# COLORADO GENERAL ASSEMBLY
# JOINT BUDGET COMMITTEE

# FY 2015-16 STAFF BUDGET BRIEFING

# DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

**(Medicaid Behavioral Health Community Programs Only)**

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

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# DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

## Department Overview

The Department of Health Care Policy and Financing (HCPF) helps pay health and long-term care expenses for low-income and vulnerable populations. To assist with these costs the Department receives significant federal matching funds, but must adhere to federal rules regarding program eligibility, benefits, and other features, as a condition of accepting the federal money. The largest program administered by HCPF is the Medicaid program, which serves people with low income and people needing long-term care. The Department also performs functions related to improving the health care delivery system. This Joint Budget Committee staff budget briefing document concerns the *behavioral health* community programs administered by HCPF.

Behavioral health services include both mental health and substance use disorder services. Most behavioral health services are provided to Medicaid-eligible clients through a statewide managed care or "capitated" program. The Department contracts with five regional entities, known as behavioral health organizations or BHOs, to provide or arrange for medically necessary behavioral health services to Medicaid-eligible clients. Each BHO receives a pre-determined monthly amount for each client who is eligible for Medicaid behavioral health services. In addition to funding for capitation payments to BHOs, a separate appropriation covers fee-for-service payments for behavioral health services provided to clients who are not enrolled in a BHO and for the provision of behavioral health services that are not covered by the BHO contract.

Finally, the HCPF budget includes appropriations of General Fund and federal Medicaid funds that are transferred to the Department of Human Services for behavioral health programs administered by that department.

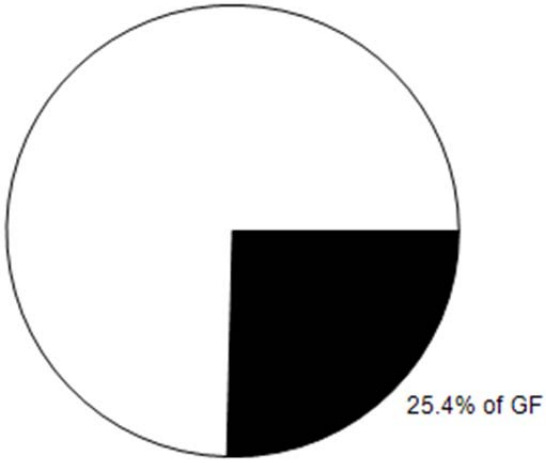
## Department Budget: Recent Appropriations

| Funding Source | FY 2012-13 | FY 2013-14 | FY 2014-15 | FY 2015-16 * |
|---|---|---|---|---|
| General Fund | $1,853,401,062 | $2,067,258,413 | $2,264,471,263 | $2,479,588,376 |
| Cash Funds | 936,836,405 | 986,463,698 | 952,277,490 | 1,006,274,704 |
| Reappropriated Funds | 7,174,145 | 10,483,522 | 7,782,578 | 7,913,669 |
| Federal Funds | 2,804,733,050 | 3,592,923,500 | 4,652,324,132 | 5,134,174,130 |
| **Total Funds** | **$5,602,144,662** | **$6,657,129,133** | **$7,876,855,463** | **$8,627,950,879** |
| Full Time Equiv. Staff | 327.1 | 358.3 | 390.9 | 412.8 |

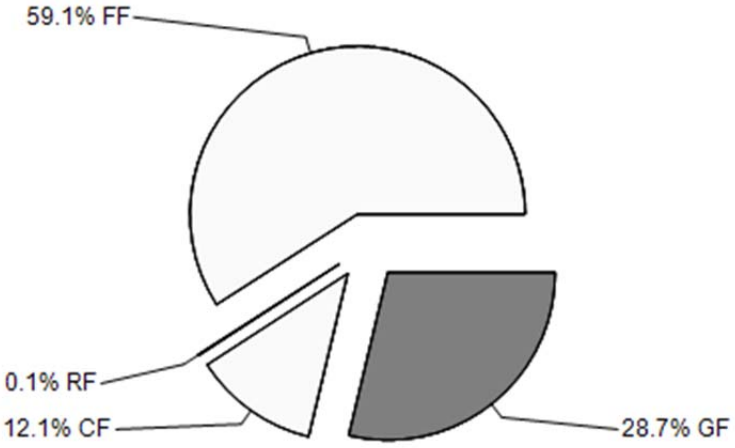
*Requested appropriation.

# Department Budget: Graphic Overview

**Department's Share of Statewide General Fund**

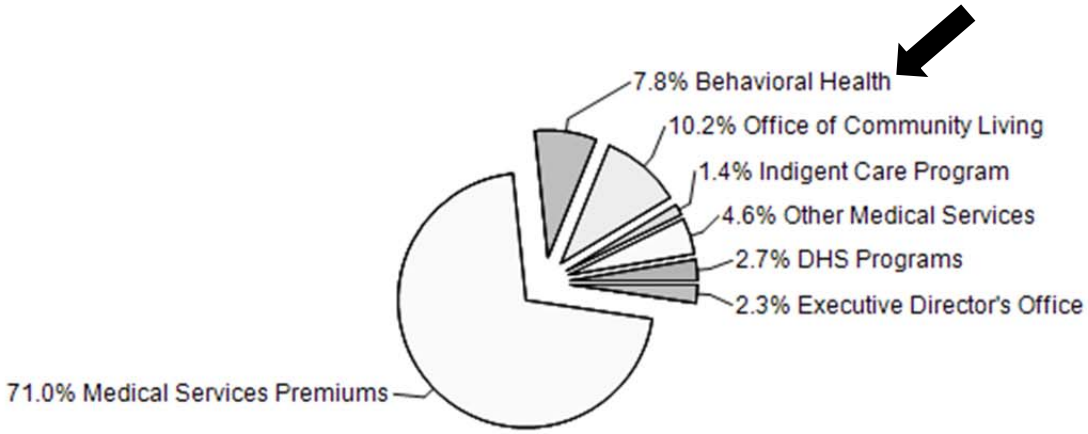



**Department Funding Sources**

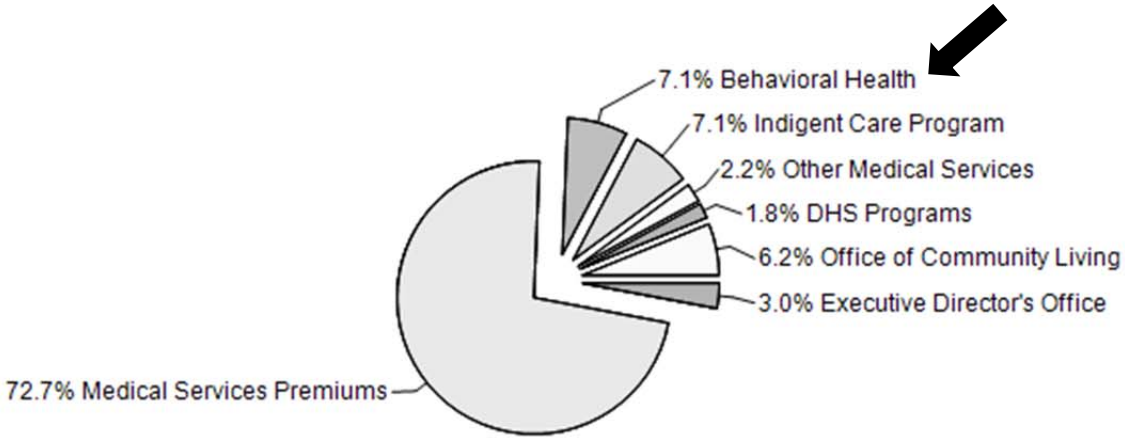



All charts are based on the FY 2014-15 appropriation.

**Distribution of General Fund by Division**




**Distribution of Total Funds by Division**




All charts are based on the FY 2014-15 appropriation.

# General Factors Driving the Budget

A total of $7.9 billion is appropriated to HCPF for FY 2014-15, including $557.2 million (7.1 percent of the total) for behavioral health community programs. More than two-thirds of funding for behavioral health community programs is from federal Medicaid funding; the General Fund provides 31.7 percent of funding, and the remainder is from cash funds (including hospital provider fees and tobacco litigation settlement funds that support the Breast and Cervical Cancer Prevention and Treatment Program). The two largest factors driving the behavioral health community programs budget are reviewed below.

Please note that funding in the behavioral health community programs section of HCPF's budget excludes funding for five types of related expenditures:

- *Pharmaceutical expenditures* related to behavioral health services are funded through the Medical Services Premiums line item appropriation. In FY 2013-14, these pharmaceutical expenditures totaled $45.8 million after rebates; of this total, $25.6 million related to antipsychotic drugs.
- Expenditures for the provision of *inpatient medical treatment for* clients with acute medical *conditions caused by a substance use disorder* are funded through the Medical Services Premiums line item appropriation. In FY 2013-14, these expenditures totaled $6.5 million.
- Medicaid does cover *inpatient substance use disorder treatment for children and youth* under age 21 under the early and periodic screening, diagnostic and treatment (EPSDT) benefit. These expenditures, which totaled $1.6 million in FY 2013-14, are funded through the Medical Services Premiums line item appropriation.
- Medicaid does cover *residential substance use disorder treatment for pregnant women* through the Special Connections Program, which is administered by the Department of Human Services. Program expenditures totaled $1.1 million in FY 2013-14.
- Funding for *administrative expenses* related to behavioral health programs are funded through various line items in the Executive Director's Office.

## Behavioral Health Capitation Payments

Behavioral health services, which include both mental health and substance use-related services, are provided to Medicaid clients through a statewide managed care or "capitated" program. The Department contracts with regional entities, known as behavioral health organizations (BHOs), to provide or arrange for behavioral health services for clients within their geographic region who are eligible for and enrolled in the Medicaid program. In order to receive services through a BHO, a client must have a covered diagnosis and receive a covered service or procedure[1] that is medically necessary.

Each BHO receives a pre-determined monthly amount for each Medicaid client who is eligible for behavioral health services within its geographic area. The "per-member-per-month" rates paid to BHOs are unique for each Medicaid eligibility category in each geographic region. These rates are adjusted annually based on historical rate experience and data concerning client

[1] BHOs offer all Medicaid State Plan mental health services plus services approved through the Department's federal 1915 (b) (3) waiver.

service utilization. Currently, the state is divided into five geographic regions covering the following Medicaid eligibility categories[2]:

- Adults 65 years of age and older;
- Children and adults with disabilities through age 64;
- MAGI Parents and Caretakers;
- MAGI Adults;
- Eligible children;
- Children in foster care through age 26; and
- Adults served through the Breast and Cervical Cancer Treatment and Prevention Program.

Two Medicaid populations that are eligible for certain medical benefits are not eligible for behavioral health services through the Medicaid program: (1) Non-citizens; and (2) Partial dual-eligible individuals (*i.e.*, individuals who are eligible for both Medicare and Medicaid benefits, but for whom the Medicaid benefit is limited to payment of Medicare premiums and co-insurance payments). In addition, three groups of Medicaid-eligible clients are excluded from enrollment in a BHO:

- Individuals enrolled in a Program of All-inclusive Care for the Elderly (PACE) receive behavioral health services through the PACE Program, which is funded through the Medical Services Premiums line item appropriation in HCPF.

- Individuals with intellectual and developmental disabilities who reside in the state regional centers and associated satellite residences for more than 90 days receive behavioral health services through Medicaid community service providers. These services are funded through the Behavioral Health Fee-for-service Payments line item appropriation in HCPF (described below).

- Behavioral health services for certain individuals are provided through and funded through the Colorado Mental Health Institutes[3], which are administered by and funded through the Department of Human Services.

Finally, a Medicaid client may request and receive an individual exemption if BHO enrollment is not in their best clinical interest [pursuant to 10 CCR 2505-10, Section 8.212.2][4]. For these individuals, expenditures related to behavioral health care are covered through the Behavioral Health Fee-for-service Payments line item appropriation in HCPF (described below).

[2] The Department recently renamed certain eligibility categories to be more consistent with terminology used in other states and to more accurately estimate expenditures by fund source. The term "MAGI" refers to the new federal Modified Adjusted Gross Income standard that states are required to use when determining income for purposes of Medicaid eligibility.

[3] This includes individuals, ages 21 through 64, who receive inpatient treatment at one of the Institutes, as well as patients who are: (1) ordered by a criminal court to be evaluated for competency to stand trial; (2) found by a criminal court to be incompetent to proceed to trial; or (3) found by a criminal court to be not guilty by reason of insanity.

[4] There are generally fewer than 25 Medicaid clients exempted under this State rule.

Capitated behavioral health program expenditures are affected by caseload changes, rate changes, and changes to the Medicaid State Plan or waiver program that affect the diagnoses, services, and procedures that are covered for Medicaid clients. Caseload changes include changes in Medicaid eligibility, as well as demographic and economic changes that affect the number of individuals eligible within each category. The State's share of expenditures is also affected by changes in the federal match rate for various eligibility categories.

Capitation payments represent nearly 98 percent of the total funds appropriated to HCPF for behavioral health community programs. The following table details recent expenditure and caseload trends for Medicaid Behavioral Health Capitation Payments.

| Medicaid Behavioral Health Capitation Payments | | | | | | |
|---|---|---|---|---|---|---|
| | FY 2011-12 | FY 2012-13 | FY 2013-14 | FY 2014-15 1/ | | FY 2015-16 |
| | Actual | Actual | Actual | Appropriation | Nov. 1, 2014 Estimate | Request 2/ |
| **Capitation Payments** | **$273,376,614** | **$301,303,046** | **$415,933,333** | **$548,101,614** | **$546,217,162** | **$624,837,666** |
| Annual Dollar Change | $24,023,949 | $27,926,432 | $114,630,287 | $132,168,281 | $130,283,829 | $78,620,504 |
| *Annual Dollar % Change* | *9.6%* | *10.2%* | *38.0%* | *31.8%* | *31.3%* | *14.4%* |
| **Caseload** | **598,322** | **659,104** | **835,098** | **976,687** | **1,096,397** | **1,189,489** |
| Annual Caseload Change | 57,866 | 60,782 | 175,994 | 141,589 | 261,299 | 93,092 |
| *Annual Caseload % Change* | *10.7%* | *10.2%* | *26.7%* | *17.0%* | *31.3%* | *8.5%* |
| **Average Cost Per Case** | **$457** | **$457** | **$498** | **$561** | **$498** | **$525** |

1/ The "Capitation Payments" figure for FY 2014-15 includes $4,363,807 appropriated through S.B. 14-215 for BHOs' school-based substance abuse prevention and intervention programs.

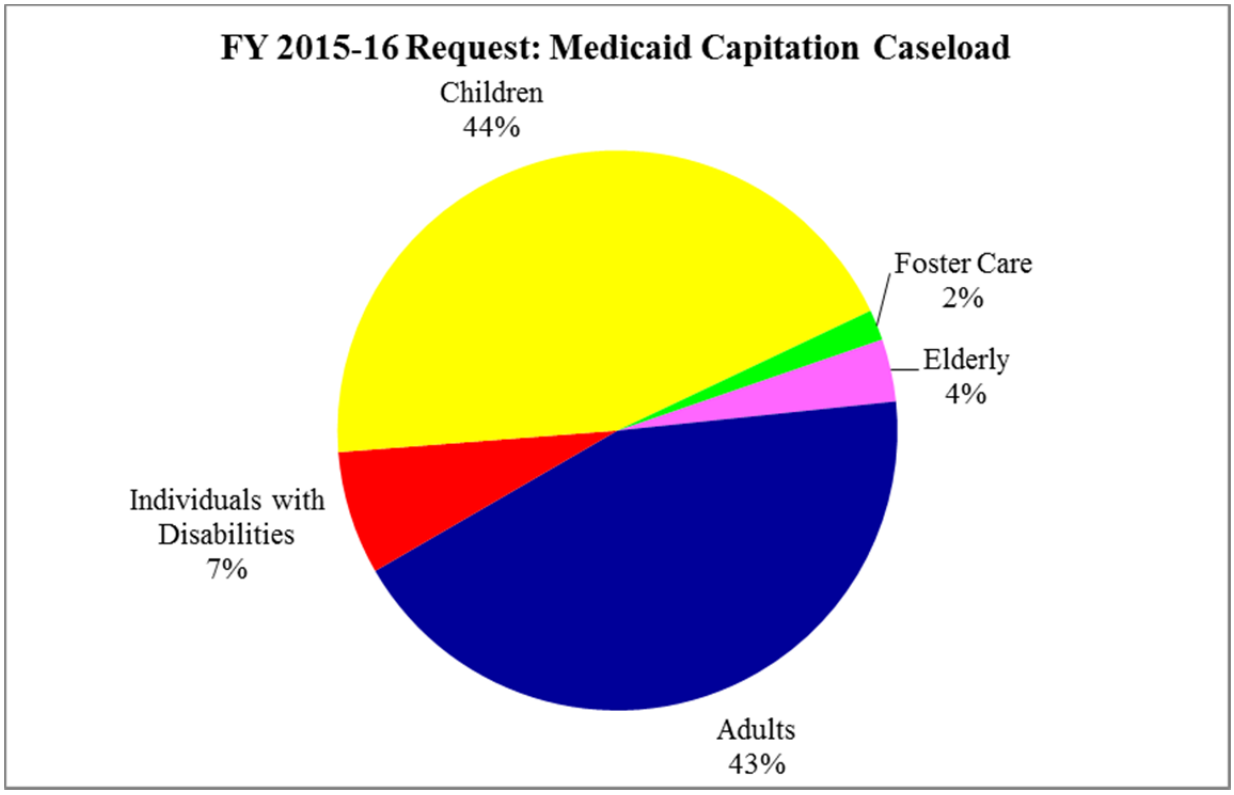
2/ The "Capitation Payments" figure for FY 2015-16 includes: $4,216,324 for BHOs' school-based substance abuse prevention and intervention programs; and $295,672 for R8 (Children with autism waiver). The "Caseload" figure for FY 2015-16 includes an additional 151 Medicaid-eligible children based on the projected FY 2015-16 impact of R8.

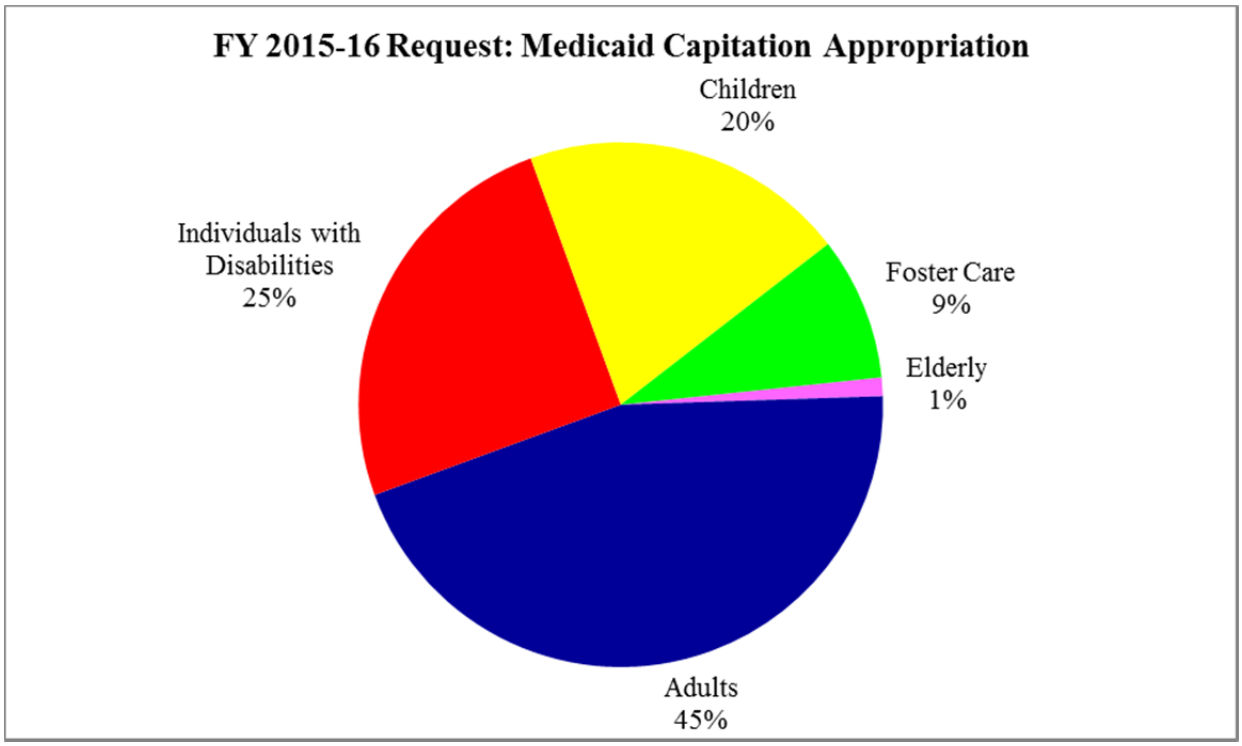
As indicated in the above table, the caseload has increased by nearly 300,000 over the last three years, and is anticipated to grow another 260,000 in the current fiscal year. Expenditures were anticipated to increase even faster than the caseload beginning in FY 2013-14 due to: (a) an increase in the proportion of adults within the overall caseload; (b) the implementation of an enhanced substance use disorder benefit starting January 1, 2014; and (c) general increases in rates over time. However, the Department's most recent estimates for FY 2014-15 indicate that while the caseload is growing more rapidly than anticipated, the overall utilization and needs of the newly eligible population are not as high as anticipated. Thus, the Department's latest forecast for FY 2014-15 reflects slightly lower expenditures compared to the appropriation.

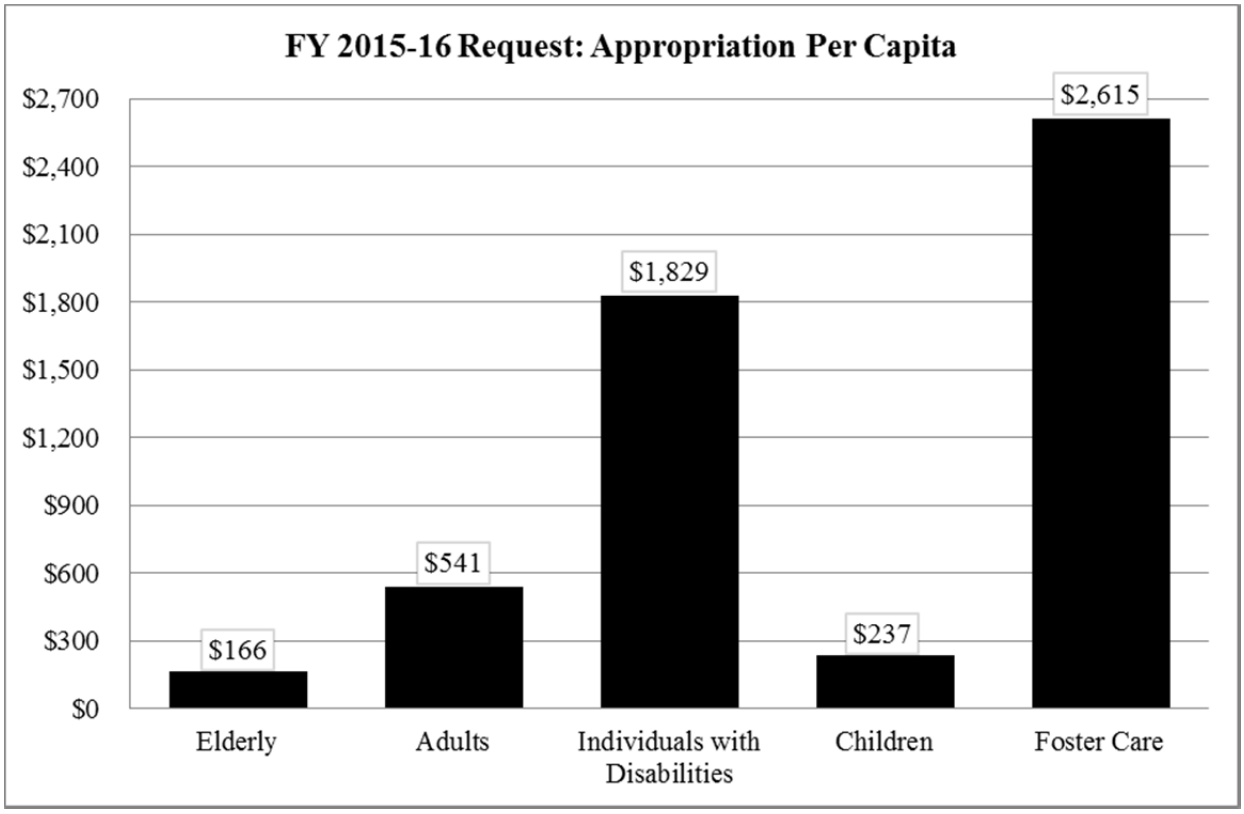
The following three charts illustrate:

- the number individuals served through Medicaid behavioral health community programs by eligibility category;
- the allocation of expenditures by eligibility category; and
- the per capita expenditures by eligibility category.

The per capita costs of providing behavioral health services are highest for children and youth in foster care and for individuals with disabilities.


FY 2015-16 Request: Medicaid Capitation Caseload
Children
44%
Foster Care
2%
Elderly
4%
Individuals with
Disabilities
7%
Adults
43%


FY 2015-16 Request: Medicaid Capitation Appropriation
Children
20%
Individuals with
Disabilities
25%
Foster Care
9%
Elderly
1%
Adults
45%




## Medicaid Behavioral Health Fee-for-service Payments

In addition to funding for capitation payments to BHOs, a separate appropriation supports fee-for-service payments for: (1) the provision of behavioral health services that are not covered by the BHO contract to BHO-enrolled clients; and (2) the provision of behavioral health services to Medicaid clients who are not enrolled in a BHO.

- *Services Not Covered by BHO Contract.* This line item covers behavioral health expenditures for Medicaid clients who have a diagnosis that is not covered by the BHO contract (*e.g.*, autism spectrum disorder, developmental disability, dementia, etc.).

- *Clients Not Enrolled in BHO.* This line item also covers behavioral health expenditures for Medicaid clients who have received an individual exemption from BHO enrollment. In addition, to the extent that partial dual-eligible individuals receive mental health services under their Medicare benefits package, this line item covers that portion of expenditures that would have been the responsibility of the client.

The fee-for-service program covers all Medicaid State Plan mental health services as well as substance use disorder services[5]. The following table details recent expenditure trends for this line item. Expenditures are broken out into three categories: inpatient services, outpatient

[5] The fee-for-service program does not, however, cover services approved through the Department's federal 1915 (b) (3) waiver.

services, and physician services. The table also details the Department's most recent estimates for FY 2014-15, and the request for FY 2015-16.

| Medicaid Behavioral Health Fee-for-service Payments | | | | | | |
|---|---|---|---|---|---|---|
| | FY 2011-12 | FY 2012-13 | FY 2013-14 | FY 2014-15 1/ | | FY 2015-16 2/ |
| | Actual | Actual | Actual | Appropriation | Nov. 1, 2014 Estimate | Nov. 1, 2014 Request |
| Inpatient Services | $632,151 | $973,629 | $1,277,088 | $1,514,407 | $1,743,174 | $1,909,049 |
| Outpatient Services | 3,163,672 | 3,513,329 | 3,956,128 | 5,464,724 | 5,399,954 | 5,913,795 |
| Physician Services | 96,575 | 82,240 | 63,135 | 127,918 | 86,177 | 94,377 |
| Accounting Adjustment 3/ | 1,641 | 0 | (516) | n/a | n/a | n/a |
| **Total Fee-for-Service Funding** | **$3,894,039** | **$4,569,198** | **$5,295,835** | **$7,107,049** | **$7,229,305** | **$7,917,221** |
| Annual Dollar Change | $23,445 | $675,159 | $726,637 | $1,811,214 | $1,933,470 | $810,172 |
| *Annual Dollar % Change* | *0.6%* | *17.3%* | *15.9%* | *34.2%* | *36.5%* | *11.4%* |

1/ These amounts include $139,354 for a community provider rate increase, pro rated across each expenditure category based on the Department's base expenditure estimates for FY 2014-15.

2/ These amounts include $75,092 for a community provider rate increase (R12), pro rated across each expenditure category based on the Department's base expenditure estimates for FY 2015-16.

3/ The Department overlays MMIS data onto COFRS data to approximate expenditures by eligibility category. In some instances, this overlay process results in totals which do not match actual expenditures. This adjustment ensures that total actual expenditures are reflected above.

As indicated in the above table, outpatient services account for about three-quarters of fee-for-service expenditures. Total fee-for-service expenditures are anticipated to be slightly higher than originally projected for the current fiscal year, and to grow by another 11.4 percent in FY 2015-16 largely due to projected Medicaid caseload increases.

# Summary: FY 2014-15 Appropriation & FY 2015-16 Request

| Department of Health Care Policy and Financing (Behavioral Health Community Programs Only) | Total Funds | General Fund | Cash Funds | Reappropriated Funds | Federal Funds | FTE |
|---|---|---|---|---|---|---|
| **FY 2014-15 Appropriation** | | | | | | |
| HB 14-1336 (Long Bill) | $550,715,017 | $172,504,409 | $4,489,831 | $0 | $373,720,777 | 0.0 |
| Other legislation | 6,443,646 | 3,950,000 | 44,755 | 0 | 2,448,891 | 0.0 |
| **TOTAL** | **$557,158,663** | **$176,454,409** | **$4,534,586** | **$0** | **$376,169,668** | **0.0** |
| **FY 2015-16 Requested Appropriation** | | | | | | |
| FY 2014-15 Appropriation | $557,158,663 | $176,454,409 | $4,534,586 | $0 | $376,169,668 | 0.0 |
| R2 Behavioral Health Programs | 77,148,072 | 21,340,878 | 467,470 | 0 | 55,339,724 | 0.0 |
| R6 Enrollment simplification | 0 | 0 | 0 | 0 | 0 | 0.0 |
| R8 Children with autism waiver | 295,672 | 144,850 | 0 | 0 | 150,822 | 0.0 |
| R12 Provider rates | 75,092 | 22,603 | 666 | 0 | 51,823 | 0.0 |
| R17 School-based early intervention and prevention | 4,216,324 | 1,999,674 | 0 | 0 | 2,216,650 | 0.0 |
| Annualize prior year budget decisions | (6,138,936) | (4,628,838) | (33,641) | 0 | (1,476,457) | 0.0 |
| **TOTAL** | **$632,754,887** | **$195,333,576** | **$4,969,081** | **$0** | **$432,452,230** | **0.0** |
| **Increase/(Decrease)** | $75,596,224 | $18,879,167 | $434,495 | $0 | $56,282,562 | 0.0 |
| Percentage Change | 13.6% | 10.7% | 9.6% | n/a | 15.0% | n/a |

*1/ The request for FY 2015-16 in the above table includes a reduction of $1,950,000 General Fund for the annualization of S.B. 14-215 (Disposition of Legal Marijuana Related Revenue) that was not included in the Governor's November 1, 2014 submission. The Office of State Planning and Budgeting indicates the omission was a technical error, and so including the annualization better reflects the Governor's request.*

## Description of Requested Changes

**R2 Behavioral health programs:** The request includes an increase of $77.1 million total funds (including $21.3 million General Fund) for projected caseload and expenditure changes in both the managed care and fee-for-service Medicaid behavioral health programs[6]. *For more information about this budget request, see staff's issue brief in this document titled "Overview of Department's FY 2015-16 Request for Behavioral Health Community Programs".*

[6] Please note that the amount reflected above for R2 is $4,363,807 higher than the amount reflected in the Department's official November 1, 2014 submission for R2; this amount includes $2,000,000 General Fund and $2,363,807 federal funds. The figures in the above table reflect two technical adjustments to more accurately reflect the Governor's budget request. First, the "Annualize prior year budget decisions" figure includes elimination of the $4,363,807 appropriation in S.B. 14-215 for BHOs' school-based prevention and intervention programs. Second, this amount is then added back into R2 to accurately reflect the Department's most recent forecast of expenditures for Behavioral Health Capitation Payments.

**R6 Enrollment simplification:** The Department's overall request includes $1.0 million for FY 2015-16 to make some enrollment changes for the CHP+ program and to study other potential enrollment changes that could reduce the number of people who experience changes in eligibility based on changes in income. With respect to behavioral health community programs, the Department anticipates $0 impact in FY 2015-16 and an increase of $3,924,077 in FY 2016-17.

**R8 Children with autism waiver:** The Department requests that the JBC sponsor legislation to expand and modify the Children with Autism waiver, including eliminating the enrollment cap of 75 and expanding eligibility to add children ages six to eight. With respect to behavioral health community programs, the Department's request includes $295,672 for FY 2015-16.

**R12 Provider rates:** The Department's overall request includes an increase of $32.9 million total funds (including $11.4 million General Fund) for an overall 1.0 percent increase in community provider rates. The Department indicates that it would use half the requested funding to increase the rates for most services by 0.5 percent, and the remaining funding to provide larger rate increases for certain services. This request includes $75,092 total funds for a 1.0 percent increase in rates paid to providers through the behavioral health fee-for-service program.

**R17 School-based early intervention and prevention:** The request includes $4.2 million (including $2.0 million General Fund and $2.2 million federal Medicaid funds) to continue providing funding to behavioral health organizations (BHOs) for school-based substance abuse prevention and intervention programs as authorized through S.B. 14-215. This request is calculated based on paying "add-on" rates averaging $7.89 per month for each Medicaid-eligible child or youth. *For more information about this budget request, see staff's issue brief in this document titled "Implementation of S.B. 14-215".*

**Annualize prior year budget decisions:** The request for behavioral health community programs includes a reduction of $6.1 million related to prior year legislation and budget decisions, including the following adjustments:

- *S.B. 14-215 (Disposition of Legal Marijuana Related Revenue) – reduction of $6,313,807.* The act appropriated $6,363,807 to HCPF for school-based substance abuse prevention and intervention programs, including $2,000,000 General Fund for a new grant program and $4,363,807 (including $2,000,000 General Fund and $2,363,807 federal Medicaid funds) for BHOs. The request reflects the elimination of funding for both of these programs. However, through R17 (described above), the Department requests ongoing funding for BHOs' school-based prevention and intervention programs.

- *H.B. 14-1045 (Breast and Cervical Cancer Prevention) – reduction of $65,380.* The request reflects the most recent behavioral health-related caseload and expenditure estimates for the Breast and Cervical Cancer Prevention and Treatment Program.

- *Initiative to remove five-year bar – increase of $212,313.* The request reflects the FY 2015-16 behavioral health-related impact of removing the five-year waiting period for legal immigrant children and pregnant women.

- *R8 IDD Increase funded FPE – increase of $15,270.* The request reflects the FY 2015-16 behavioral health-related impact of expanding the number of adults with intellectual and developmental disabilities eligible for home and community based services.

- *R11 Provider rate increase – increase of $12,668.* The request reflects the impact of the 2.5 percent rate increase approved for FY 2014-15 for providers that receive payments through the behavioral health fee-for-service program.

- *BA 10 FMAP change – net $0 change.* The request reflects a fund source adjustment to reflect the estimated federal Medicaid assistance percentage (FMAP) for FY 2015-16. Specifically, the request reflects a $795,647 General Fund reduction, a $10,988 cash funds reduction, and an $806,635 increase in federal funds.

# Issue: Overview of Department's FY 2015-16 Request for Behavioral Health Community Programs

The Department's FY 2015-16 request includes a $75.6 million (13.6 percent) increase in funding for behavioral health programs. This request primarily reflects the continued implementation of S.B. 13-200, which expanded eligibility for the Medicaid program.

## SUMMARY:

- The Governor's budget request for FY 2015-16 includes a $79.9 million (9.9 percent) overall increase in funding for behavioral health programs administered by the Department of Human Services and the Department of Health Care Policy and Financing (HCPF).

- The HCPF request accounts for $75.6 million of the overall requested increase, and it includes $56.3 million federal funds, $18.9 million General Fund, and $0.4 million cash funds.

- The Department estimates that the current FY 2014-15 appropriation for Medicaid behavioral health programs can be decreased by $1.8 million total funds based on more recent projections. However, this adjustment is estimated to include a $7.3 million increase in General Fund appropriations, offset by a $9.1 million decrease in cash and federal funds appropriations.

- The Department's FY 2015-16 budget request represents a $79.3 million (14.3 percent) year-over-year increase in total funds compared to the revised estimate for FY 2014-15. The estimated expenditure increase primarily reflects: (a) continued growth in the number of low income adults and children enrolling in Medicaid; (b) a continued increase in the proportion of adults within the eligible population; and (c) anticipated increases in behavioral health capitation rates and fee-for-service expenditures.

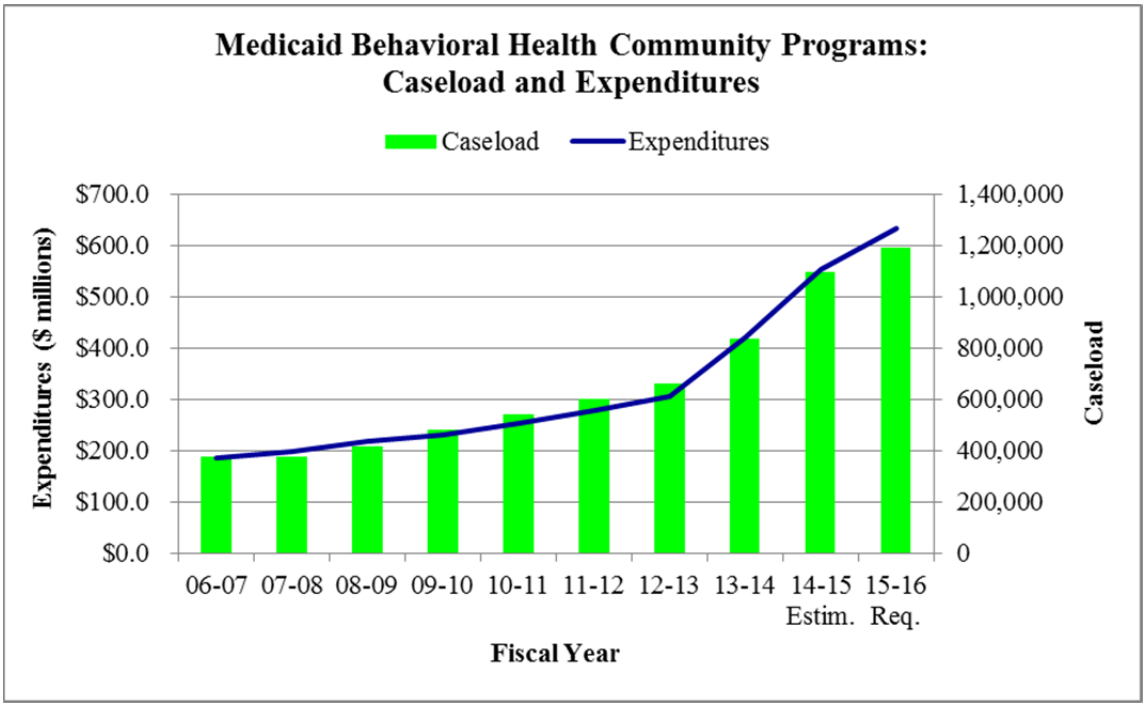
## DISCUSSION:

**Overall Funding Requested for Behavioral Health Programs for FY 2015-16**
The majority of publicly funded behavioral health services in Colorado are funded through two program areas: the Department of Human Services' Behavioral Health Services section and the Department of Health Care Policy and Financing's (HCPF's) Behavioral Health Community Programs section. As detailed in the following table, the FY 2015-16 budget requests for these two program areas propose increasing funding by a total of $79.9 million (9.9 percent), including a $26.4 million (7.5 percent) increase in direct General Fund appropriations.

| Total Appropriations for Behavioral Health Programs: FY 2014-15 and FY 2015-16 Request | Total Funds | General Fund | Cash Funds | Reappropriated Funds | Federal Funds | FTE |
|---|---|---|---|---|---|---|
| **FY 2014-15 Appropriation** | | | | | | |
| Department of Human Services (DHS), Behavioral Health Services | $247,414,366 | $177,077,005 | $19,364,167 | $15,741,517 | $35,231,677 | 1,241.2 |
| Department of Health Care Policy and Financing (HCPF), Behavioral Health Community Programs | 557,158,663 | 176,454,409 | 4,534,586 | 0 | 376,169,668 | 0.0 |
| **TOTAL** | **804,573,029** | **353,531,415** | **23,898,753** | **15,741,517** | **411,401,345** | **1,241.2** |
| **FY 2015-16 Request** | | | | | | |
| DHS, Behavioral Health Services | 251,677,542 | 184,574,142 | 15,870,913 | 15,967,596 | 35,264,891 | 1,281.1 |
| HCPF, Behavioral Health Community Programs | 632,754,887 | 195,333,576 | 4,969,081 | 0 | 432,452,230 | 0.0 |
| **TOTAL** | **$884,432,429** | **$379,907,718** | **$20,839,994** | **$15,967,596** | **$467,717,121** | **1,281.1** |
| **DHS: Increase/(Decrease)** | $4,263,176 | $7,497,137 | ($3,493,254) | $226,079 | $33,214 | 39.9 |
| Percentage Change | 1.7% | 4.2% | (18.0%) | 1.4% | 0.1% | 3.2% |
| **HCPF: Increase/(Decrease)** | $75,596,224 | $18,879,167 | $434,495 | $0 | $56,282,562 | 0.0 |
| Percentage Change | 13.6% | 10.7% | 9.6% | n/a | 15.0% | n/a |
| **TOTAL: Increase/(Decrease)** | **$79,859,400** | **$26,376,303** | **($3,058,759)** | **$226,079** | **$56,315,776** | **39.9** |
| Percentage Change | 9.9% | 7.5% | (12.8%) | 1.4% | 13.7% | 3.2% |

Of the total $79.9 million increase proposed for FY 2015-16, nearly 95 percent ($75.6 million) is requested for HCPF programs. This issue brief provides an overview of the components of the HCPF share of the FY 2015-16 request.

**Funding Requested for Medicaid Behavioral Health Community Programs for FY 2015-16**
The following chart depicts actual caseload and expenditure changes for Medicaid behavioral health community programs since FY 2006-07, along with HCPF's most recent expenditure estimates for FY 2014-15 and its request for FY 2015-16.



The overall $75.6 million increase requested for FY 2015-16 represents another significant annual increase in funding, primarily due to the continued impact of S.B. 13-200 (Expand Medicaid Eligibility). However, the Department's most recent caseload and expenditure forecast includes adjustments for both FY 2014-15 and FY 2015-16. Thus, the Department anticipates submitting a request for a mid-year adjustment to FY 2014-15 appropriations. The following table splits out the requested changes by fiscal year to provide a more accurate depiction of the request. The Department's most recent forecasts for each fiscal year are discussed below.

| Department of Health Care Policy and Financing: Summary of Requested Increase by Fiscal Year and Fund Source | Total Funds | General Fund | Cash Funds | Federal Funds |
|---|---|---|---|---|
| Appropriation for FY 2014-15 | $557,158,663 | $176,454,409 | $4,534,586 | $376,169,668 |
| Changes reflected in most recent Medicaid forecast for FY 2014-15 | (1,762,196) | 7,307,764 | (345,277) | (8,724,683) |
| **Subtotal: FY 2014-15 Estimate** | **$555,396,467** | **$183,762,173** | **$4,189,309** | **$367,444,985** |
| Changes reflected in most recent Medicaid forecast for FY 2015-16 | 79,085,139 | 13,354,276 | 779,106 | 64,951,757 |
| Other requested changes related to provider payments | 223,281 | 167,127 | 666 | 55,488 |
| Requested elimination of funding for grant program created by S.B. 14-215 | (1,950,000) | (1,950,000) | 0 | 0 |
| **TOTAL FY 2015-16 Request** | **$632,754,887** | **$195,333,576** | **$4,969,081** | **$432,452,230** |

NOTE: The above table includes funding for the grant program created through S.B. 14-215 ($1,950,000 General Fund for FY 2014-15 and $0 requested for FY 2015-16). The two tables which follow in this briefing issue and the associated discussion exclude such funding.

**FY 2014-15 Budget Estimate**

The FY 2014-15 appropriation for Medicaid behavioral health community programs currently provides a total of $555.2 million total funds (including $176.5 million General Fund) for the provision of services to a projected caseload of 976,687. The Department estimates that the current FY 2014-15 appropriation can be decreased by $1.8 million *total funds* (0.3 percent) based on more recent projections. This relatively minor adjustment is primarily related to two significant but offsetting dynamics:

- The numbers of low income adults (particularly among the newly eligible adults without dependent children, now called "MAGI Adults") and low income children enrolling in Medicaid has been and is growing much faster than anticipated; but
- the average per-member-per-month rate paid to BHOs for MAGI Adults is significantly lower than anticipated last Spring.

The following table compares the caseload and expenditure data that correspond to the FY 2014-15 appropriation and those that correspond to the Department's most recent estimate.

| FY 2014-15 Medicaid Behavioral Health Community Programs Budget Overview | | | | | | |
|---|---|---|---|---|---|---|
| | FY 2014-15 Appropriation | | FY 2014-15 November 1 Estimate | | Change Due to Revision | |
| Description | Caseload | Funding | Caseload | Funding | Caseload | Funding |
| **Capitation Payments** | | | | | | |
| **Eligibility Categories** | | | | | | |
| *Elderly adults (65 and older)* | 43,419 | $7,895,282 | 41,932 | $6,965,269 | (1,487) | ($930,013) |
| *Adults:* | | | | | | |
| MAGI Parents and Caretakers | 210,629 | 70,367,103 | 237,121 | 78,096,424 | 26,492 | 7,729,321 |
| MAGI Adults | 163,808 | 166,746,721 | 223,775 | 154,577,629 | 59,967 | (12,169,092) |
| Breast and Cervical Cancer Program | 368 | 129,839 | 368 | 122,006 | 0 | (7,833) |
| *Individuals with disabilities (under 65)* | 81,878 | 156,614,647 | 81,186 | 144,865,782 | (692) | (11,748,865) |
| *Children* | 458,337 | 101,121,533 | 491,401 | 111,588,499 | 33,064 | 10,466,966 |
| *Children/young adults in foster care* | 18,248 | 40,862,682 | 20,614 | 52,620,027 | 2,366 | 11,757,345 |
| Subtotal | 976,687 | 543,737,807 | 1,096,397 | 548,835,636 | 119,710 | 5,097,829 |
| **Adjustments:** | | | | | | |
| Date of death retractions | n/a | 0 | n/a | (579,218) | n/a | (579,218) |
| MAGI Adults rate reconciliation | n/a | 0 | n/a | (6,403,063) | n/a | (6,403,063) |
| S.B. 14-215 (Disposition of Legal Marijuana Related Revenue) | n/a | 4,363,807 | n/a | 4,363,807 | n/a | 0 |
| Subtotal | n/a | 4,363,807 | n/a | (2,618,474) | n/a | (6,982,281) |
| **Capitation Payments Total** | **976,687** | **$548,101,614** | **1,096,397** | **$546,217,162** | **119,710** | **($1,884,452)** |
| **Fee for Service** | | | | | | |
| Inpatient | | $1,514,407 | | $1,743,174 | | $228,767 |
| Outpatient | | 5,464,724 | | 5,399,954 | | (64,770) |
| Physician | | 127,918 | | 86,177 | | (41,741) |
| **Fee for Service Total** | | **$7,107,049** | | **$7,229,305** | | **$122,256** |
| **Total Behavioral Health Community Programs** | **976,687** | **$555,208,663** | **1,096,397** | **$553,446,467** | **119,710** | **($1,762,196)** |
| ***Incremental Percentage Change*** | | | | | ***12.3%*** | ***-0.3%*** |

As detailed in the above table (see the highlighted cells), the Department now projects a MAGI Adult caseload in FY 2014-15 that is nearly 60,000 (36.6 percent) higher than anticipated last Spring. However, the associated expenditures for this group are $12.2 million (7.3 percent) lower than anticipated last Spring. Thus, even though the larger caseload will increase the number of per-member-per-month payments to BHOs, this increase is more than offset by the lower than anticipated per-member-per-month rates for MAGI Adults in FY 2014-15. The average per-member-per-month rate paid for MAGI adults from July 1, 2014 through June 30, 2015[7], is approximately $24 lower than anticipated, based on utilization data from the last two quarters of FY 2013-14. *See Appendix F for the detailed caseload and rate data that underlies the Department's revised capitation payment estimates for FY 2014-15.*

[7] New BHO contracts went into effect July 1, 2014, and the Department established actuarily sound capitation rates for the full 12 months of FY 2014-15. In January 2015, the Department will negotiate rates for the first six months of FY 2015-16. Beginning in January 2016, the Department will return to a calendar-year basis for establishing BHO rates.

In addition, the Department anticipates receiving $6.4 million back from BHOs for CY 2014 (primarily related to the first six months of 2014). Due to the uncertainty of the costs of serving the MAGI Adult population, the Department placed a "risk corridor" on the MAGI Adult rates to protect both the State and BHOs from undue risk. Preliminary estimates indicate that while some BHOs will receive additional money from the State and other BHOs will be required to pay money back to the State, the overall impact to the State will be a net receipt of approximately $6.4 million.

Finally, please note that MAGI Adults are currently funded with 100 percent federal funds. Thus, the Department's mid-year adjustment is estimated to include an $8.7 million reduction in federal funds. However, the Department estimates that General Fund expenditures in FY 2014-15 will be $7.3 million higher than anticipated due to higher than anticipated caseload and expenditures for children and MAGI parents and caretakers.

**FY 2015-16 Budget Estimate**

The Department's FY 2015-16 budget request includes $632.8 million total funds (including $195.3 million General Fund) for the provision of services to a caseload of 1,189,489. Compared to the revised estimate for FY 2014-15, the request represents a $79.3 million (14.3 percent) year-over-year increase in total funds. In addition to the caseload changes that occur every year due to demographic and economic factors, this estimate is driven by continued growth in the numbers of low income adults and low income children enrolling in Medicaid. The following table compares the caseload and expenditure data that correspond to the Department's most recent estimates for FY 2014-15 and those that correspond to the Department's FY 2015-16 request.

As detailed in following table (see the highlighted cells), the Department projects that the MAGI Adult caseload will grow by another 32,000 (14.4 percent) in FY 2015-16 and the number of eligible children will grow by another 34,000 (7.0 percent). These caseload changes are anticipated to increase expenditures by $33.6 million and $13.1 million, respectively. Overall, expenditures are anticipated to increase at a faster rate than the caseload largely due to the increase in the proportion of adults within the eligible population. As illustrated earlier in this briefing, behavioral health expenditures for children are significantly lower than those for adults. For example, the weighted per-member-per-month rate for eligible children (excluding children in foster care) is projected to be about $20 per month, compared to $29 per month for MAGI Parents and Caretakers and $61 per month for MAGI Adults. The FY 2015-16 request reflects the continuing shift in the composition of the caseload to more expensive eligibility categories. *See Appendix G for the detailed caseload and rate data that underlies the Department's capitation payments request for FY 2015-16.*

| FY 2015-16 Medicaid Behavioral Health Community Programs Budget Overview | | | | | | |
|---|---|---|---|---|---|---|
| | FY 2014-15 November 1 Estimate | | FY 2015-16 Request | | Annual Change | |
| Description | Caseload | Funding | Caseload | Funding | Caseload | Funding |
| **Capitation Payments** | | | | | | |
| **Eligibility Categories** | | | | | | |
| *Elderly adults (65 and older)* | 41,932 | $6,965,269 | 43,060 | $7,247,798 | 1,128 | $282,529 |
| *Adults:* | | | | | | |
| MAGI Parents and Caretakers | 237,121 | 78,096,424 | 258,812 | 90,464,634 | 21,691 | 12,368,210 |
| MAGI Adults | 223,775 | 154,577,629 | 255,924 | 188,178,037 | 32,149 | 33,600,408 |
| Breast and Cervical Cancer Program | 368 | 122,006 | 169 | 58,626 | (199) | (63,380) |
| *Individuals with disabilities (under 65)* | 81,186 | 144,865,782 | 84,843 | 155,516,709 | 3,657 | 10,650,927 |
| *Children* | 491,401 | 111,588,499 | 525,610 | 124,664,440 | 34,209 | 13,075,941 |
| *Children/young adults in foster care* | 20,614 | 52,620,027 | 20,920 | 54,716,721 | 306 | 2,096,694 |
| Subtotal | 1,096,397 | 548,835,636 | 1,189,338 | 620,846,965 | 92,941 | 72,011,329 |
| | | | | | | |
| **Adjustments:** | | | | | | |
| Date of death retractions | n/a | (579,218) | n/a | (521,295) | n/a | 57,923 |
| MAGI Adults rate reconciliation | n/a | (6,403,063) | n/a | 0 | n/a | 6,403,063 |
| S.B. 14-215 (Disposition of Legal Marijuana Related Revenue) | n/a | 4,363,807 | n/a | 4,216,324 | n/a | (147,483) |
| R8 (Children with autism waiver) | n/a | | 151 | 295,672 | 151 | 295,672 |
| Subtotal | 0 | (2,618,474) | 151 | 3,990,701 | 151 | 6,609,175 |
| | | | | | | |
| **Capitation Payments Total** | **1,096,397** | **$546,217,162** | **1,189,489** | **$624,837,666** | **93,092** | **$78,620,504** |
| | | | | | | |
| **Fee for Service** | | | | | | |
| Inpatient | | $1,743,174 | | $1,890,942 | | $147,768 |
| Outpatient | | 5,399,954 | | 5,857,705 | | 457,751 |
| Physician | | 86,177 | | 93,482 | | 7,305 |
| Subtotal | | 7,229,305 | | 7,842,129 | | 612,824 |
| | | | | | | |
| Provider rate increase | | Included above | | 75,092 | | 75,092 |
| | | | | | | |
| **Fee for Service Total** | | **$7,229,305** | | **$7,917,221** | | **$687,916** |
| | | | | | | |
| **Total Behavioral Health Community Programs** | **1,096,397** | **$553,446,467** | **1,189,489** | **$632,754,887** | **93,092** | **$79,308,420** |
| ***Incremental Percentage Change*** | | | | | ***8.5%*** | ***14.3%*** |

Please note that it is anticipated that in January 2015 the Department will submit a supplemental request for FY 2014-15 and a budget amendment for FY 2015-16 that reflect the caseload and expenditure data described above. In addition, in February 2015 the Department will submit an updated caseload and expenditure forecast for both FY 2014-15 and FY 2015-16 that incorporates data through December 2014. Thus, the Committee will have updated information available when it makes decisions concerning the FY 2014-15 and FY 2015-16 budgets.

# Issue: Implementation of S.B. 14-215

The Department's FY 2015-16 request includes continuation funding for one of two programs that were funded through S.B. 14-215 (Disposition of Legal Marijuana Related Revenue). Approval of this request would require a statutory change.

## SUMMARY:

- Senate Bill 14-215 allocated $4.0 million from marijuana tax revenues to support two programs in HCPF for FY 2014-15. While both programs concern school-based prevention and early intervention services related to the use of marijuana and other substances, one program distributes moneys to behavioral health organizations (BHOs) and the other is a newly created competitive grant program.

- Rather than appropriating moneys directly from the Marijuana Tax Cash Fund (MTCF) to HCPF, the act appropriates General Fund to HCPF (along with matching federal Medicaid funds) and requires an annual statutory transfer from the MTCF to the General Fund to offset these General Fund appropriations.

- For FY 2015-16, HCPF proposes eliminating the $2.0 million General Fund appropriation for the grant program and maintaining funding for BHO programs (a total of $4.2 million, including $2.0 million General Fund and $2.2 million federal Medicaid funds).

## RECOMMENDATION:

Staff recommends that the Committee reduce the FY 2014-15 appropriation for the new grant program to reflect actual planned expenditures (approximately $920,000 versus $2.0 million). In addition, if the Committee approves the Department's request to continue providing funding for BHOs to provide school-based prevention and intervention programs in FY 2015-16, staff recommends the following:

- Appropriate a flat dollar amount from the General Fund for FY 2015-16, based on the Committee's overall policies related to MTCF revenues.
- Appropriate that General Fund amount and associated federal matching funds in a separate line item in the FY 2015-16 Long Bill.
- Consider proposing legislation that authorizes a transfer from the MTCF to the General Fund for this program for more than one year.

## DISCUSSION:

**Senate Bill 14-215**
Senate Bill 14-215 creates the Marijuana Tax Cash Fund (MTCF) and directs that all sales tax moneys collected by the state starting in FY 2014-15 from retail and medical marijuana be deposited in the MTCF instead of the Marijuana Cash Fund. With respect to the Department of

Health Care Policy and Financing (HCPF), the act specifies permissible uses of moneys in the MTCF, including increasing the "availability of school-based prevention, early intervention, and health care services and programs to reduce the risk of marijuana and other substance use and abuse by school-aged children" [see Section 39-28.8-501 (2) (b) (VIII), C.R.S.].

The act also created the School-based Substance Abuse Prevention and Intervention Program in HCPF. This is a competitive grant program for schools and community-based organizations to provide school-based prevention and intervention programs for youth (ages 12 to 19), primarily focused on reducing marijuana use, but including strategies and efforts to reduce alcohol use and prescription drug misuse [see Section 25.5-1-206, C.R.S.]. The grant program is subject to available appropriations. The grant award must be used to deliver programs and strategies to at-risk youth, regardless of the youths' eligibility for Colorado's medical assistance program. Further, a grant award must be used to implement evidence-based programs and strategies that are designed to achieve the following outcomes:

- An increase in the perceived risk of harm associated with marijuana use, prescription drug misuse, and underage alcohol use among youth;
- A decrease in the rates of youth marijuana use, alcohol use, and prescription drug misuse;
- A delay in the age of first use of marijuana, alcohol, or prescription drug misuse;
- A decrease in the rates of youth who have ever used marijuana or alcohol or misused prescription drugs in their lifetime; and
- A decrease in the number of drug- and alcohol-related violations on school property, suspensions, and expulsions reported by schools.

The act included two appropriations to HCPF for FY 2014-15:

- A total of $4,363,807 (including $2,000,000 General Fund and $2,363,807 federal Medicaid funds) for school-based prevention and intervention substance use disorder services to be provided by behavioral health organizations (BHOs); and
- $2,000,000 General Fund for the new grant program.

The act directs the State Treasurer to transfer $4,260,000 from the MTCF to the General Fund to offset the General Fund appropriations to HCPF[8].

**HCPF Implementation of S.B. 14-215**

Funding for BHOs

The Department's federal 1915 (b) (3) waiver covers "Prevention/Early Intervention Activities" and school-based services, and BHO providers were offering prevention-oriented behavioral health services in schools prior to S.B. 14-215. The Department indicates that in FY 2013-14, BHO providers offered behavioral health services in 402 schools.

[8] This transfer includes $4,000,000 that corresponds to the General Fund appropriations to HCPF, plus $260,000 to account for the statutorily required 6.5 percent General Fund reserve associated with a General Fund appropriation of $4.0 million.

The Department indicates that the federal Centers for Medicare and Medicaid Services (CMS) do not allow a state to make a "supplemental payment" to a BHO. However, a state is allowed to pay an "add-on" rate as long as it is within the actuarially certified capitation rate range for the relevant BHO and eligibility type. Thus, in order to administer the additional funding that was provided through S.B. 14-215, the Department has established "add-on" per-member-per-month rates for each BHO for two relevant eligibility categories. The following table, provided by the Department, details the allocation of the $4.3 million appropriated through S.B. 14-215 by BHO, based on these add-on rates.

| SB 14-215 Substance Use Disorder Per-Member-Per-Month "Add-On" Rates and Payments | | | | | |
|---|---|---|---|---|---|
| BHO | Children | | Foster Care | | Total Allocation |
| | Rate | Allocation | Rate | Allocation | |
| Colorado Access | $1.13 | $617,769 | $4.18 | $68,641 | $686,410 |
| Behavioral Healthcare Inc. | $0.88 | 826,846 | $11.08 | 354,362 | 1,181,208 |
| Foothills Behavioral Health Partners | $1.02 | 398,195 | $5.35 | 99,549 | 497,744 |
| Access Behavioral Care Northeast | $0.73 | 325,443 | $13.46 | 240,545 | 565,988 |
| Colorado Health Partnerships | $1.01 | 1,145,965 | $6.22 | 286,491 | 1,432,456 |
| **Total** | | **$3,314,218** | | **$1,049,588** | **$4,363,807** |

The Department is requiring BHOs to use the additional funds to expand programs into additional schools that were previously without behavioral health services. The Department indicates that BHOs, through their contracted provider network, will target middle and high schools that have a large student population that is eligible for free and reduced cost school lunches. The interventions proposed by the BHOs will be school-based and collaboratively planned with the school district and individual school, focusing on the characteristics of the student body and community and building on the strengths and resource deficits in the individual school. Although the specific intervention will not be prescribed, schools will participate in a selection of evidence-based curricula that fit the needs of the school setting. The interventions will include three elements:

(1) individual consultation for school staff and education of students and school personnel;
(2) group-based interventions driven by self-referral and referrals by school staff, faculty, parents and other community organizations; and
(3) referral and coordination with treatment resources as indicated.

The associated contract amendment is effective December 1, 2014, so BHOs are currently determining which schools will benefit from the new programs.

Grant Program

The Department had a draft application out in August of 2014. An organization that believed it met the eligibility requirements could file a Request for Grant Proposals by September 15, 2014, and completed applications were due by November 3. The Department indicates that it received 21 applications requesting a total of $897,935. On December 3, the Department announced the following grant awards totaling $868,656:

- Boulder Valley School District: $50,000
- Moffat Schools: $11,951.50
- Alternatives for Youth, INC: $50,000
- Colorado Association for School-Based Health Care: $50,000
- The YESS Institute: $50,000
- Mountain Valley School: $12,408
- Hilltop Health Services Corporation: $ 25,388
- Archuleta School District 50 Joint: $49,063
- Ouray County Schools Community Resource Consortium, Inc.: $19,528
- Mesa County Valley School District 51: $64,400
- Aurora Public Schools: $49,998
- Team Fort Collins: $50,000
- Cortez Addictions Recovery Services: $48,375
- "I Have a Dream" Foundation of Boulder County: $50,000
- Summit County Youth and Family Services: $40,519
- Gunnison Hinsdale Youth Services, Inc.: $50,000
- Generation Schools Network: $47,025
- Eagle River Youth Coalition: $50,000
- Partners Mentoring Youth: $50,000
- Mountain Resource Center: $50,000

Grant awards must be expended by June 30, 2015.

Of the $2,000,000 appropriation for FY 2014-15, $50,000 was designated for administrative expenses and $1,950,000 was designated for grant awards. It appears that the maximum amount that HCPF will spend is $918,646 -- less than half of the amount appropriated for FY 2014-15.

**HCPF Budget Request for FY 2015-16**

Funding for BHOs

The Governor's letter to the Committee, dated November 3, 2014, indicates a plan to continue providing $2,000,000 General Fund to BHOs in FY 2015-16 with a corresponding transfer from the MTCF to the General Fund. The proposed transfer of $2,130,000 would account for the associated 6.5 percent General Fund reserve requirement. Please note that S.B. 14-215 only authorized the transfer from the MTCF to the General Fund to offset the appropriations to HCPF for FY 2014-15 [see Section 39-28.8-501 (4) (b), C.R.S.]. Thus, approval of this request will require a statutory change to authorize a transfer for FY 2015-16.

The HCPF request (with the technical corrections described earlier in this packet) reflects continuation funding for this purpose for FY 2015-16. However, the amount requested by the Department is slightly different from the FY 2014-15 appropriation because it is based on an estimated number of Medicaid-eligible children, estimated "add-on" rates, and the applicable federal matching rates for different eligibility categories. Specifically, the Department's request reflects continuation funding of $4,216,324, including $1,999,674 General Fund and $2,216,650 federal Medicaid funds.

Grant Program
The Department has not requested any funding for the grant program for FY 2015-16. Thus, the Department's request reflects a $2,000,000 General Fund reduction compared to FY 2014-15.

**Staff Recommendations**
**Staff recommends that the Committee reduce the FY 2014-15 appropriation for the new grant program to reflect actual planned expenditures.** The Governor's letter to the Committee, dated November 3, 2014, proposes using $6.4 million of the revenue available in the MTCF to close the gap between actual FY 2013-14 tax revenues and appropriations for FY 2014-15. By reducing this appropriation to the level of planned expenditures, the Committee could reduce the size of this gap.

In addition, if the Committee approves the Department's request to continue providing funding for BHOs to provide school-based prevention and intervention programs in FY 2015-16, staff recommends the following:

- **Appropriate a flat dollar amount from the General Fund for FY 2015-16, based on the Committee's overall policies related to MTCF revenues** (*i.e.,* $2,000,000 rather than the requested $1,999,674). This would simplify the process of describing the Committee's proposed allocation of MTCF revenues and the associated transfers from the MTCF to the General Fund to offset appropriations to HCPF. Staff would work with HCPF staff to determine the appropriate federal matching dollar amount.

- **Appropriate the General Fund and associated federal matching funds in a separate line item in the FY 2015-16 Long Bill**. For purposes of this document, staff has chosen to reflect the FY 2014-15 appropriation and the FY 2015-16 request for this program as a separate line item. However, the Department's budget request, along with the associated calculations and supporting documentation, includes these amounts within the overall Behavioral Health Capitation Payments line item. Due to the discretionary nature of this appropriation and the associated transfers from the MTCF to the General Fund, staff believes it would be more clear and transparent if these moneys are separately identified in the appropriation. Please note, however, that staff does not intend to change the way that the Department is allocating and distributing these moneys among BHOs.

- **Consider proposing legislation that authorizes a transfer from the MTCF to the General Fund for this program for more than one year.** Based on staff's discussions in recent months with Department staff and providers, it is clear that the current format appropriating moneys from the MTCF and authorizing transfers from the MTCF to the General Fund through a separate bill presents a strong possibility that funding for a particular program may not continue. This clearly causes Department staff and providers to approach implementation differently, and may not lead to the most effective outcomes.

## Appendix A: Number Pages

| | FY 2012-13 Actual | FY 2013-14 Actual | FY 2014-15 Appropriation | FY 2015-16 Request | Request vs. Appropriation |
|---|---|---|---|---|---|
| **DEPARTMENT OF HEALTH CARE POLICY AND FINANCING** | | | | | |
| **Sue Birch, Executive Director** | | | | | |
| **(3) BEHAVIORAL HEALTH COMMUNITY PROGRAMS** | | | | | |
| This division provides for behavioral health services through the purchase of services from five regional behavioral health organizations (BHOs), which manage mental health and substance use disorder services for eligible Medicaid recipients in a capitated, risk-based model. The division also contains funding for Medicaid behavioral health fee-for-service programs for those services not covered within the capitation contracts and rates. The funding for this division is mainly General Fund and federal funds. Cash fund sources include the Hospital Provider Fee Cash Fund and the Breast and Cervical Cancer Prevention and Treatment Fund. | | | | | |
| Behavioral Health Capitation Payments | 301,303,046 | 415,933,333 | 543,737,807 | 620,621,342 | * |
| General Fund | 136,833,502 | 151,532,141 | 169,004,720 | 190,757,194 | |
| Cash Funds | 13,513,748 | 12,402,378 | 4,534,586 | 4,884,884 | |
| Reappropriated Funds | 0 | 0 | 0 | 0 | |
| Federal Funds | 150,955,796 | 251,998,814 | 370,198,501 | 424,979,264 | |
| School-based Prevention and Intervention Substance Use Disorder Services | 0 | 0 | 4,363,807 | 4,216,324 | * |
| General Fund | 0 | 0 | 2,000,000 | 1,999,674 | |
| Federal Funds | 0 | 0 | 2,363,807 | 2,216,650 | |
| Behavioral Health Fee-for-service Payments | 4,569,198 | 5,295,835 | 7,107,049 | 7,917,221 | * |
| General Fund | 2,253,518 | 2,475,020 | 3,499,689 | 2,576,708 | |
| Cash Funds | 0 | 6,385 | 0 | 84,197 | |
| Federal Funds | 2,315,680 | 2,814,430 | 3,607,360 | 5,256,316 | |
| School-based Substance Abuse Prevention and Intervention Grant Program | 0 | 0 | 1,950,000 | 0 | |
| General Fund | 0 | 0 | 1,950,000 | 0 | |

| | FY 2012-13 Actual | FY 2013-14 Actual | FY 2014-15 Appropriation | FY 2015-16 Request | Request vs. Appropriation |
|---|---|---|---|---|---|
| Contract Reprocurement | 0 | 0 | 0 | 0 | |
| General Fund | 0 | 0 | 0 | 0 | |
| Federal Funds | 0 | 0 | 0 | 0 | |
| **TOTAL - (3) Behavioral Health Community Programs** | 305,872,244 | 421,229,168 | 557,158,663 | 632,754,887 | 13.6% |
| *FTE* | 0.0 | 0.0 | 0.0 | 0.0 | 0.0% |
| General Fund | 139,087,020 | 154,007,161 | 176,454,409 | 195,333,576 | 10.7% |
| Cash Funds | 13,513,748 | 12,408,763 | 4,534,586 | 4,969,081 | 9.6% |
| Reappropriated Funds | 0 | 0 | 0 | 0 | 0.0% |
| Federal Funds | 153,271,476 | 254,813,244 | 376,169,668 | 432,452,230 | 15.0% |

| | FY 2012-13 Actual | FY 2013-14 Actual | FY 2014-15 Appropriation | FY 2015-16 Request | Request vs. Appropriation |
|---|---|---|---|---|---|
| **(7) DEPARTMENT OF HUMAN SERVICES MEDICAID-FUNDED PROGRAMS** | | | | | |
| Primary functions: This division reflects the Medicaid funding used by the Department of Human Services. The Medicaid dollars appropriated to that Department are first appropriated in this division and then transferred to the Department of Human Services. See the Department of Human Services for additional details about the line items contained in this division. | | | | | |
| **(F) Behavioral Health Services - Medicaid Funding** | | | | | |
| Community Behavioral Health Administration | 293,274 | 318,262 | 404,350 | 416,056 | |
| General Fund | 146,637 | 159,131 | 199,112 | 203,944 | |
| Federal Funds | 146,637 | 159,131 | 205,238 | 212,112 | |
| Mental Health Treatment Services for Youth (H.B. 99-1116) | 44,226 | 20,624 | 121,558 | 122,774 | * |
| General Fund | 22,113 | 10,312 | 59,858 | 60,147 | |
| Federal Funds | 22,113 | 10,312 | 61,700 | 62,627 | |
| High Risk Pregnant Women Program | 1,052,270 | 1,138,015 | 1,464,861 | 1,479,510 | * |
| General Fund | 526,135 | 569,008 | 721,334 | 724,811 | |
| Federal Funds | 526,135 | 569,007 | 743,527 | 754,699 | |
| Mental Health Institutes | 1,899,838 | 1,050,942 | 4,997,745 | 4,997,745 | |
| General Fund | 947,761 | 516,910 | 2,461,015 | 2,447,272 | |
| Federal Funds | 952,077 | 534,032 | 2,536,730 | 2,550,473 | |
| **SUBTOTAL - (F) Behavioral Health Services - Medicaid Funding** | 3,289,608 | 2,527,843 | 6,988,514 | 7,016,085 | 0.4% |
| *FTE* | 0.0 | 0.0 | 0.0 | 0.0 | 0.0% |
| General Fund | 1,642,646 | 1,255,361 | 3,441,319 | 3,436,174 | (0.1%) |
| Federal Funds | 1,646,962 | 1,272,482 | 3,547,195 | 3,579,911 | 0.9% |

NOTE: An asterisk (*) indicates that the FY 2015-16 request for this line item is affected by one or more decision items.

# Appendix B:
# Recent Legislation Affecting Department Budget

## 2014 Session Bills

**S.B. 14-215 (Disposition of Legal Marijuana Related Revenue):** Creates the Marijuana Tax Cash Fund (MTCF) and directs that all sales tax moneys collected by the state starting in FY 2014-15 from retail and medical marijuana be deposited in the MTCF instead of the Marijuana Cash Fund. Specifies permissible uses of moneys in the MTCF, including increasing the availability of school-based prevention, early intervention, and health care services and programs to reduce the risk of marijuana and other substance use and abuse by school-aged children. Creates the School-based Substance Abuse Prevention and Intervention grant program in the Department of Health Care Policy and Financing (HCPF) to award competitive grants to entities to provide school-based prevention and intervention programs for youth, primarily focused on reducing marijuana use, but including strategies and efforts to reduce alcohol use and prescription drug misuse. With respect to HCPF, appropriates a total of $6,363,807 for FY 2014-15, including: $2,000,000 General Fund for the newly created grant program; and $4,363,807 (including $2,000,000 General Fund and $2,363,807 federal Medicaid funds) for school-based prevention and intervention substance use disorder services to be provided by behavioral health organizations. Directs the State Treasurer to transfer $4,260,000 from the MTCF to the General Fund to offset the General Fund appropriations to HCPF.

**H.B. 14-1045 (Breast and Cervical Cancer Prevention):** Reauthorizes and modifies HCPF's Breast and Cervical Cancer Prevention Program, and makes the following appropriations for FY 2014-15: (1) decreases appropriations from tobacco tax money in the Prevention, Early Detection, and Treatment Fund to the Department of Public Health and Environment (DPHE) for transfer to HCPF for breast and cervical cancer treatment by $936,892 and increases appropriations to DPHE by the same amount for breast and cervical cancer screening; and (2) provides a total of $7,006,802 and 1.0 FTE, including $2,424,017 cash funds from the Breast and Cervical Cancer Prevention and Treatment Fund and $4,582,785 from federal funds, to HCPF for the reauthorized Breast and Cervical Cancer Prevention Program.

## Relevant Bills From Previous Sessions

**S.B. 13-200 (Expand Medicaid Eligibility):** Expands Medicaid eligibility for adults with incomes up to 133 percent of the federal poverty level (FPL). The newly eligible populations affected by this change include adults without dependent children with incomes from 11 percent through 133 percent of the FPL, as well as parents with incomes from 101 percent through 133 percent of the FPL. Pursuant to the provisions of the federal Affordable Care Act, Colorado is eligible for an enhanced federal match rate for certain populations as a result of the eligibility expansion authorized in S.B. 13-200. For Colorado, the enhanced federal match rate applies to adults without dependent children with incomes from zero percent through 133 percent of the FPL and to parents with incomes from 61 percent through 133 percent of the FPL. The enhanced federal match rate is 100 percent from 2014 through 2016 and then it declines incrementally until

it reaches 90 percent in 2020. Senate Bill 13-200 authorizes the Hospital Provider Fee to pay the State share of costs for the newly eligible populations when the enhanced federal match rate is reduced. Adjusts appropriations for FY 2013-14 as follows:

| Department | Total Funds | General Fund | Cash Funds | Reappropriated Funds | Federal Funds | FTE |
|---|---|---|---|---|---|---|
| Health Care Policy and Financing | $315,141,256 | ($123,209) | ($154,578,421) | $0 | $469,842,886 | 19.0 |
| Corrections | (2,471,751) | (2,471,751) | 0 | 0 | 0 | 0.4 |
| Human Services | (651,875) | (651,875) | 0 | 0 | 0 | 0.0 |
| Law | 24,910 | 0 | 0 | 24,910 | 0 | 0.0 |
| Personnel | 12,122 | 0 | 0 | 12,122 | 0 | 0.0 |
| Total | $312,054,662 | ($3,246,835) | ($154,578,421) | $37,032 | $469,842,886 | 19.4 |

# Appendix C:
# Update on Long Bill Footnotes & Requests for Information

## Long Bill Footnotes

The FY 2014-15 Long Bill did not contain any Long Bill Footnotes related to the programs covered in this JBC Staff Budget Briefing document.

## Requests for Information

**14** **Department of Health Care Policy and Financing, Executive Director's Office** -- The Department is requested to submit monthly Medicaid expenditure and caseload reports on the Medical Services Premiums, mental health capitation, and the intellectual and developmental disabilities line items to the Joint Budget Committee, by the fifteenth or first business day following the fifteenth of each month. The Department is requested to include in the report the managed care organization caseload by aid category. The Department is also requested to provide caseload and expenditure data for the Children's Basic Health Plan, the Medicare Modernization Act State Contribution Payment, and the Old Age Pension State Medical Program within the monthly report.

Comment: The Department submitted the requested information each month, as directed. The information is also available on the Department's website at:
https://www.colorado.gov/pacific/hcpf/premiums-expenditures-and-caseload-reports
This information can be used to track changes in caseloads and rates that affect behavioral health capitation payments.

# Appendix E: SMART Act Annual Performance Report

Pursuant to Section 2-7-205 (1) (b), C.R.S., the Department of Health Care Policy and Financing is required to publish an Annual Performance Report by November 1 of each year. This report is to include a summary of the Department's performance plan and most recent performance evaluation. The report dated October 30, 2014 is attached for consideration by the Joint Budget Committee in prioritizing the Department's budget requests.

## Strategic Policy Initiatives

The Department of Health Care Policy and Financing has identified several strategic policy initiatives for FY 2014-15 and beyond. For this evaluation report, the Department selected a few initiatives that best capture some of the Department's strategic and operational priorities and reflect the overall direction as identified by Department leadership. The initiatives also provide context for much of the day-to-day work, which is highlighted in the measures section of the report. Additional detail for these, and other, strategic policy initiatives is available in the Department's Performance Plan, which may be accessed here.

### Customer – Improve health outcomes, client experience and lower per capita costs

The Department is committed to delivering a customer-focused Medicaid program that improves health outcomes and client experience while delivering services in a cost-effective manner. Central to this initiative is the establishment of an integrated delivery system through the Accountable Care Collaborative (ACC), which holds providers accountable for health outcomes. This shifts financial incentives away from volume of services to efficacy. The ACC focuses on the needs of its members and leverages local resources to best meet those needs. Medicaid members in the ACC receive the regular Medicaid benefit package and belong to a Regional Care Collaborative Organization. They choose a Primary Care Medical Provider as a medical home, who coordinates and manages their health needs across specialties and along the continuum of care. In addition to the ACC, the Department is working to improve eligibility and enrollment systems for members, expand member access to medical providers, reduce waiting lists for waiver services, and enhance long term services and supports.

### Technology – Provide exceptional service through technological innovation

The Department is encouraging the adoption of electronic health records (EHRs) for Medicaid members through a federally-funded incentive program. Creating a personal EHR will allow Medicaid clients and their providers to see individual claims, service utilization, costs compared to similar clients, and monitor personal wellness needs. Linking this data to the Statewide Data and Analytics Contractor for the Accountable Care Collaborative will allow Medicaid providers access to a broader picture of member resource needs. Providers who meet defined eligibility criteria can qualify for limited-time incentive payments to help offset the costs of adopting EHR. Providers must demonstrate "Meaningful Use" or declare that their services meet core measures to receive incentive payments.

### Process – Enhance efficiency and effectiveness through process improvement

The Department established a Lean Community for process improvement in 2012. The Lean Community empowers employees to eliminate waste and maximize value in their daily work activities, and fosters a culture of continuous improvement through training and project management. The Department is using training, coaching, global projects and rapid improvement sessions called "Quick Hits" to deploy Lean throughout the Department, and to create a Lean culture that is customer-centric, and focused on continuous improvement and data-driven decision-making.

**Financing – Ensure sound stewardship of financial resources**

The Department's "Financing" initiative is intertwined with its "Customer" initiative in that it contains costs through many of the same programs designed to improve health outcomes. This is because medical costs decrease when overall population health improves: members engage in prevention and wellness programs, they experience better management of chronic diseases, and have fewer acute care episodes. Costs are also controlled by shifting payment systems from outdated "pay and chase" models that drive volume of services to new systems that pay for value and improved health. In addition, the Department is focused on financing efforts to prevent fraud, waste and abuse; expand the use of performance-based contracts; and seek grant funding to further strategic goals not funded through the regular budget process.

## Operational Measures

**Customer – Improve health outcomes, client experience and lower per capita costs**
**Process – Increase enrollment of Medicaid recipients into the ACC**

| Measure | FY12 Actual | FY13 Actual | FY14 Actual | 1-Year Goal | 3-Year Goal |
|---|---|---|---|---|---|
| Percentage of ACC enrollees of total Medicaid population | 13.2% | 34.4% | 52.2% | 64.8% | 71.3% |

Counts are based upon annual average of monthly enrollment.

**Process – Attribute ACC clients to primary care providers in RCCO network**

| Measure | FY12 Actual | FY13 Actual | FY14 Actual | 1-Year Goal | 3-Year Goal |
|---|---|---|---|---|---|
| Percentage of ACC enrollees with a Primary Care Medical Provider | N/A | 76.4% | 70.9% | 69.6% | 75.0% |

Counts are based upon annual average of monthly enrollment.

**Process – Increase timely eligibility determinations**

| Measure | FY12 Actual | FY13 Actual | FY14 Actual | 1-Year Goal | 3-Year Goal |
|---|---|---|---|---|---|
| Percentage of eligibility applications processed within various state and federal timeline requirements | 81.0% | 89.9% | 91.8% | 94.0% | 95.8% |

### Process – Enroll new Medicaid providers

| Measure | FY12 Actual | FY13 Actual | FY14 Actual | 1-Year Goal | 3-Year Goal |
|---|---|---|---|---|---|
| Number of Colorado providers serving Medicaid | 36,537 | 39,821 | 43,867 | 44,996 | 50,845 |

### Process – Increase enrollment for Children's Extensive Support (CES) Waiver

| Measure | FY12 Actual | FY13 Actual | FY14 Actual | 1-Year Goal | 3-Year Goal |
|---|---|---|---|---|---|
| Percentage of CES eligible individuals in need of immediate services enrolled | N/A | 44.7% | 71.9% | 100% | 100% |

### Process – Place appropriate Long Term Services and Supports (LTSS) Members in nursing facilities

| Measure | FY12 Actual | FY13 Actual | FY14 Actual | 1-Year Goal | 3-Year Goal |
|---|---|---|---|---|---|
| Percentage of LTSS Members in nursing facilities | 22.3% | 21.1% | 20.7% | 18.1% | 17.0% |

### Process – Provide waiver services to appropriate LTSS Members

| Measure | FY12 Actual | FY13 Actual | FY14 Actual | 1-Year Goal | 3-Year Goal |
|---|---|---|---|---|---|
| Percentage of LTSS Members receiving HCBS waiver services | 72.9% | 73.5% | 74.4% | 76.3% | 76.6% |

### Process – Provide PACE services to appropriate LTSS Members

| Measure | FY12 Actual | FY13 Actual | FY14 Actual | 1-Year Goal | 3-Year Goal |
|---|---|---|---|---|---|
| Percentage of LTSS Members enrolled in PACE | 4.8% | 5.3% | 4.9% | 5.7% | 6.5% |

| Measure | FY12 Actual | FY13 Actual | FY14 Actual | 1-Year Goal | 3-Year Goal |
|---|---|---|---|---|---|
| Percentage of Medicaid Providers receiving EHR-MU incentive payments | N/A | N/A | 57.4% | 56.8% | 78.6% |

**Process – Enhance efficiency and effectiveness through process improvement**
**Process – Promote a Lean culture throughout the Department**

| Measure | FY12 Actual | FY13 Actual | FY14 Actual | 1-Year Goal | 3-Year Goal |
|---|---|---|---|---|---|
| Percentage of Favorable survey responses to "Work Done > Efficiently with < Waste" | 43.0% | N/A | 49.0% | 60.0% | 75.0% |

Data source is DPA statewide employee survey, which is conducted biennially. Survey question did not exist in 2013.

**Financing – Ensure sound stewardship of financial resources**
**Process – Achieve ACC net savings targets**

| Measure | FY12 Actual | FY13 Actual | FY14 Actual | 1-Year Goal | 3-Year Goal |
|---|---|---|---|---|---|
| Dollar amount of ACC net savings (range minimum) | ($2,708,711) | ($6,930,854) | ($13,210,777) | ($20,143,291) | ($23,386,336) |

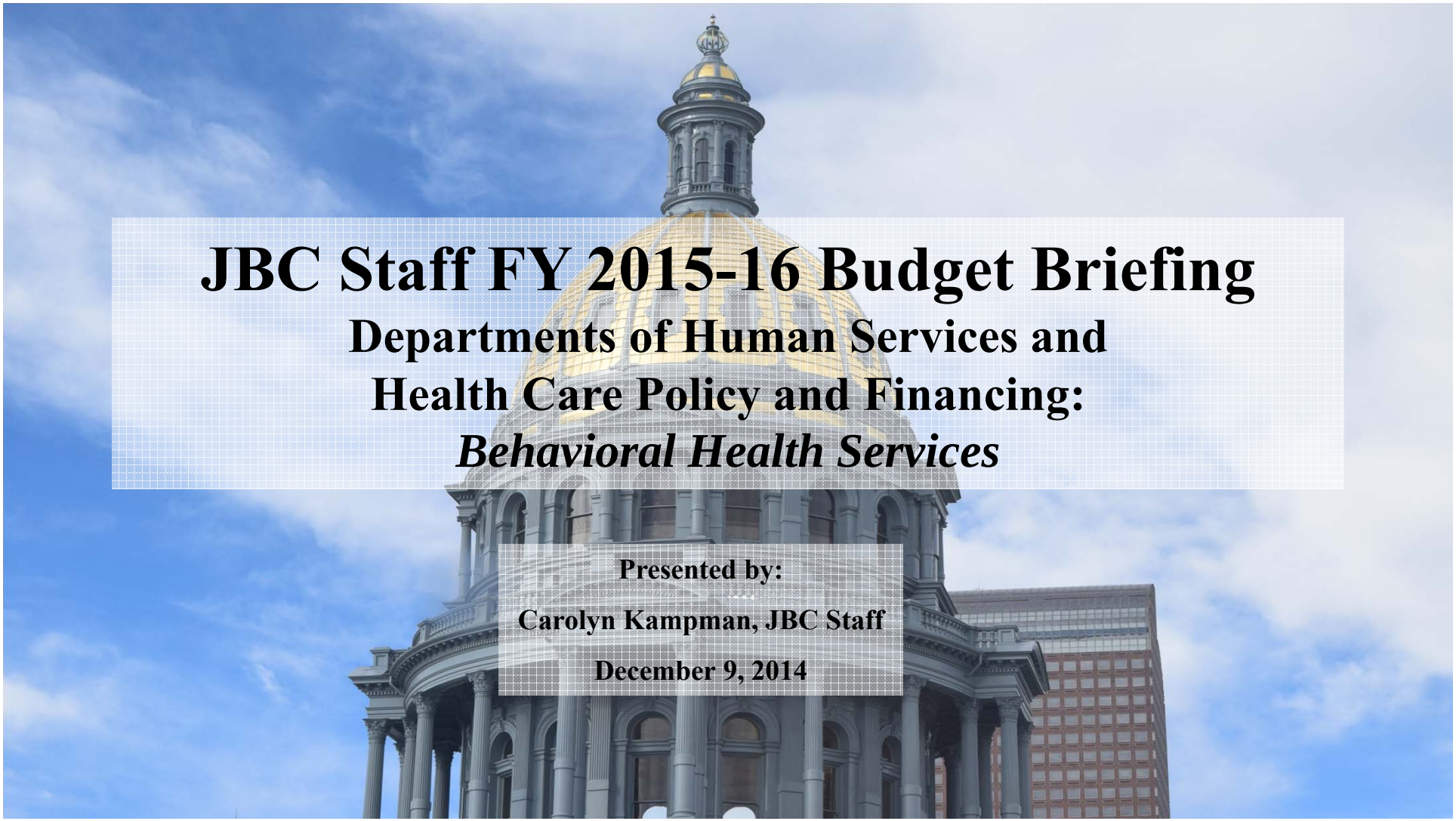
# Appendix F: FY 2014-15 Behavioral Health Capitation Payments Calculation

| Description | Eligibility Category | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Adults 65 and Older | Disabled Through 64 | MAGI Parents and Caretakers | MAGI Adults | Eligible Children | Children and Youth in Foster Care | Breast and Cervical Cancer Program | Total |
| **Estimated Weighted Capitation Rate (per member, per month):** | | | | | | | | |
| First 6 months | $13.85 | $149.05 | $27.59 | $57.99 | $18.96 | $212.92 | $27.59 | |
| Second 6 months | $13.85 | $149.05 | $27.59 | $57.99 | $18.96 | $212.92 | $27.59 | |
| **Estimated Monthly Caseload:** | | | | | | | | |
| First 6 months | 41,761 | 79,891 | 231,294 | 212,704 | 479,792 | 20,453 | 413 | 1,066,308 |
| Second 6 months | 42,102 | 82,479 | 242,946 | 234,845 | 503,009 | 20,775 | 322 | 1,126,478 |
| Full year | 41,932 | 81,186 | 237,121 | 223,775 | 491,401 | 20,614 | 368 | 1,096,395 |
| **Total Capitated Payments (per member, per month rate X monthly caseload):** | | | | | | | | |
| First 6 months | $3,470,339 | $71,446,521 | $38,288,409 | $74,008,230 | $54,581,138 | $26,129,117 | $68,368 | $267,992,121 |
| Second 6 months | 3,498,676 | 73,760,970 | 40,217,281 | 81,711,969 | 57,222,304 | 26,540,478 | 53,304 | 283,004,982 |
| Full year | $6,969,015 | $145,207,491 | $78,505,690 | $155,720,199 | $111,803,442 | $52,669,595 | $121,672 | $550,997,103 |
| **Estimated Expenditures:** | | | | | | | | |
| First 6 months | | | | | | | | |
| Claims paid in current period | $3,430,777 | $70,103,326 | $37,434,577 | $72,883,305 | $53,887,958 | $25,998,471 | $67,602 | $263,806,016 |
| Claims from prior periods | 36,405 | 1,090,439 | 492,440 | 99,452 | 514,589 | 87,837 | 915 | 2,322,077 |
| Second 6 months | | | | | | | | |
| Claims paid in current period | 3,458,791 | 72,374,264 | 39,320,436 | 80,469,947 | 56,495,581 | 26,407,776 | 52,707 | 278,579,502 |
| Claims from prior periods | 39,296 | 1,297,753 | 848,971 | 1,124,925 | 690,371 | 125,943 | 782 | 4,128,041 |
| Total Estimated Expenditures | $6,965,269 | $144,865,782 | $78,096,424 | $154,577,629 | $111,588,499 | $52,620,027 | $122,006 | $548,835,636 |
| Estimated date of death retractions | (99,949) | (405,336) | (13,076) | (46,662) | (5,177) | (8,150) | (868) | (579,218) |
| **Subtotal: Expenditures including date of death retractions** | **$6,865,320** | **$144,460,446** | **$78,083,348** | **$154,530,967** | **$111,583,322** | **$52,611,877** | **$121,138** | **$548,256,418** |
| **Adjustments:** | | | | | | | | |
| S.B. 14-215 (Disposition of Legal Marijuana Related Revenue) | | | | | | | | 4,363,807 |
| MAGI Adults Rate Reconciliation (estimated impact of rate changes related to risk corridor) | | | | | | | | (6,403,063) |
| **Total Revised Estimate of Behavioral Health Capitation Payments** | | | | | | | | **$546,217,162** |

The above data reflects the Department's most recent caseload and expenditure forecast for Behavioral Health Capitation Payments.

# Appendix G: FY 2015-16 Behavioral Health Capitation Payments Calculation

| Description | Eligibility Category | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Adults 65 and Older | Disabled Through 64 | MAGI Parents and Caretakers | MAGI Adults | Eligible Children | Children and Youth in Foster Care | Breast and Cervical Cancer Program | Total |
| **Estimated Weighted Capitation Rate (per member, per month):** | | | | | | | | |
| First 6 months | $13.89 | $151.83 | $28.38 | $59.67 | $19.36 | $216.29 | $28.38 | |
| Second 6 months | $14.17 | $153.94 | $29.95 | $62.96 | $20.19 | $219.71 | $29.95 | |
| **Estimated Monthly Caseload:** | | | | | | | | |
| First 6 months | 42,681 | 84,256 | 253,721 | 248,628 | 519,723 | 20,915 | 213 | 1,170,137 |
| Second 6 months | 43,439 | 85,429 | 263,902 | 263,219 | 531,497 | 20,923 | 123 | 1,208,532 |
| Full year | 43,060 | 84,843 | 258,812 | 255,924 | 525,610 | 20,919 | 168 | 1,189,335 |
| **Total Capitated Payments (per member, per month rate X monthly caseload):** | | | | | | | | |
| First 6 months | $3,557,035 | $76,755,531 | $34,479,673 | $83,011,342 | $47,997,113 | $27,142,232 | $36,270 | $272,979,195 |
| Second 6 months | 3,693,184 | 78,905,642 | 35,735,607 | 83,011,342 | 52,985,405 | 20,339,379 | 22,103 | 274,692,661 |
| Full year | $7,250,218 | $155,661,172 | $70,215,280 | $166,022,684 | $100,982,518 | $47,481,611 | $58,373 | $547,671,857 |
| **Estimated Expenditures:** | | | | | | | | |
| First 6 months | | | | | | | | |
| Claims paid in current period | $3,516,485 | $75,312,527 | $42,240,171 | $87,660,787 | $59,604,312 | $27,006,521 | $35,864 | $295,376,667 |
| Claims from prior periods | 39,779 | 1,360,496 | 896,267 | 1,242,022 | 726,195 | 130,888 | 620 | 4,396,267 |
| Second 6 months | | | | | | | | |
| Claims paid in current period | 3,651,082 | 77,422,216 | 46,365,652 | 97,922,218 | 63,567,851 | 27,444,044 | 21,855 | 316,394,918 |
| Claims from prior periods | 40,452 | 1,421,470 | 962,544 | 1,353,010 | 766,082 | 135,268 | 287 | 4,679,113 |
| Total Estimated Expenditures | $7,247,798 | $155,516,709 | $90,464,634 | $188,178,037 | $124,664,440 | $54,716,721 | $58,626 | $620,846,965 |
| Estimated date of death retractions | (89,954) | (364,802) | (11,768) | (41,996) | (4,659) | (7,335) | (781) | (521,295) |
| **Subtotal: Expenditures including date of death retractions** | **$7,157,844** | **$155,151,907** | **$90,452,866** | **$188,136,041** | **$124,659,781** | **$54,709,386** | **$57,845** | **$620,325,670** |
| **Adjustments:** | | | | | | | | |
| S.B. 14-215 (Disposition of Legal Marijuana Related Revenue) | | | | | | | | 4,216,324 |
| **Total Estimated Behavioral Health Capitation Payments** | | | | | | | | **$624,541,994** |
| **Decision Items:** | | | | | | | | |
| R8 (Children with autism waiver) | | | | | | | | 295,672 |
| **Total Request** | | | | | | | | **$624,837,666** |



# JBC Staff FY 2015-16 Budget Briefing

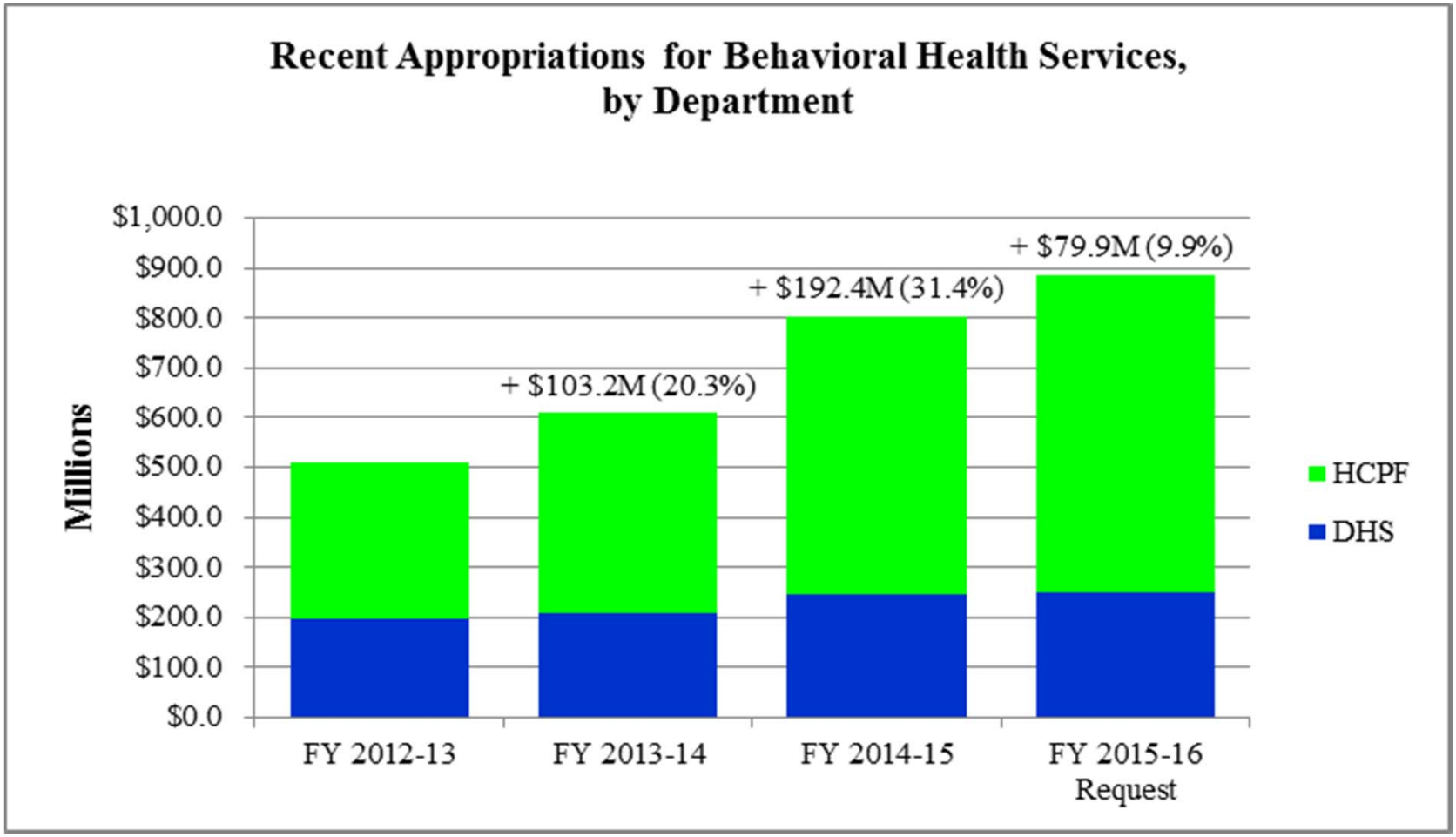
## Departments of Human Services and Health Care Policy and Financing:

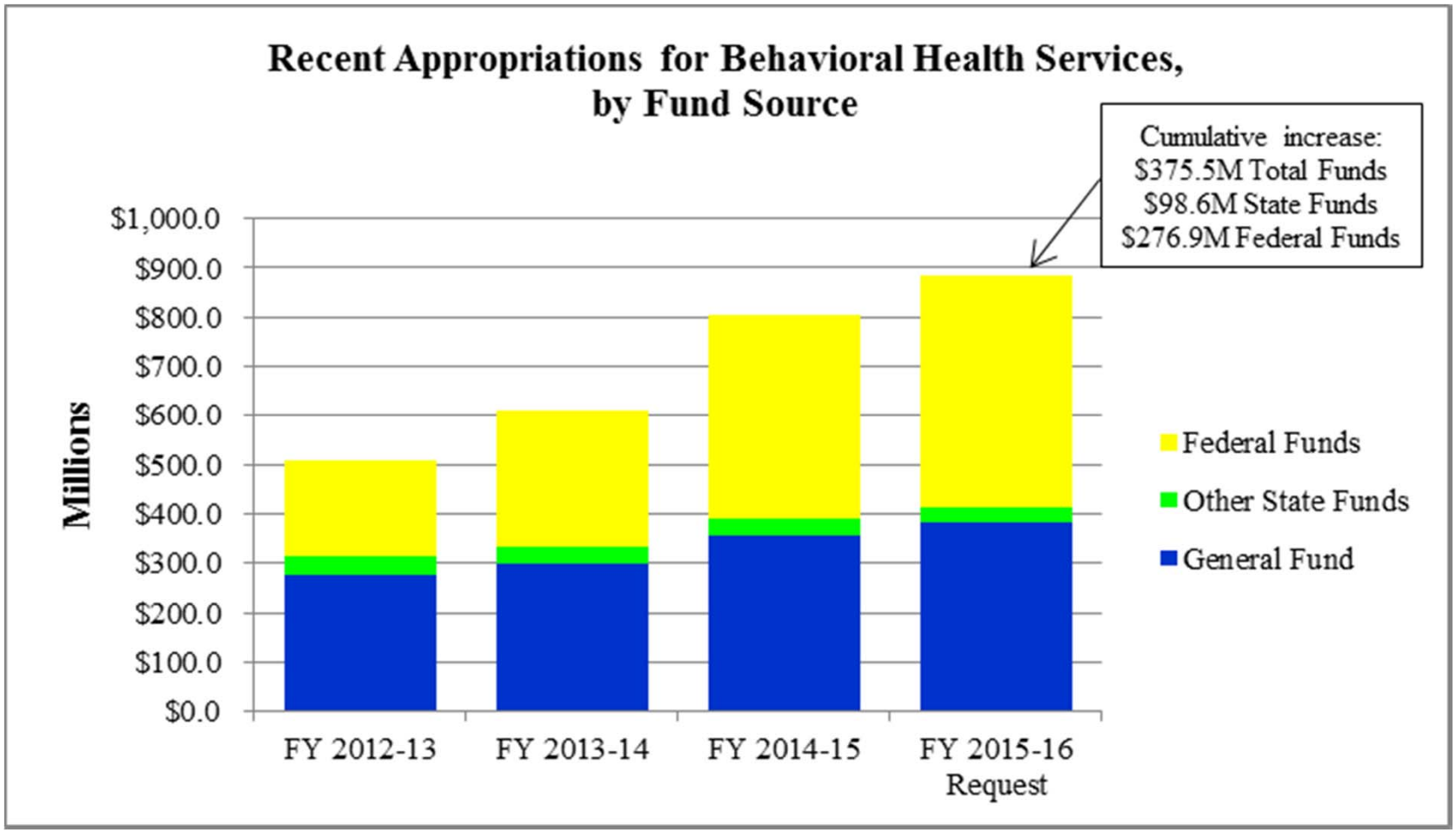
## *Behavioral Health Services*

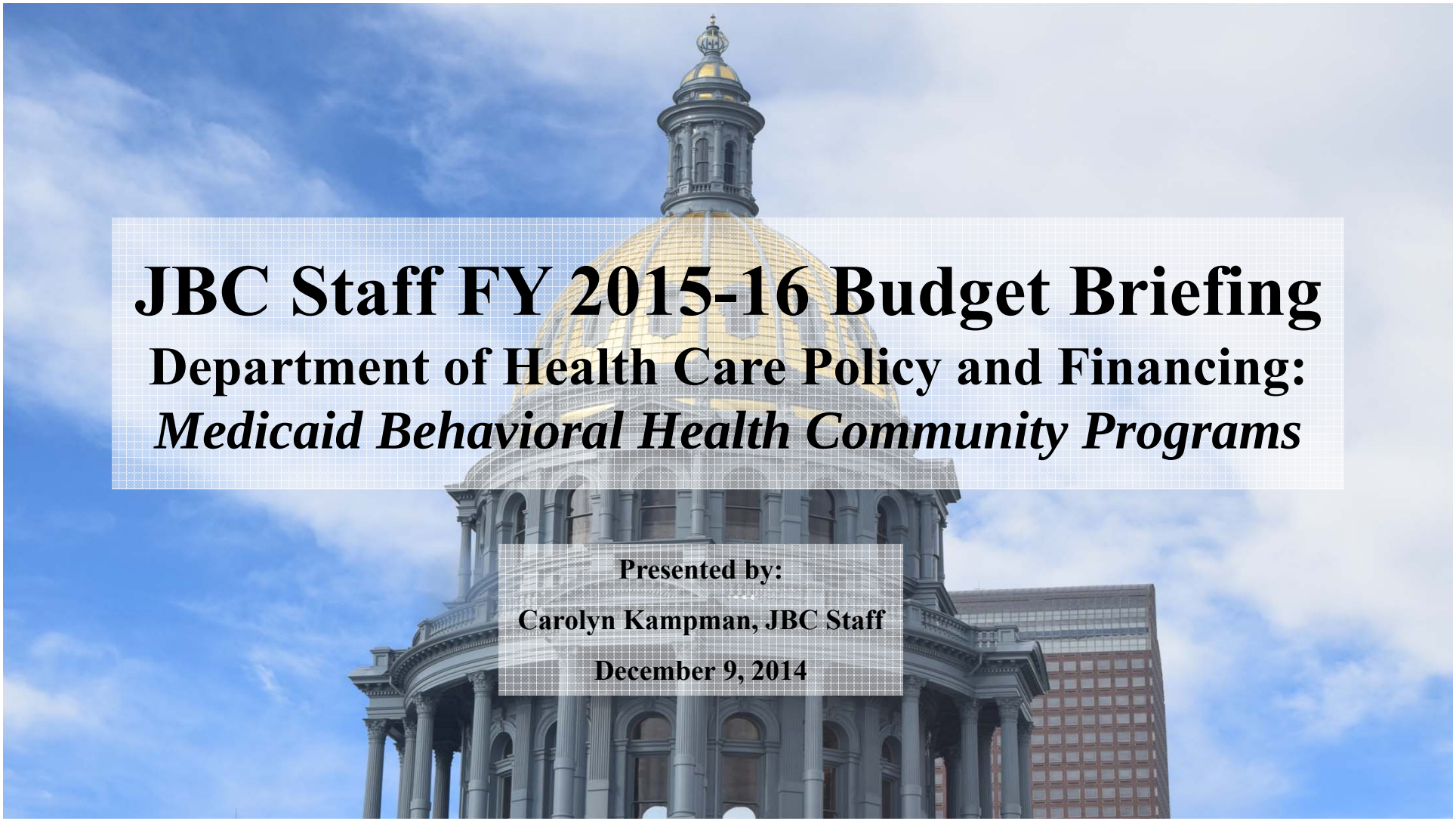

**Presented by:**

**Carolyn Kampman, JBC Staff**


**December 9, 2014**


Recent Appropriations for Behavioral Health Services, by Department
Millions
$1,000.0
$900.0
$800.0
$700.0
$600.0
$500.0
$400.0
$300.0
$200.0
$100.0
$0.0
+ $103.2M (20.3%)
+ $192.4M (31.4%)
+ $79.9M (9.9%)
FY 2012-13
FY 2013-14
FY 2014-15
FY 2015-16 Request
HCPF
DHS


Recent Appropriations for Behavioral Health Services, by Fund Source
Cumulative increase:
$375.5M Total Funds
$98.6M State Funds
$276.9M Federal Funds
Millions
$1,000.0
$900.0
$800.0
$700.0
$600.0
$500.0
$400.0
$300.0
$200.0
$100.0
$0.0
FY 2012-13
FY 2013-14
FY 2014-15
FY 2015-16 Request
Federal Funds
Other State Funds
General Fund



# JBC Staff FY 2015-16 Budget Briefing

## Department of Health Care Policy and Financing:

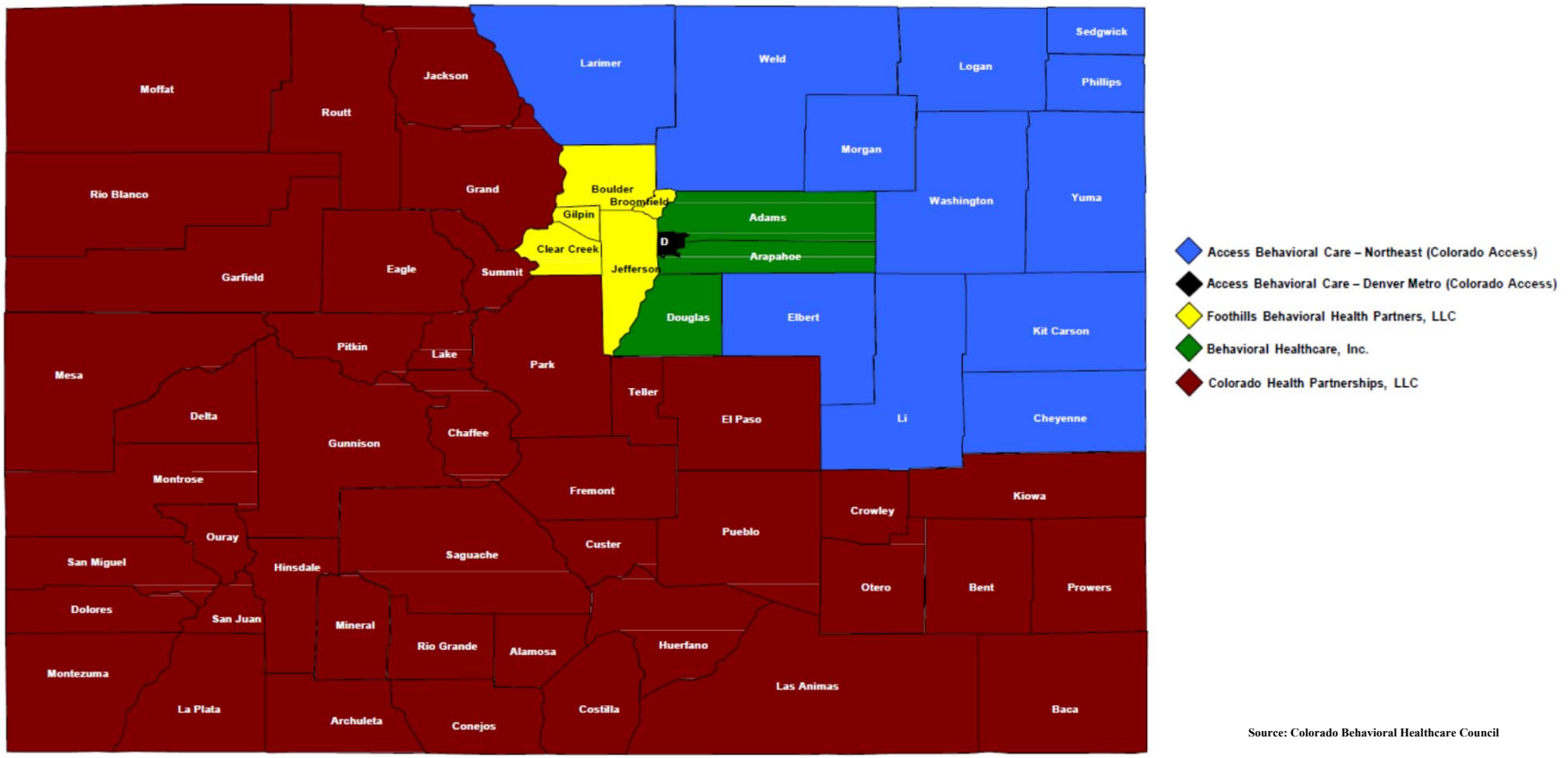
## *Medicaid Behavioral Health Community Programs*

**Presented by:**

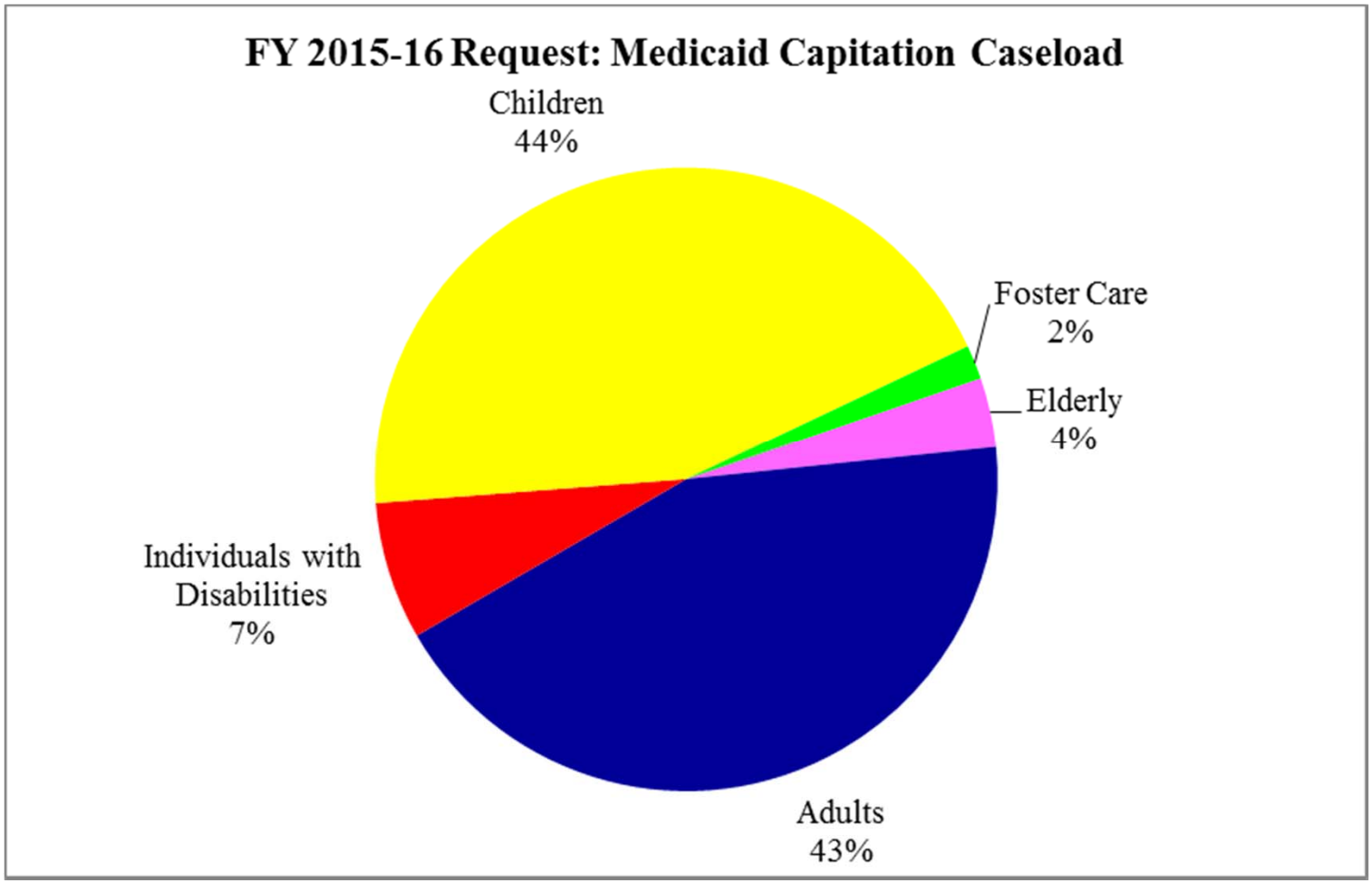
**Carolyn Kampman, JBC Staff**

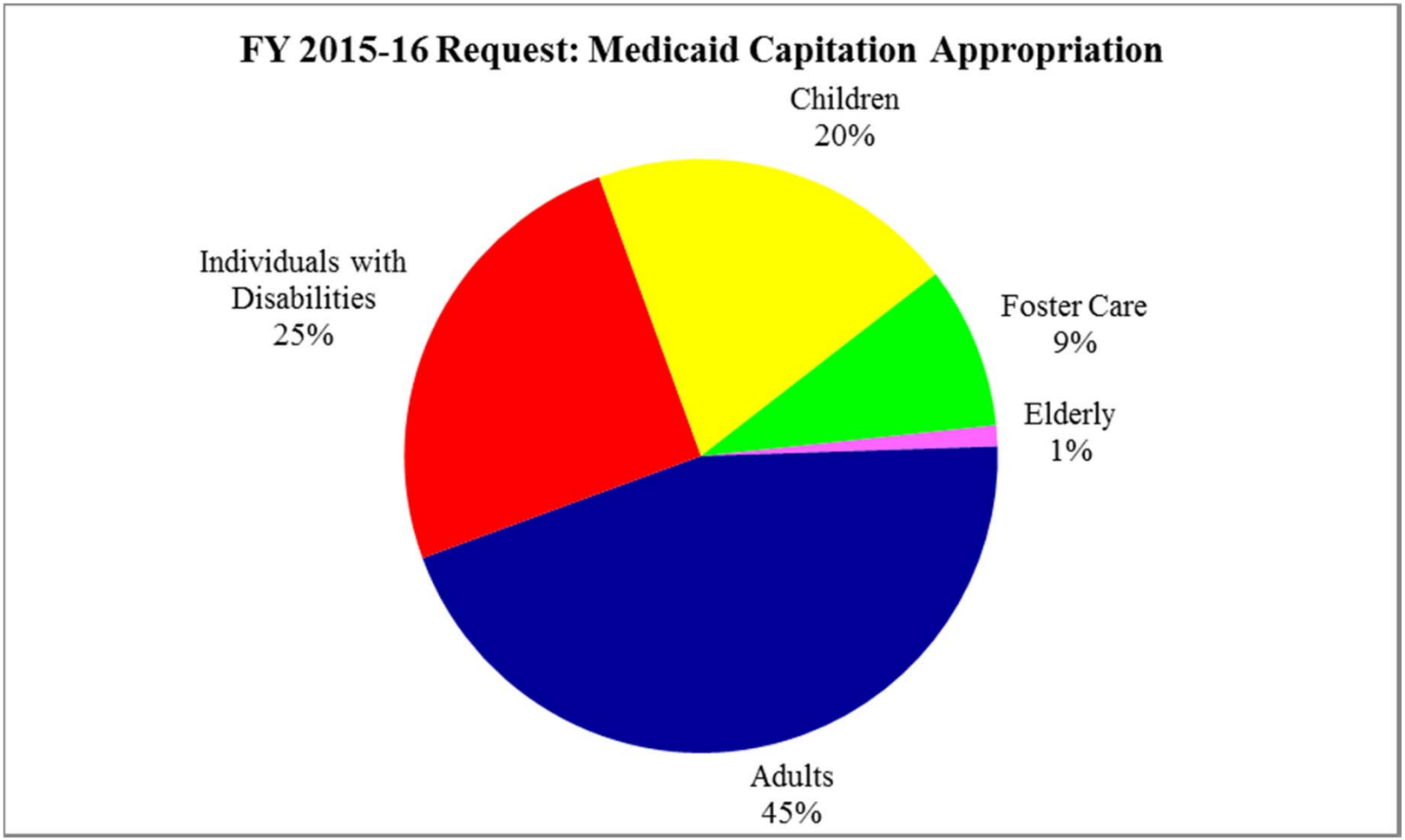
**December 9, 2014**

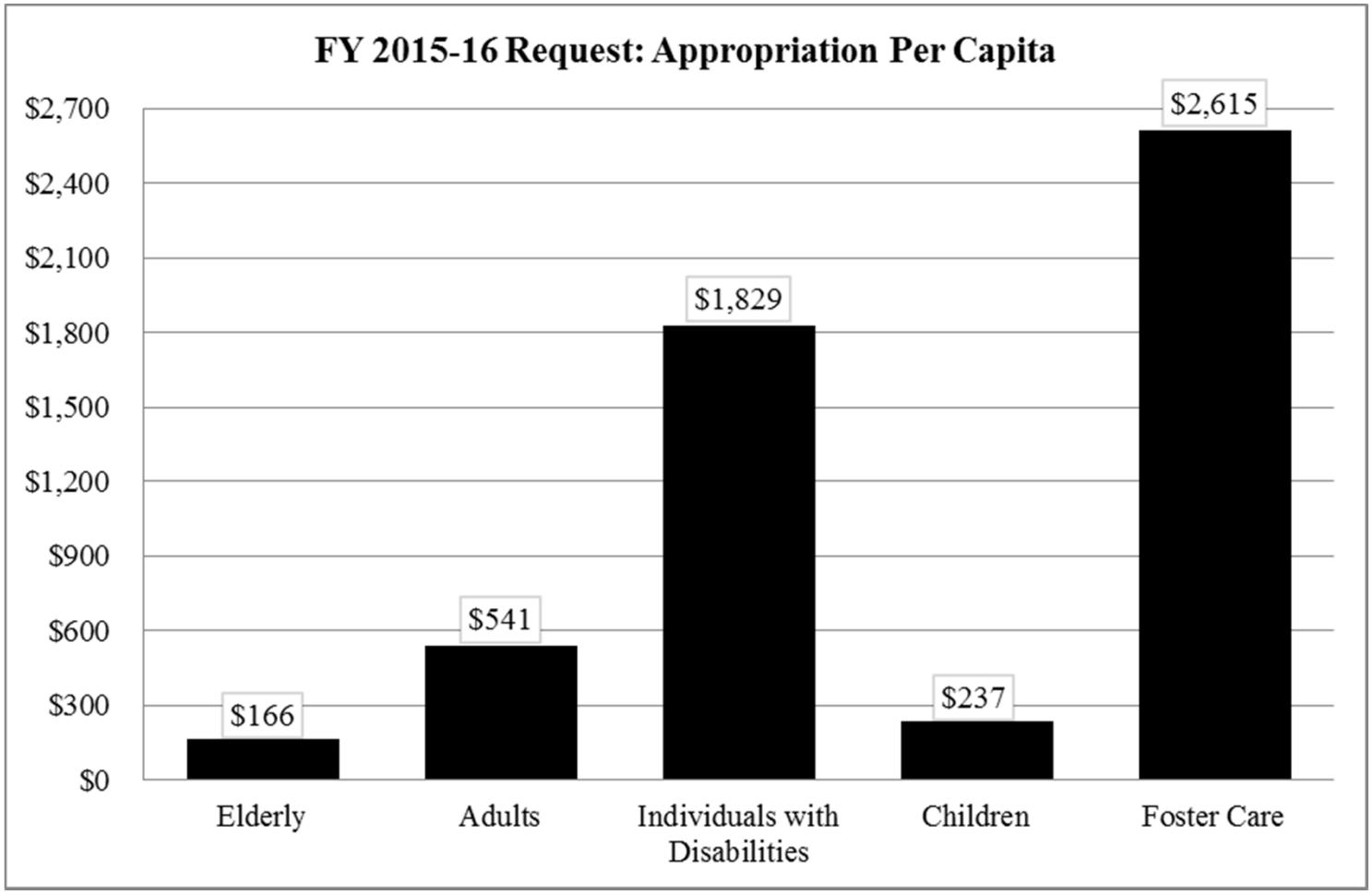
# Medicaid Capitation Behavioral Health Organizations

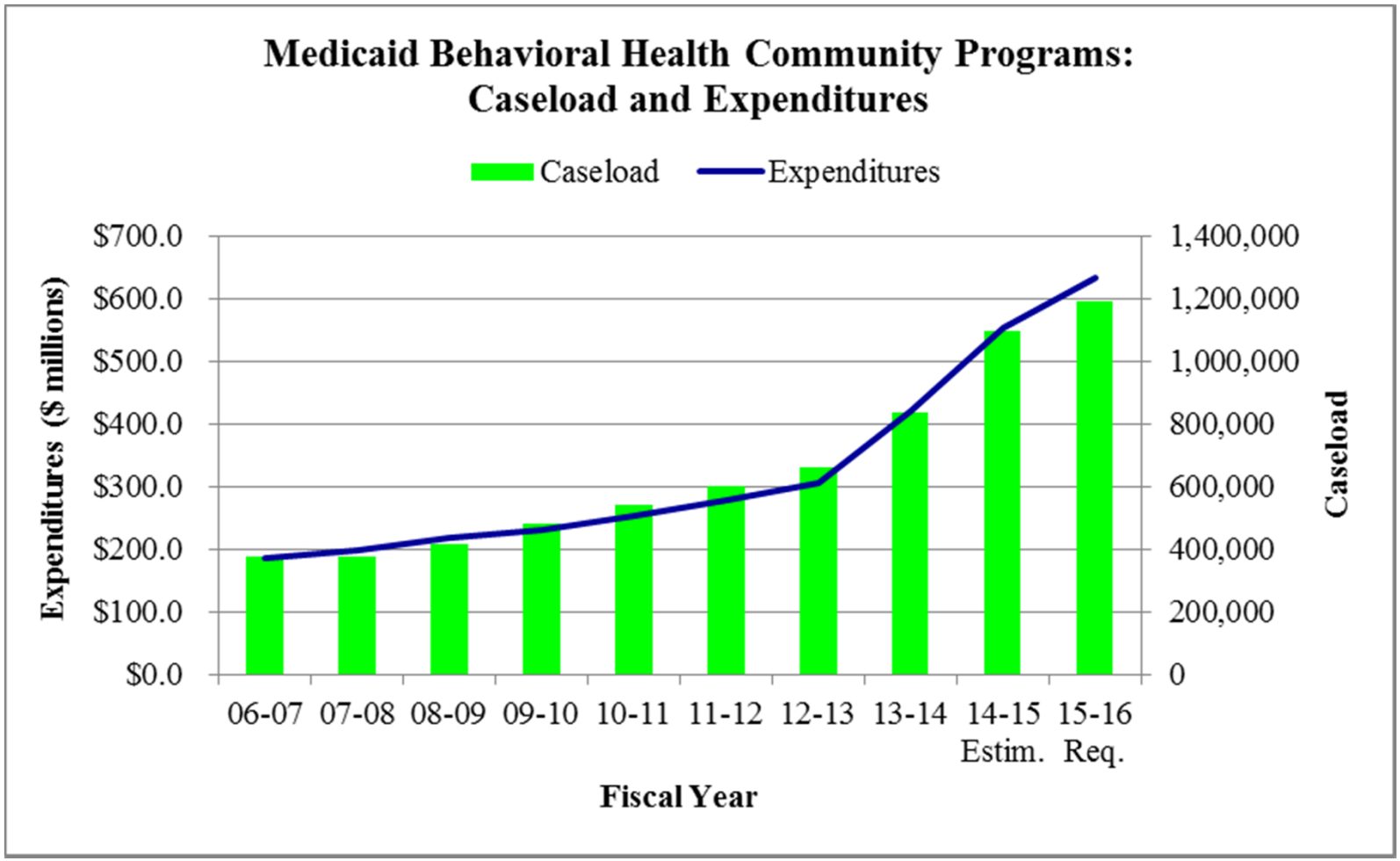



Source: Colorado Behavioral Healthcare Council


FY 2015-16 Request: Medicaid Capitation Caseload
Children
44%
Foster Care
2%
Elderly
4%
Individuals with
Disabilities
7%
Adults
43%


FY 2015-16 Request: Medicaid Capitation Appropriation
Children
20%
Foster Care
9%
Elderly
1%
Adults
45%
Individuals with
Disabilities
25%


FY 2015-16 Request: Appropriation Per Capita
$2,700
$2,400
$2,100
$1,800
$1,500
$1,200
$900
$600
$300
$0
$166
$541
$1,829
$237
$2,615
Elderly
Adults
Individuals with Disabilities
Children
Foster Care


Medicaid Behavioral Health Community Programs:
Caseload and Expenditures
Caseload
Expenditures
Expenditures ($ millions)
$700.0
$600.0
$500.0
$400.0
$300.0
$200.0
$100.0
$0.0
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
0
Caseload
06-07
07-08
08-09
09-10
10-11
11-12
12-13
13-14
14-15 Estim.
15-16 Req.
Fiscal Year

## Medicaid Expansion: Impacts on Behavioral Health System

1. **Workforce shortage – especially for psychiatrists and nurses with psychiatric prescriptive authority**

**Potential legislative actions to address:**

- **Increase appropriation to CDPHE for Colorado Health Services Corps (highly effective educational loan repayment program for health providers in rural and under-served communities)**
- **Encourage DORA to allow licensure reciprocity with other states**
- **Review state policies that may create unnecessary barriers to Certified Addiction Counselor (CAC) licensure**

## Medicaid Expansion: Impacts on Behavioral Health System

2. **Changes in the populations and services that are supported by behavioral health programs administered by DHS**

**Departments and providers are working to:**

- **Clarify what types of community-based capacity DHS funding should support (*e.g.*, Services that Medicaid clients need but that are not covered by Medicaid? Needs of under-insured individuals?)**
- **Understand the impact of a Medicaid substance use disorder benefit that excludes intensive outpatient and residential services – particularly for many childless adults who are now eligible for Medicaid**
- **Understand what impacts the new Crisis Response System will have on service utilization**

## Medicaid Expansion: Impacts on Behavioral Health System

3. **Increased need for inpatient psychiatric beds for Medicaid-eligible and other indigent individuals**

- **HCPF data will eventually reveal how much of initial impact is due to pent up demand versus ongoing need**
- **DHS mental health system study should provide more comprehensive data to inform discussions about the overall need for inpatient psychiatric care and for community-based alternatives**