry and by regulatory entities. DHS also offers up that substituting older, less expensive anti-psychotics for the atypical anti-psychotics would reduce the effectiveness of therapy, exacerbate patient aggression, increase the patient length of stay, and lower the standard of medical care to the point of risking regulatory intervention. These medications are found in the Department of Health Care Policy and Financing's formulary for Medicaid, providers and do not reflect a level of care that exceeds Medicaid standards.

DHS, along with other State agencies, and as required by statute, participates in the State of Colorado Price Agreement for Pharmaceuticals. As such, the fluctuation in pharmaceutical costs is largely dependent upon the pricing structure established by the Minnesota Multi-State Contracting Alliance for Pharmacy (MMCAP) that bundles states under a single procurement umbrella. MMCAP is made up of 46 states and the cities of Chicago and Los Angeles. The pricing structure includes a formula for payment terms, price adjustments, discounts, and service fees, which can result in increased pharmaceutical costs due to market trends and mandated alliance in MMCAP.

Staff recommends that the Committee approve this component of the supplemental request and increase the institutes' FY 2011-12 General Fund appropriation by \$817,909 to meet the rising costs of pharmaceuticals. It is staff's opinion that the Department has made all feasible efforts to

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purchase the needed medications at the lowest price. Pharmaceutical cost fluctuations are influenced by factors outside the control of the State.

Request Part Four: IT Support, Hardware Licenses, and Software Leases

DHS indicates that \$251,937 General Fund is needed to meet the rising costs of personal computer leasing and software maintenance and licensing. The table below outlines the request by facility and fiscal year.

Requested General Fund Increase for Technology Issues		
Facility	FY 2011-12	FY 2012-13
Fort Logan	\$65,888	\$65,888
Pueblo	186,049	186,049
Total	\$251,937	\$251,937

The request indicates that IT expenses have grown from \$284,055 in FY 2005-06 to \$499,992 in FY 2011-12. During this period, costs have risen because the institutes added 116 personal computers on patient treatment units to provide direct care staff with access to a computer for training, reading hospital polices, and other clinical and administrative information. Historically, the Department used personal services vacancy savings to cover the increased IT costs associated with adding personal computers. Due to the shortage in funds for personal services (as explained in request parts one and two above), this option is no longer available to the Department for managing its expenses.

Staff agrees with the Department that providing personal computers to direct care staff has potentially increased staff clinical competencies and reduced the amount of time staff spends away from a treatment to receive training. Staff disagrees, however, with the Department's decision in prior years to prioritize the provision of personal computers to staff ahead of using the moneys to fill needed direct care staff positions. As a result, staff recommends that the Committee reject this component of the supplemental request.

**Supplemental Request, Department of Human Services Priority #5
Colorado Mental Health Institutes Revenue Adjustment**

	Request	Recommendation
Total	<u>\$0</u>	<u>\$0</u>
General Fund	(3,043,809)	(3,043,809)
Cash Funds	1,425,896	1,425,896
Reappropriated Funds	1,617,913	1,617,913
<i>Net General Fund</i>	<i>(2,480,876)</i>	<i>(2,480,876)</i>

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

Department Request: The Department of Human Services (DHS) requests an adjustment to the FY 2011-12 appropriation to the two Colorado Mental Health Institutes to reflect the current patient mix and changes to Medicaid and Medicare reimbursement rates. The request equals a net change of zero dollars (including a decrease of \$3.0 million General Fund) in the FY 2011-12 DHS budget and an increase of \$1.1 million total funds (including \$0.6 million General Fund) in the FY 2011-12 Department of Health Care Policy and Financing (HCPF) budget. The result is a net General Fund decrease to the State of \$2.5 million. The table below summarizes the request by institute.

FY 2011-12 Mental Health Institutes Revenue Adjustment Request			
	Fort Logan	Pueblo	Total
Total	\$0	\$0	\$0
General Fund	(830,034)	(2,213,775)	(3,043,809)
Cash Funds	885,738	540,158	1,425,896
Reappropriated Funds	(55,704)	1,673,617	1,617,913
<i>Net General Fund</i>	<i>(830,034)</i>	<i>(1,650,842)</i>	<i>(2,480,876)</i>

Staff Recommendation: Staff recommends that the Committee approve the Department's request to refinance the Colorado Mental Health Institutes' FY 2011-12 appropriation to reflect the current patient mix and changes to Medicaid and Medicare reimbursement rates. The recommended supplemental request for FY 2011-12 represents a net General Fund decrease of \$2.5 million across the two facilities.

Staff Analysis: The Colorado Mental Health Institute at Fort Logan and the Colorado Mental Health Institute at Pueblo provide direct care to individuals, generating revenue from a variety of unique sources. Funding sources include, but are not limited to, Medicare, Medicaid, disability benefits, counties, school districts, other State agencies, and commercial insurance. To project the FY 2011-12 revenue sources and amounts, DHS examined earned revenue from October of 2010 to September of 2011 and used the data to request a fund source adjustment to the FY 2011-12 Long Bill. The table on the following page details the requested increases in earned revenue.

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FY 2011-12 Mental Health Institutes' Requested/Recommended Revenue Changes		
Cause of Adjustment	Amount	Fund Type
Increase in patient fees, commercial insurance, payments from courts, and Medicare Part D revenue from prescription drug plans	\$802,262	Cash Funds
Increase in diagnosis-based revenue received from Medicare under the Prospective Payment System (PPS)	<u>623,634</u>	Cash Funds
Total Cash Funds	\$1,425,896	
Increase in billable Medicaid fee-for-service days for patients (HCPF)	\$1,125,866	Reappropriated Funds
Projected change in capitation payments based on an increase in billable days at the Colorado Mental Institute at Pueblo (Department of Health Care Policy and Financing)	358,506	Reappropriated Funds
Increase in revenue for the provision of meals to Department of Corrections' inmates	59,480	Reappropriated Funds
Increase in outpatient medical services provided at Pueblo for Department of Corrections' inmates	46,980	Reappropriated Funds
Projected increase in per pupil revenue (Department of Education)	27,081	Reappropriated Funds
Total Reappropriated Funds	\$1,617,913	
Total Adjusted Earned Revenue	\$3,043,809	

As seen above, DHS forecasts that the Institutes will earn more cash funds (\$1.4 million) and reappropriated funds (\$1.6 million) in FY 2011-12 than are currently appropriated in the FY 2011-12 Long Bill. The requested revenue adjustment allows for a General Fund reduction for DHS of \$3.0 million and a General Fund increase for HCPF of \$0.6 million in FY 2011-12.

	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2011-12 Requested Change	FY 2011-12 Placeholder Change	FY 2011-12 Total w/Placeholder Change
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DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
Sue Birch, Executive Director

Supplemental #2 - Medicaid Mental Health Community Programs

(3) MEDICAID MENTAL HEALTH COMMUNITY PROGRAMS

Mental Health Capitation for Medicaid Clients	<u>249,352,665</u>	<u>272,492,157</u>	<u>4,089,576</u>	<u>4,089,576</u>	<u>276,581,733</u>
General Fund	95,057,227	125,823,308	7,640,270	7,640,270	133,463,578
Cash Funds	9,559,892	10,510,223	(5,568,294)	(5,568,294)	4,941,929
Reappropriated Funds	13,000	13,544	(13,544)	(13,544)	0
Federal Funds	144,722,546	136,145,082	2,031,144	2,031,144	138,176,226
 Medicaid Mental Health Fee for Service					
Payments	<u>3,870,594</u>	<u>3,908,827</u>	<u>202,635</u>	<u>202,635</u>	<u>4,111,462</u>
General Fund	1,532,590	1,954,414	101,317	101,317	2,055,731
Federal Funds	2,338,004	1,954,413	101,318	101,318	2,055,731
 Total for Supplemental #2 - Medicaid Mental Health Community Programs	<u>253,223,259</u>	<u>276,400,984</u>	<u>4,292,211</u>	<u>4,292,211</u>	<u>280,693,195</u>
<i>FTE</i>	0.0	0.0	0.0	0.0	0.0
General Fund	96,589,817	127,777,722	7,741,587	7,741,587	135,519,309
Cash Funds	9,559,892	10,510,223	(5,568,294)	(5,568,294)	4,941,929
Reappropriated Funds	13,000	13,544	(13,544)	(13,544)	0
Federal Funds	147,060,550	138,099,495	2,132,462	2,132,462	140,231,957

	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2011-12 Requested Change	FY 2011-12 Rec'd Change	FY 2011-12 Total With Rec'd Change
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DEPARTMENT OF HUMAN SERVICES Reggie Bicha, Executive Director
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Supplemental #1 - Staffing, Pharmaceuticals, and Information Technology Issues at the Colorado Mental Health Institutes

(1) EXECUTIVE DIRECTOR'S OFFICE

(A) General Administration

Health, Life, and Dental	<u>21,781,484</u>	<u>24,962,288</u>	<u>112,672</u>	<u>112,672</u>	<u>25,074,960</u>
General Fund	13,930,869	14,846,351	112,672	112,672	14,959,023
Cash Funds	356,110	393,094	0	0	393,094
Reappropriated Funds	4,595,103	6,399,073	0	0	6,399,073
Federal Funds	2,899,402	3,323,770	0	0	3,323,770
Short-term Disability	<u>337,461</u>	<u>375,657</u>	<u>1,969</u>	<u>1,969</u>	<u>377,626</u>
General Fund	211,284	230,489	1,969	1,969	232,458
Cash Funds	5,148	6,645	0	0	6,645
Reappropriated Funds	72,047	81,996	0	0	81,996
Federal Funds	48,982	56,527	0	0	56,527
S.B. 04-257 Amortization Equalization					
Disbursement	<u>4,831,721</u>	<u>5,937,864</u>	<u>31,150</u>	<u>31,150</u>	<u>5,969,014</u>
General Fund	3,032,825	3,641,412	31,150	31,150	3,672,562
Cash Funds	76,042	105,124	0	0	105,124
Reappropriated Funds	1,063,454	1,297,120	0	0	1,297,120
Federal Funds	659,400	894,208	0	0	894,208
S.B. 06-235 Supplemental Amortization					
Equalization Disbursement	<u>3,363,894</u>	<u>4,775,410</u>	<u>25,031</u>	<u>25,031</u>	<u>4,800,441</u>
General Fund	2,104,035	2,930,046	25,031	25,031	2,955,077
Cash Funds	53,274	84,474	0	0	84,474
Reappropriated Funds	743,529	1,042,329	0	0	1,042,329
Federal Funds	463,056	718,561	0	0	718,561

	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2011-12 Requested Change	FY 2011-12 Rec'd Change	FY 2011-12 Total With Rec'd Change
Shift Differential	<u>3,761,311</u>	<u>3,203,827</u>	<u>55,409</u>	<u>55,409</u>	<u>3,259,236</u>
General Fund	2,554,941	2,075,307	55,409	55,409	2,130,716
Cash Funds	0	4,773	0	0	4,773
Reappropriated Funds	1,199,546	1,119,234	0	0	1,119,234
Federal Funds	6,824	4,513	0	0	4,513
 (8) MENTAL HEALTH AND ALCOHOL AND DRUG ABUSE SERVICES					
(C) Mental Health Institutes					
 Mental Health Institute - Ft. Logan	 <u>19,928,717</u>	 <u>18,973,703</u>	 <u>866,170</u>	 <u>279,525</u>	 <u>19,253,228</u>
<i>FTE</i>	237.7	206.3	1.4	1.4	207.7
General Fund	15,928,541	16,789,133	866,170	279,525	17,068,658
Cash Funds	3,338,261	1,829,651	0	0	1,829,651
Reappropriated Funds	661,915	354,919	0	0	354,919
 Mental Health Institute - Pueblo	 <u>70,721,000</u>	 <u>68,648,739</u>	 <u>1,871,309</u>	 <u>1,685,260</u>	 <u>70,333,999</u>
<i>FTE</i>	944.4	940.2	1.8	1.8	942.0
General Fund	56,819,134	56,947,176	1,871,309	1,685,260	58,632,436
Cash Funds	6,097,123	5,743,183	0	0	5,743,183
Reappropriated Funds	7,804,743	5,958,380	0	0	5,958,380
 Total for Supplemental #1 - Staffing, Pharmaceuticals, and Information Technology Issues at the Colorado Mental Health Institutes	 <u>124,725,588</u>	 <u>126,877,488</u>	 <u>2,963,710</u>	 <u>2,191,016</u>	 <u>129,068,504</u>
<i>FTE</i>	1,182.1	1,146.5	3.2	3.2	1,149.7
General Fund	94,581,629	97,459,914	2,963,710	2,191,016	99,650,930
Cash Funds	9,925,958	8,166,944	0	0	8,166,944
Reappropriated Funds	16,140,337	16,253,051	0	0	16,253,051
Federal Funds	4,077,664	4,997,579	0	0	4,997,579

	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2011-12 Requested Change	FY 2011-12 Rec'd Change	FY 2011-12 Total With Rec'd Change
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Supplemental #5 - Colorado Mental Health Institutes Revenue Adjustment

(8) MENTAL HEALTH AND ALCOHOL AND DRUG ABUSE SERVICES
(C) Mental Health Institutes

Mental Health Institute - Ft. Logan	<u>19,928,717</u>	<u>18,973,703</u>	<u>0</u>	<u>0</u>	<u>18,973,703</u>
<i>FTE</i>	237.7	206.3	0.0	0.0	206.3
General Fund	15,928,541	16,789,133	(830,034)	(830,034)	15,959,099
Cash Funds	3,338,261	1,829,651	885,738	885,738	2,715,389
Reappropriated Funds	661,915	354,919	(55,704)	(55,704)	299,215
Mental Health Institute - Pueblo	<u>70,721,000</u>	<u>68,648,739</u>	<u>0</u>	<u>0</u>	<u>68,648,739</u>
<i>FTE</i>	944.4	940.2	0.0	0.0	940.2
General Fund	56,819,134	56,947,176	(2,213,775)	(2,213,775)	54,733,401
Cash Funds	6,097,123	5,743,183	540,158	540,158	6,283,341
Reappropriated Funds	7,804,743	5,958,380	1,673,617	1,673,617	7,631,997
Total for Supplemental #5 - Colorado Mental Health Institutes Revenue Adjustment	<u>90,649,717</u>	<u>87,622,442</u>	<u>0</u>	<u>0</u>	<u>87,622,442</u>
<i>FTE</i>	1,182.1	1,146.5	0.0	0.0	1,146.5
General Fund	72,747,675	73,736,309	(3,043,809)	(3,043,809)	70,692,500
Cash Funds	9,435,384	7,572,834	1,425,896	1,425,896	8,998,730
Reappropriated Funds	8,466,658	6,313,299	1,617,913	1,617,913	7,931,212

Totals

HUMAN SERVICES

TOTALS for ALL Departmental line items	<u>1,970,582,190</u>	<u>2,061,386,598</u>	<u>2,963,710</u>	<u>2,191,016</u>	<u>2,063,577,614</u>
<i>FTE</i>	4930.7	4870.9	3.2	3.2	4,874.1
General Fund	621,415,137	614,650,877	(80,099)	(852,793)	613,798,084
Cash Funds	285,720,221	327,959,886	1,425,896	1,425,896	329,385,782
Reappropriated Funds	449,274,825	449,772,764	1,617,913	1,617,913	451,390,677
Federal Funds	614,172,008	669,003,071	0	0	669,003,071
<i>Net General Fund</i>	796,756,898	827,536,009	482,834	(289,860)	827,246,149