

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**FY 2014-15 STAFF BUDGET BRIEFING**

**DEPARTMENT OF HEALTH CARE POLICY  
AND FINANCING**

**(Behavioral Health Community Programs Only)**

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

**Prepared By:  
Carolyn Kampman, JBC Staff  
December 10, 2013**

For Further Information Contact:

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

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## DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

### Department Overview

The Department of Health Care Policy and Financing (DHCPF) provides health care services to Colorado residents through the Medicaid medical and behavioral health programs, the Colorado Indigent Care program (CICP), the Children's Basic Health Plan (CBHP), and the Old Age Pension Medical program. The Medicaid, CICP, and CBHP programs are federal and State partnerships. The State receives approximately \$3.6 billion in federal matching funds for these programs. Approximately eight percent of the state and federal funds appropriated to DHCPF are transferred to other state agencies such as the Department of Human Services that administer programs eligible for Medicaid funding. This Joint Budget Committee staff budget briefing document concerns the behavioral health community programs administered by the DHCPF.

Most behavioral health services are provided to Medicaid-eligible clients through a statewide managed care or "capitated" program. Under the terms of the program, the Department contracts with five regional entities (known as behavioral health organizations or BHOs) to provide or arrange for medically necessary mental health services to Medicaid-eligible clients. In addition, beginning January 1, 2014, BHOs will also provide medically necessary substance use disorder services to Medicaid-eligible clients. The Department pays 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 DHCPF 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.

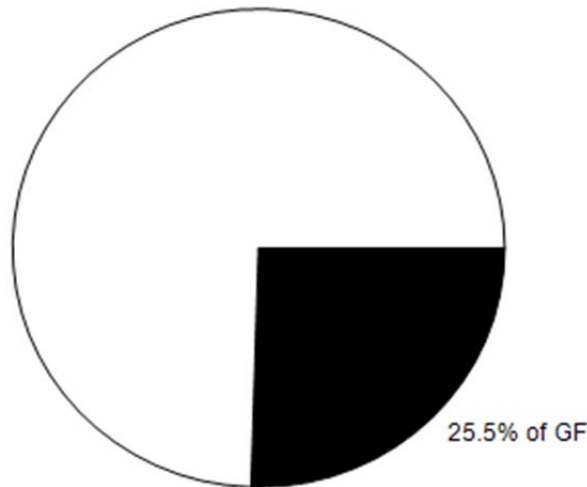
### Department Budget: Recent Appropriations

Funding Source	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15 *
General Fund	\$1,698,937,482	\$1,847,607,793	\$2,063,159,596	\$2,208,767,959
Cash Funds	886,393,498	936,373,544	888,516,606	946,274,662
Reappropriated Funds	8,576,440	7,174,145	10,483,522	9,685,529
Federal Funds	<u>2,589,886,684</u>	<u>2,804,373,050</u>	<u>3,575,483,329</u>	<u>4,383,420,616</u>
<b>Total Funds</b>	<b>\$5,183,794,104</b>	<b>\$5,595,528,532</b>	<b>\$6,537,643,053</b>	<b>\$7,548,148,766</b>
Full Time Equiv. Staff	312.5	327.1	358.1	395.1

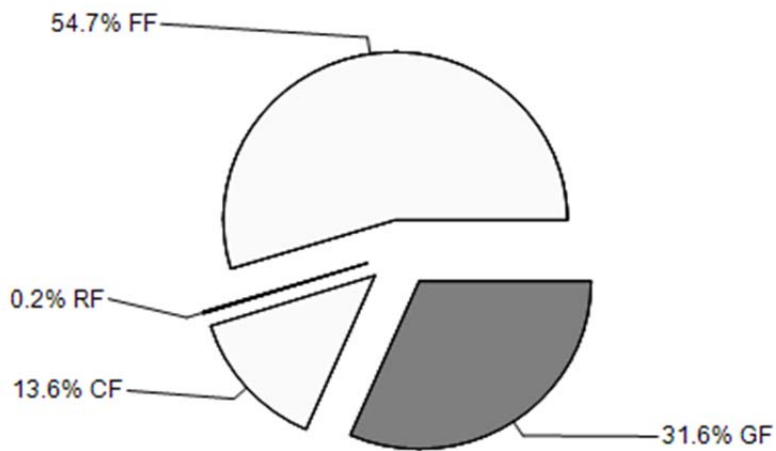
\*Requested appropriation.

## Department Budget: Graphic Overview

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

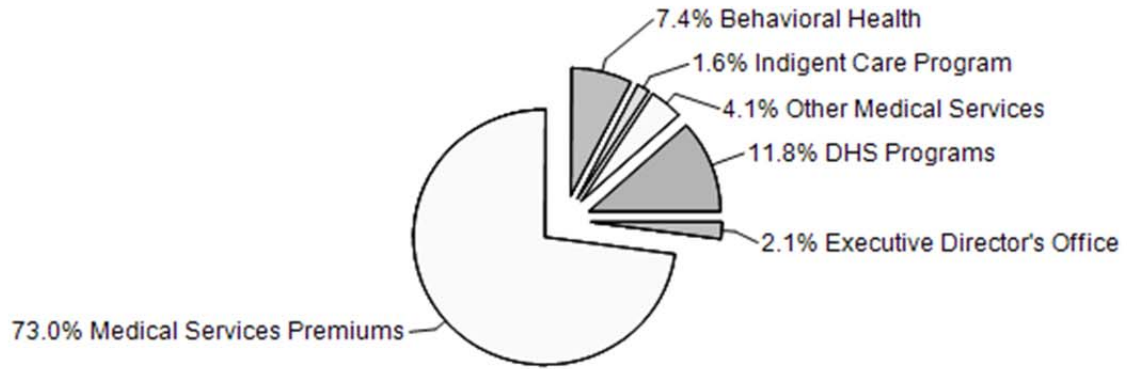


**Department Funding Sources**

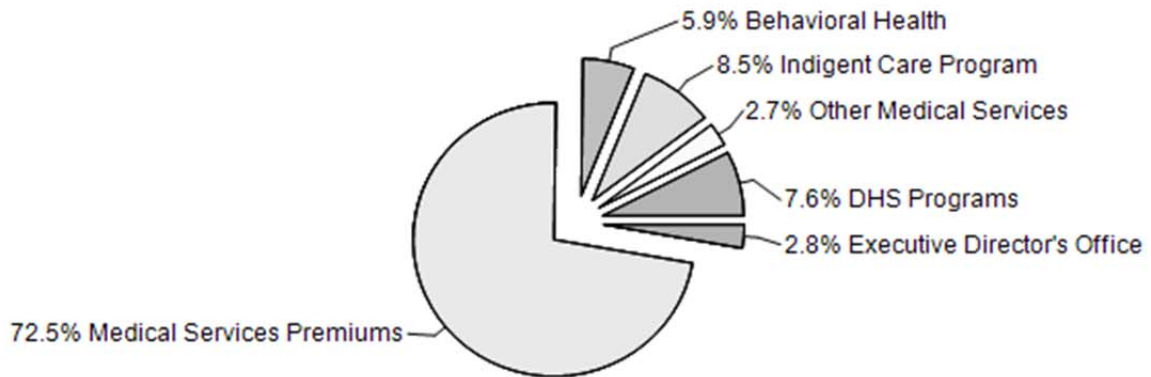


All charts are based on the FY 2013-14 appropriation.

**Distribution of General Fund by Division**



**Distribution of Total Funds by Division**



All charts are based on the FY 2013-14 appropriation.

## **General Factors Driving the Budget**

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### **Behavioral Health Capitation Payments**

Mental health services are provided to Medicaid clients through a statewide managed care or "capitated" program. Under capitation, the Department of Health Care Policy and Financing contracts with regional entities, known as behavioral health organizations (BHOs), to provide or arrange for mental 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<sup>1</sup> that is medically necessary. Services provided include: inpatient hospitalization, psychiatric care, rehabilitation, and outpatient care; clinic services, case management, medication management, and physician care; non-hospital residential care as it pertains to mental health; and alternatives to institutionalization.

The BHOs are currently not responsible for managing substance use disorder (SUD) services; these services are currently only available through the fee for service program (described below). However, starting January 1, 2014, SUD services will also be available through BHOs. Similar to mental health services provided by BHOs, a client must have a covered SUD diagnosis, and receive a covered SUD service or procedure that is medically necessary. Covered services will include: alcohol/drug assessment; detoxification services; individual and group behavioral health therapies; targeted case management; drug screening and monitoring; medication assisted treatment; and peer advocate services.

The Department pays a pre-determined monthly amount for each Medicaid client who is eligible for services within a BHO's geographic area. The "per-member-per-month" rates paid to a BHO are unique for each Medicaid eligibility category in each geographic region. Currently, the state is divided into five geographic regions covering the following Medicaid eligibility categories:

- Adults 65 years of age and older (OAP-A);
- Children and adults with disabilities through age 64 (AND/AB; OAP-B);
- Low income adults;
- Adults without dependent children;
- Adults served through the Breast and Cervical Cancer Treatment and Prevention Program (BCCP);
- Eligible children (AFDC-C/BC); and
- Children in foster care.

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).

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

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In addition, the following types of individuals are excluded from enrollment in a BHO:

- Individuals enrolled in a Program of all-inclusive care for the elderly (PACE);
- Certain individuals receiving care through one of the Colorado mental health institutes<sup>2</sup>; and
- Individuals with developmental disabilities residing in the state regional centers and associated satellite residences for more than ninety (90) days.

Instead, these individuals access mental health services through the program they are enrolled in (PACE) or the institutions that provide their care (the Institute or regional center).

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]<sup>3</sup>. For these individuals, expenditures related to behavioral health care is covered through the fee for service program (described below).

Every five years the Department uses a competitive bid process to award BHO contracts for each region. Current contracts will expire June 30, 2014, so the Department will award new contracts effective July 1, 2014<sup>4</sup>. Capitation rates are adjusted annually based on historical rate experience and recent encounter data (*i.e.*, statewide average costs by diagnosis category).

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.

For FY 2013-14, capitation payments represent 98.8 percent of the total funds appropriated to the Department of Health Care Policy and Financing for behavioral health community programs. The following table details recent expenditure and caseload trends for Medicaid Behavioral Health Capitation Payments. The table also details the Department's most recent estimates for FY 2013-14, as well as the request for FY 2014-15. As indicated in the table below, the rate of caseload growth outpaced the rate of expenditure growth in the last two fiscal years. For FY

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<sup>2</sup> These individuals include: (1) Patients who are: found by a criminal court to be not guilty by reason of insanity (“NGRI”); found by a criminal court to be incompetent to proceed; or ordered by a criminal court for evaluation; (2) Individuals ages 21 through 64 who receive inpatient treatment at one of the Institutes; (3) Individuals who are NGRI and who are in the community on temporary physical removal from an Institute.

<sup>3</sup> There are currently fewer than two dozen Medicaid clients exempted under this State rule.

<sup>4</sup> The Department has provided the following timeline for BHO contract awards (with the exception of 01/06/14, all dates are estimated):

- 01/06/14: Proposal submission deadline and public proposal opening
- 02/18/14: Vendor selection and notification of award
- 04/01/14 through 6/30: Start-up period
- 07/01/14: Operational start date
- 07/01/2014 through 06/30/2015: Initial contract period

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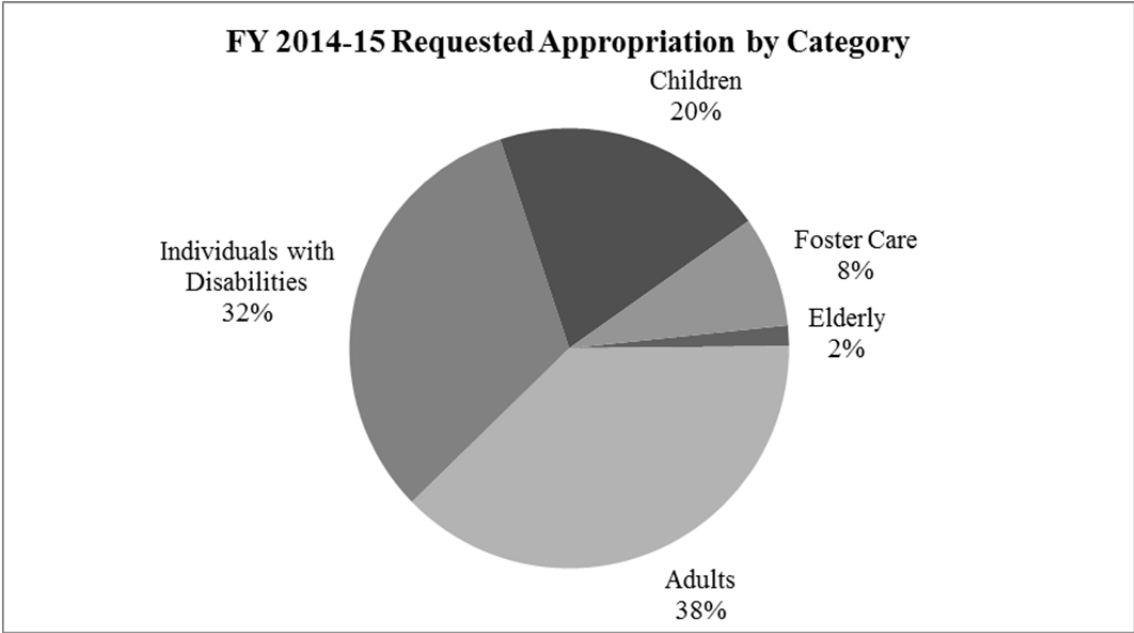
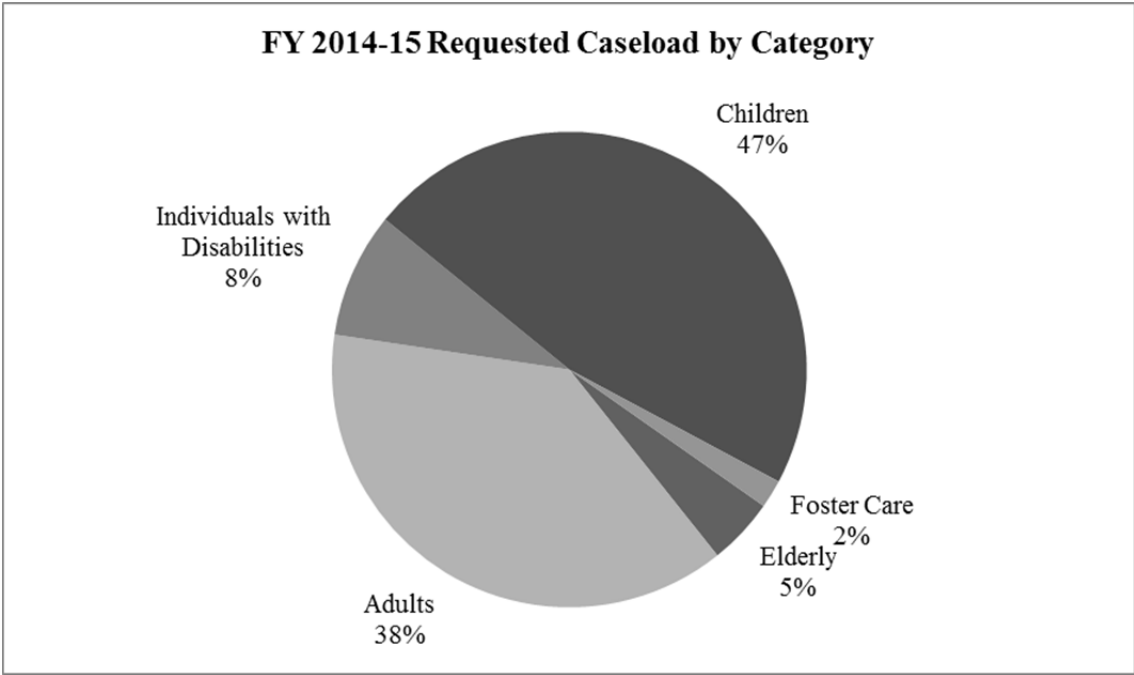
2013-14 and FY 2014-15 this trend is projected to reverse, with the rate of expenditure growth outpacing the rate of caseload growth. This trend reversal is due to: (a) an increase in the proportion of adults within the overall caseload; (b) the implementation of an enhanced substance use disorder benefit as part of this program; and (c) general increases in rates over time.

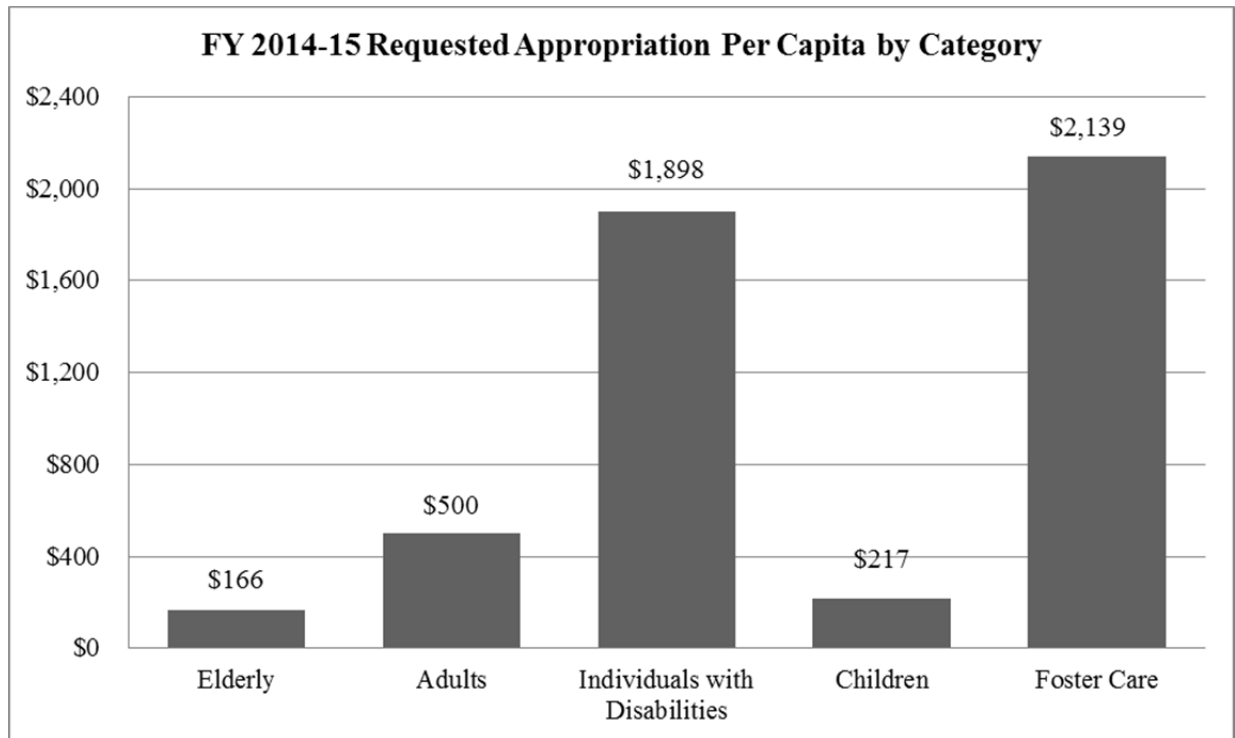
<b>Medicaid Behavioral Health Capitation Payments</b>						
	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>		<b>FY 2014-15</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriation</b>	<b>Estimate</b>	<b>Request 1/</b>
Capitation Payments	\$249,352,665	\$273,376,614	\$301,303,046	\$380,837,424	\$377,023,145	\$483,057,318
Annual Dollar Change	\$22,731,847	\$24,023,949	\$27,926,432	\$79,534,378	\$75,720,099	\$106,034,173
<i>Annual Dollar % Change</i>	10.0%	9.6%	10.2%	26.4%	25.1%	28.1%
Caseload	540,456	598,322	659,104	784,535	787,333	939,903
Annual Caseload Change	61,271	57,866	60,782	125,431	128,229	152,570
<i>Annual Caseload % Change</i>	12.8%	10.7%	10.2%	19.0%	19.5%	19.4%

1/ These amounts include the expenditure and caseload impacts of two budget requests that affect individuals with developmental disabilities: \$622,616 (R7) and \$14,426 (R8).

The following three charts illustrate the 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. Similar to the Medicaid medical services program, the per capita cost of providing behavioral health services to children is significantly lower than the cost of providing such services to adults. Senate Bill 13-200 will increase the proportion of adults within the eligible population, thus causing capitation expenditures to increase at a faster rate than caseload.







### **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.* Medicaid clients who have a diagnosis that is not covered by the BHO contract (e.g., autism spectrum disorder, developmental disability, dementia, etc.) may access Medicaid State Plan benefits through the fee for service program.
- *Clients Not Enrolled in BHO.* This line item 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 SUD services<sup>5</sup>. The following table details recent expenditure and caseload trends for this line item. Expenditures are broken out into three categories: inpatient services, outpatient services, and physician services. The table also details the Department's most recent estimates for FY 2013-14, as well as the request for FY 2014-15.

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<sup>5</sup> The fee for service program does not, however, cover services approved through the Department's federal 1915 (b) (3) waiver.

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<b>Medicaid Mental Health Fee-for-Service Funding</b>						
	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>		<b>FY 2014-15</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriation</b>	<b>Estimate</b>	<b>Request 1/</b>
Inpatient Services	\$802,447	\$632,150	\$923,795	\$1,051,197	\$1,145,424	\$1,387,034
Outpatient Services	2,971,816	3,064,324	3,193,170	3,633,544	3,959,248	4,794,390
Physician Services	96,331	168,509	102,210	116,305	126,731	153,463
Adjustment to match COFRS 2/	0	29,056	350,023	n/a	n/a	n/a
<b>Total Fee-for-Service Funding</b>	<b>\$3,870,594</b>	<b>\$3,894,039</b>	<b>\$4,569,198</b>	<b>\$4,801,046</b>	<b>\$5,231,403</b>	<b>\$6,334,887</b>
Annual Dollar Change	\$982,932	\$23,445	\$675,159	\$231,848	\$662,205	\$1,103,484
Annual Dollar % Change	34.0%	0.6%	17.3%	5.1%	14.5%	21.1%
Caseload	540,456	598,322	659,104	784,535	787,333	939,903
Annual Caseload Change	61,271	57,866	60,782	125,431	128,229	152,570
Annual Caseload % Change	12.8%	10.7%	10.2%	19.0%	19.5%	19.4%

1/ These amounts include \$91,878 for a community provider rate increase (R11), pro rated across each expenditure category based on the Department's base expenditure estimates for FY 2014-15.

2/ 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 anticipated in the current fiscal year, and to grow by another 21 percent in FY 2014-15. The requested increases for FY 2014-15 are largely due to the Medicaid eligibility expansion authorized by S.B. 13-200.

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**Summary: FY 2013-14 Appropriation & FY 2014-15 Request**

Department of Health Care Policy and Financing					
	Total Funds	General Fund	Cash Funds	Federal Funds	FTE
<b>FY 2013-14 Appropriation</b>					
SB 13-230 (Long Bill)	\$352,220,637	\$153,384,204	\$21,294,827	\$177,541,606	0.0
SB 13-200 Expand Medicaid eligibility	<u>33,417,833</u>	<u>76,907</u>	<u>(19,260,944)</u>	<u>52,601,870</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$385,638,470</b>	<b>\$153,461,111</b>	<b>\$2,033,883</b>	<b>\$230,143,476</b>	<b>0.0</b>
<b>FY 2014-15 Requested Appropriation</b>					
FY 2013-14 Appropriation	\$385,638,470	153,461,111	\$2,033,883	\$230,143,476	0.0
Annualize SB 13-200 Expand Medicaid eligibility	70,524,406	465,151	812,612	69,246,643	0.0
R2 Behavioral health programs	26,923,840	9,087,725	(9,039,333)	26,875,448	0.0
Annualize substance use disorder benefit	5,710,412	1,913,309	88,973	3,708,130	0.0
R7 IDD Supported living services	622,616	311,308	0	311,308	0.0
R11 1.5% Provider rate increase	91,878	45,939	0	45,939	0.0
R8 IDD Increase funded FPE	14,426	7,213	0	7,213	0.0
Technical correction to SB 13-200 appropriation for FY 2013-14	0	0	9,745,064	(9,745,064)	0.0
Annualize other prior year decisions	<u>(133,843)</u>	<u>(12,060)</u>	<u>(34,354)</u>	<u>(87,429)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$489,392,205</b>	<b>\$165,279,696</b>	<b>\$3,606,845</b>	<b>\$320,505,664</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$103,753,735	\$11,818,585	\$1,572,962	\$90,362,188	0.0
Percentage Change	26.9%	7.7%	77.3%	39.3%	0.0%

**Description of Requested Changes**

**Annualize SB 13-200 Expand Medicaid eligibility:** The request for behavioral health community programs includes an increase of \$70,524,406, including \$465,151 General Fund and \$812,612 from the Hospital Provider Fee Cash Fund, to annualize the impact of the Medicaid program eligibility expansion authorized through SB 13-200.

Specifically, S.B. 13-200 expands Medicaid eligibility for adults 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 (ACA), 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

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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.

The following table details the estimated fiscal impact of S.B. 13-200 on behavioral health programs for FY 2013-14 through FY 2015-16. The Department of Health Care Policy and Financing's budget request for FY 2014-15 includes the \$70.5 million increase anticipated for FY 2014-15 (highlighted in the table below).

Estimated Fiscal Impact of S.B. 13-200 for Behavioral Health Programs					
Line Item	FY 2013-14 Appropriation Change 1/	FY 2014-15 Impact per JBC		FY 2015-16 Impact per JBC	
		Staff Fiscal Analysis	Annual Change	Staff Fiscal Analysis	Annual Change
<b>Department of Health Care Policy and Financing</b>					
<b>Behavioral Health Capitation Payments</b>					
General Fund	\$76,907	\$542,058	\$465,151	\$1,250,446	\$708,388
Cash Funds 1/	(9,515,880)	(18,448,332)	(8,932,452)	(18,413,993)	34,339
Federal Funds 1/	<u>42,856,806</u>	<u>121,848,513</u>	<u>78,991,707</u>	<u>140,376,309</u>	<u>18,527,796</u>
Total Funds	\$33,417,833	\$103,942,239	<b>\$70,524,406</b>	\$123,212,762	\$19,270,523
<b>Department of Human Services</b>					
<b>Services for Indigent Mentally Ill Clients</b>					
General Fund	(\$609,025)	(\$3,654,150)	(\$3,045,125)	(\$3,654,150)	\$0
<b>Medications for Indigent Mentally Ill Clients</b>					
General Fund	(42,850)	(257,099)	(214,249)	(257,099)	0
<b>Subtotal: DHS Office of Behavioral Health</b>					
General Fund	(\$651,875)	(\$3,911,249)	(\$3,259,374)	(\$3,911,249)	\$0
<b>Total Impact on Behavioral Health Programs</b>					
General Fund	(\$574,968)	(\$3,369,191)	(\$2,794,223)	(\$2,660,803)	\$708,388
Cash Funds 1/	(9,515,880)	(18,448,332)	(8,932,452)	(18,413,993)	34,339
Federal Funds 1/	<u>42,856,806</u>	<u>121,848,513</u>	<u>78,991,707</u>	<u>140,376,309</u>	<u>18,527,796</u>
Total Funds	\$32,765,958	\$100,030,990	\$67,265,032	\$119,301,513	\$19,270,523

1/ Figures for FY 2013-14 related to refinancing expenditures for current populations have been adjusted to correct an error. Specifically, while the increased federal match rate will not be available until January 1, 2014, the appropriation clause in S.B. 13-200 was based on the assumption that the increased federal match rate would be available for a full 12 months in FY 2013-14. The Department of Health Care Policy and Financing's FY 2014-15 budget request reflects an adjustment to FY 2013-14 appropriations to correct this error.

Please note that the FY 2014-15 change in cash and federal funds above differs from the amounts reflected in the summary table on the previous page. This discrepancy is due to a technical error in the FY 2013-14 appropriation clause in S.B. 13-200 (described below). The above table corrects this error, thus providing a more accurate reflection of the incremental costs of S.B. 13-200 for FY 2014-15.

**R2 Behavioral health programs:** The request includes an increase of \$26.9 million total funds (including \$9.1 million General Fund) for projected caseload and expenditure changes in both the managed care and fee-for-service Medicaid behavioral health programs. This request also reflects a significant shift from the Hospital Provider Fee Cash Fund to federal Medicaid funds to reflect the full-year impact of the State's ability to refinance newly eligible groups enrolled following the enactment of the federal Patient Protection and Affordable Care Act (ACA). For

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*more information about this budget request, see staff's issue brief in this document titled "Overview of Department's FY 2014-15 Request for Behavioral Health Community Programs".*

**Annualize substance use disorder benefit:** The request for behavioral health community programs includes an increase of \$5,710,412 total funds (including \$1,913,309 General Fund) to reflect the FY 2014-15 impact of the budget initiative that was approved last Spring to enhance the substance use disorder benefit for Medicaid clients. The requested increase is consistent with the decision item that was submitted last year (R7), and it reflects a full 12 months of impact (rather than six), as well as projected changes in the number of clients utilizing such services.

**R7 IDD Supported living services:** The Department's overall budget request includes an increase of \$15.5 million total funds, including \$7.7 million General Fund, to expand the number of adults with developmental disabilities who are eligible for home and community-based supported living services, and to expand the services provided to eligible individuals. This request includes \$622,616 total funds for behavioral health capitation payments to cover the estimated cost of providing behavioral health services to 629 clients for an average of six months in FY 2014-15, at an annual cost of \$1,980 per person. *For more information on this budget request, see Megan Davisson's briefing document concerning services for people with disabilities, dated November 13, 2013.*

**R11 1.5% Provider rate increase:** The Department's overall request includes an increase of \$56.8 million total funds (including \$20.1 million General Fund) for a 1.5 percent increase in community provider rates. This request includes \$91,878 total funds for providers that receive payments through the behavioral health fee-for-service program.

**R8 IDD Increase funded FPE:** The Department's overall budget request includes an increase of \$2.8 million total funds (including \$1.4 million General Fund) to expand the number of adults with developmental disabilities eligible for home and community based services. This request includes \$14,426 total funds for behavioral health capitation payments to cover the estimated cost of providing behavioral health services to 15 clients for an average of six months in FY 2014-15, at an annual cost of \$1,923 per person. *For more information on this budget request, see Megan Davisson's briefing document concerning services for people with disabilities, dated November 13, 2013.*

**Technical correction to SB 13-200 appropriation for FY 2013-14:** The Department's overall budget request includes a \$79.8 million shift from federal funds to cash funds to correct an error in the appropriation clause in S.B. 13-200 for FY 2013-14. Of this amount, \$9,745,064 relates to behavioral health capitation payments. Specifically, because the State is authorized to refinance newly eligible groups enrolled following the enactment of the federal ACA, S.B. 13-200 included provisions that reduced FY 2013-14 appropriations from the Hospital Provider Fee Cash Fund by \$159.6 million, and increased federal funds by the same amount. This adjustment reflects the full year impact of this fund source adjustment. However, the increased federal match will not be available until January 1, 2014, so the FY 2013-14 funds source adjustment should have reflected only a half-year impact. The corresponding adjustment for FY 2014-15 to correctly reflect a full-year impact is included in R2, described above.

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**Annualize other prior year decisions:** In addition to S.B. 13-200 and the budget initiative to enhance the substance use disorder benefit, the request for behavioral health community programs includes two adjustments related to prior year legislation and budget decisions:

- *R13 1.5% provider rate increase.* The request includes an increase of \$2,871 total funds (including \$1,436 General Fund) to reflect the impact of the 1.5 percent rate increase approved for FY 2013-14 for providers that receive payments through the behavioral health fee-for-service program.
- *H.B. 08-1373 (Breast Cervical Cancer Fund).* House Bill 08-1373 extended the Breast and Cervical Cancer Treatment Program to July 1, 2014. As this program expires at the end of FY 2013-14 under current law, the Department's request eliminates funding for this program. With respect to behavioral health services, the Department's request includes a reduction of \$136,714 total funds (including \$13,496 General Fund) based on the most recent program expenditures estimates for FY 2013-14.

## **Issue: Overview of Department's FY 2014-15 Request for Behavioral Health Community Programs**

The Governor's budget request includes a \$119.3 million (19.5 percent) increase in funding for behavioral health programs, including \$103.8 million for Medicaid behavioral health programs. The requested increase for Medicaid programs primarily reflects the continued implementation of both S.B. 13-200 and the substance use disorder benefit that was authorized last session.

### **SUMMARY:**

- The Governor's budget request includes a \$119.3 million (19.5 percent) increase in funding for behavioral health programs, including \$103.8 million for Medicaid behavioral health programs.
- The Department of Health Care Policy and Financing (DHCPF) estimates that the current FY 2013-14 appropriation for Medicaid behavioral health programs can be decreased by \$3.4 million total funds (0.9 percent) based on more recent projections. This relatively minor adjustment is primarily related to a reduction in the estimated number of eligible children and reductions in estimated capitation expenditures.
- The Department's FY 2014-15 budget request represents a \$107.1 million (28.0 percent) year-over-year increase in total funds compared to the revised estimate for FY 2013-14. The estimated expenditure increase primarily reflects: (a) a full 12 months of expanded eligibility authorized through S.B. 13-200 beginning January 1, 2014; (b) a full 12 months of funding for the enhanced substance use disorder benefit that is scheduled to be implemented January 1, 2014; (c) anticipated increases in capitation rates and fee for service expenditures; and (d) prioritized requests to expand services for adults with developmental disabilities.

### **DISCUSSION:**

#### ***Overall Funding Requested for Behavioral Health Programs for FY 2014-15***

Two program areas provide the majority of funding for behavioral health services: the Department of Human Services' (DHS) Behavioral Health Services section and the Department of Health Care Policy and Financing's (DHCPF's) Behavioral Health Community Programs section. As detailed in the following table, the budget requests for these two program areas propose increasing funding by a total of \$119.3 million (19.5 percent), including a \$26.8 million (8.6 percent) increase in direct General Fund appropriations.



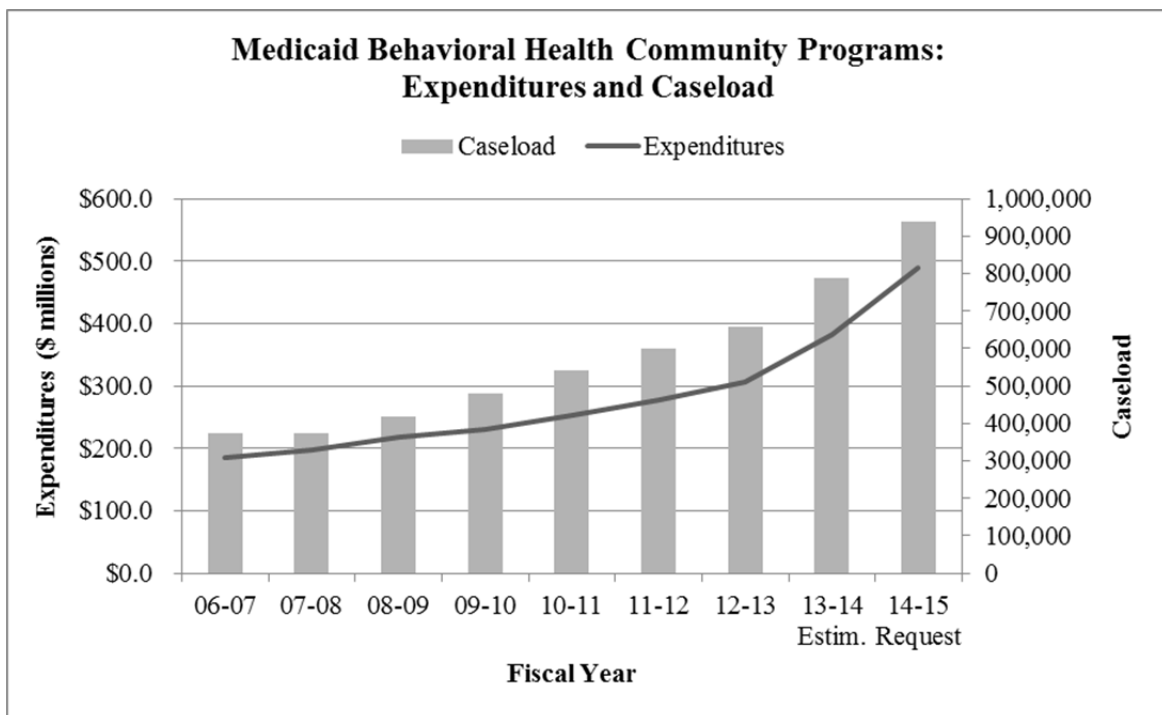
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<b>Total Funding Increases Requested for Behavioral Health Programs for FY 2014-15</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2013-14 Appropriation</b>						
Department of Human Services (DHS), Office of Behavioral Health	\$225,149,926	\$158,220,745	\$17,368,821	\$14,420,731	\$35,139,629	1,235.4
Department of Health Care Policy and Financing (DHCPF), Behavioral Health Community Programs	<u>385,638,470</u>	<u>153,461,111</u>	<u>2,033,883</u>	<u>0</u>	<u>230,143,476</u>	<u>0.0</u>
<b>TOTAL</b>	<b>610,788,396</b>	<b>311,681,856</b>	<b>19,402,704</b>	<b>14,420,731</b>	<b>265,283,105</b>	<b>1,235.4</b>
<b>FY 2014-15 Request</b>						
DHS, Office of Behavioral Health	240,688,291	173,159,437	17,391,577	14,905,600	35,231,677	1,240.7
DHCPF, Behavioral Health Community Programs	<u>489,392,205</u>	<u>165,279,696</u>	<u>3,606,845</u>	<u>0</u>	<u>320,505,664</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$730,080,496</b>	<b>\$338,439,133</b>	<b>\$20,998,422</b>	<b>\$14,905,600</b>	<b>\$355,737,341</b>	<b>1,240.7</b>
<b>DHS: Increase/(Decrease)</b>	\$15,538,365	\$14,938,692	\$22,756	\$484,869	\$92,048	5.3
Percentage Change	6.9%	9.4%	0.1%	3.4%	0.3%	0.4%
<b>DHCPF: Increase/(Decrease)</b>	\$103,753,735	\$11,818,585	\$1,572,962	\$0	\$90,362,188	0.0
Percentage Change	26.9%	7.7%	77.3%	0.0%	39.3%	0.0%
<b>TOTAL: Increase/(Decrease)</b>	<b>\$119,292,100</b>	<b>\$26,757,277</b>	<b>\$1,595,718</b>	<b>\$484,869</b>	<b>\$90,454,236</b>	<b>5.3</b>
Percentage Change	19.5%	8.6%	8.2%	3.4%	34.1%	0.4%

Of the total \$119.3 million increase proposed for FY 2014-15, 87.0 percent (\$103.8 million) is requested for DHCPF programs. This issue brief provides an overview of the components of the DHCPF share of the request.

**Funding Requested for Medicaid Behavioral Health Community Programs for FY 2014-15**

The following chart depicts actual caseload and expenditure changes for Medicaid behavioral health community programs since FY 2006-07, along with the Department's most recent expenditure estimates for FY 2013-14 and its request for FY 2014-15.



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The overall \$103.8 million increase requested for FY 2014-15 represents another significant annual increase in funding, primarily due to the impact of S.B. 13-200. Of the total increase, 87.1 percent is requested from federal funds, with the remainder coming from the General Fund and the Hospital Provider Fee Cash Fund. However, please note that the \$103.8 million requested increase actually includes adjustments that pertain to both FY 2013-14 and to FY 2014-15. 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.

<b>Department of Health Care Policy and Financing: Summary of Requested Increase by Fiscal Year</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Federal Funds</b>
Revised estimates for FY 2013-14	(\$3,383,922)	\$500,880	(\$599,560)	(\$3,285,242)
Technical correction to SB 13-200 appropriation for FY 2013-14	<u>0</u>	<u>0</u>	<u>9,745,064</u>	<u>(9,745,064)</u>
Subtotal: FY 2013-14 Changes	(3,383,922)	500,880	9,145,504	(13,030,306)
Forecasted changes for FY 2014-15	<u>107,137,657</u>	<u>11,317,705</u>	<u>(7,572,542)</u>	<u>103,392,494</u>
<b>TOTAL</b>	<b>\$103,753,735</b>	<b>\$11,818,585</b>	<b>\$1,572,962</b>	<b>\$90,362,188</b>

***FY 2013-14 Budget Estimate***

The FY 2013-14 appropriation for Medicaid behavioral health community programs currently provides a total of \$385.6 million total funds (including \$153.5 million General Fund) for the provision of services to a caseload of 784,535. The Department estimates that the current FY 2013-14 appropriation can be decreased by \$3.4 million total funds (0.9 percent) based on more recent projections. This relatively minor adjustment is primarily related to: (a) a reduction in the estimated number of eligible children; and (b) reductions in estimated capitation expenditures – particularly for disabled individuals under age 65 and for eligible children. *See Appendix F for the detailed caseload and rate data that underlies the Department's revised capitation payment estimates for FY 2013-14.*

The following table compares the caseload and expenditure data that correspond to the FY 2013-14 appropriation and those that correspond to the Department's most recent estimate. *Please note that it is anticipated that the Committee will receive a supplemental request from the Department in January 2014 that uses more recent data to estimate caseload and corresponding expenditures.*

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FY 2013-14 Medicaid Behavioral Health Community Programs Budget Overview						
Description	FY 2013-14 Appropriation		FY 2013-14 Revised Estimate		Change Due to Revision	
	Caseload	Funding	Caseload	Funding	Caseload	Funding
<b>Capitation Payments</b>						
<b>Aid Categories</b>						
Elderly adults (65 and older)	42,119	\$6,820,594	41,746	\$6,836,444	(373)	\$15,850
<i>Adults:</i>						
Low income adults	164,899	48,216,291	172,717	48,812,570	7,818	596,279
Adults without dependent children	74,018	56,766,498	74,018	55,805,747	0	(960,751)
Breast and cervical cancer program	420	196,309	480	136,714	60	(59,595)
<i>Individuals with disabilities (under 65)</i>	75,630	139,174,882	76,288	137,823,567	658	(1,351,315)
<i>Children</i>	409,470	88,370,366	404,412	85,825,195	(5,058)	(2,545,171)
<i>Children/young adults in foster care</i>	17,979	37,938,053	17,672	37,132,804	(307)	(805,249)
Subtotal	784,535	377,482,993	787,333	372,373,041	2,798	(5,109,952)
<b>Adjustments:</b>						
Recoupments for prior year payments for ineligible	n/a	(1,373,413)	n/a	0	n/a	1,373,413
Date of death retractions	n/a	(544,784)	n/a	(622,524)	n/a	(77,740)
Substance use disorder benefit		<u>5,272,628</u>		<u>5,272,628</u>		<u>0</u>
Subtotal	n/a	3,354,431	n/a	4,650,104	n/a	1,295,673
<b>Capitation Payments Total</b>	<b>784,535</b>	<b>\$380,837,424</b>	<b>787,333</b>	<b>\$377,023,145</b>	<b>2,798</b>	<b>(\$3,814,279)</b>
<b>Fee for Service</b>						
Inpatient	n/a	\$1,051,197	n/a	\$1,145,424	n/a	\$94,227
Outpatient	n/a	3,633,544	n/a	3,959,248	n/a	325,704
Physician	n/a	<u>116,305</u>	n/a	<u>126,731</u>	n/a	<u>10,426</u>
<b>Fee for Service Total</b>	n/a	<b>\$4,801,046</b>	n/a	<b>\$5,231,403</b>	n/a	<b>\$430,357</b>
<b>Total Behavioral Health Community Programs</b>	<b>784,535</b>	<b>\$385,638,470</b>	<b>787,333</b>	<b>\$382,254,548</b>	<b>2,798</b>	<b>(\$3,383,922)</b>
<i>Incremental Percentage Change</i>					<b>0.4%</b>	<b>-0.9%</b>

***FY 2014-15 Budget Estimate***

The Department's FY 2014-15 budget request includes \$489.4 million total funds (including \$165.3 million General Fund) for the provision of services to a caseload of 939,903. Compared to the revised estimate for FY 2013-14, the request represents a \$107.1 million (28.0 percent) year-over-year increase in total funds. *See Appendix G for the detailed caseload and rate data that underlies the Department's capitation payments request for FY 2014-15.*

The following table compares the caseload and expenditure data that correspond to the Department's most recent estimates for FY 2013-14 and those that correspond to the Department's FY 2014-15 request. *Please note that it is anticipated that the Committee will receive a revised FY 2014-15 request from the Department in January 2014 that uses more recent data to estimate caseload and corresponding expenditures.*

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FY 2014-15 Medicaid Behavioral Health Community Programs Budget Overview						
Description	FY 2013-14 Revised Estimate		FY 2014-15 Request		Annual Change	
	Caseload	Funding	Caseload	Funding	Caseload	Funding
<b>Capitation Payments</b>						
<b>Aid Categories</b>						
Elderly adults (65 and older)	41,746	\$6,836,444	42,815	\$7,087,623	1,069	\$251,179
<i>Adults:</i>						
Low income adults	172,717	48,812,570	193,716	56,371,378	20,999	7,558,808
Adults without dependent children	74,018	55,805,747	164,004	122,338,943	89,986	66,533,196
Breast and cervical cancer program	480	136,714	0	0	(480)	(136,714)
Individuals with disabilities (under 65)	76,288	137,823,567	80,104	152,068,833	3,816	14,245,266
Children	404,412	85,825,195	440,971	95,695,854	36,559	9,870,659
Children/young adults in foster care	<u>17,672</u>	<u>37,132,804</u>	<u>17,971</u>	<u>38,433,885</u>	<u>299</u>	<u>1,301,081</u>
Subtotal	787,333	372,373,041	939,581	471,996,516	152,248	99,623,475
<b>Adjustments/ Prioritized Requests:</b>						
Recoupments for prior year payments for ineligible	n/a	0	n/a	0	n/a	0
Date of death retractions	n/a	(622,524)	n/a	(559,280)	n/a	63,244
Substance use disorder benefit		5,272,628		10,983,040		5,710,412
R7 IDD SLS increases	n/a	n/a	315	622,616	315	622,616
R8 IDD new FPE	<u>n/a</u>	<u>n/a</u>	<u>8</u>	<u>14,426</u>	<u>8</u>	<u>14,426</u>
Subtotal	n/a	4,650,104	322	11,060,802	322	6,410,698
<b>Capitation Payments Total</b>	<b>787,333</b>	<b>\$377,023,145</b>	<b>939,903</b>	<b>\$483,057,318</b>	<b>152,570</b>	<b>\$106,034,173</b>
<b>Fee for Service</b>						
Inpatient	n/a	\$1,145,424	n/a	\$1,366,917	n/a	\$221,493
Outpatient	n/a	3,959,248	n/a	4,724,855	n/a	765,607
Physician	<u>n/a</u>	<u>126,731</u>	<u>n/a</u>	<u>151,237</u>	<u>n/a</u>	<u>24,506</u>
Subtotal	n/a	5,231,403	n/a	6,243,009	n/a	1,011,606
R11 Community provider rate		n/a		91,878		91,878
<b>Fee for Service Total</b>		<b>\$5,231,403</b>		<b>\$6,334,887</b>		<b>\$1,103,484</b>
<b>Total Behavioral Health Community Programs</b>	<b>787,333</b>	<b>\$382,254,548</b>	<b>939,903</b>	<b>\$489,392,205</b>	<b>152,570</b>	<b>\$107,137,657</b>
<i>Incremental Percentage Change</i>					<b>19.4%</b>	<b>28.0%</b>

Overall, the FY 2014-15 request reflects a 19.4 percent estimated caseload increase and a 28.0 percent expenditure increase. In addition to the caseload changes that occur every year due to demographic and economic factors, the estimated caseload increase primarily reflects the implementation of S.B. 13-200 and the resulting significant increase in the "adults without dependent children" caseload, along with smaller increases in the caseloads for low income adults and children.

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. Specifically, children currently comprise about 51 percent of the overall caseload. The Department's estimates indicate that children will only comprise 47 percent of the overall caseload in FY 2014-15. Behavioral

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health expenditures for children are significantly lower than those for adults. For example, the weighted capitation rate for eligible children (excluding children in foster care) is currently about \$18 per month, compared to \$24 per month for low income adults and \$57 per month for adults without dependent children. The FY 2014-15 request reflects this shift in the composition of the caseload to more expensive eligibility categories.

The estimated expenditures for FY 2014-15 also reflect: a full 12 months of funding for the substance use disorder benefit that is scheduled to be implemented January 1, 2014; general increases in rates over time; and the prioritized requests to expand services for adults with developmental disabilities.

**RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S  
PERFORMANCE PLAN:**

This request is for projected changes in enrollment and expenditures under current law. It relates to the Department's Goal #1: Improve health outcomes and client experience, and lower per capita costs. As detailed in Appendix E, current capitation contracts with behavioral health organizations include a total of 61 performance measures, including 22 that are considered "core measures" that were required to be in place when the contract began. These measures relate to four priority areas, including: access, coordination of care, community health, and outcomes and effectiveness.

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**Appendix A: Number Pages**

	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Actual</b>	<b>FY 2013-14 Appropriation</b>	<b>FY 2014-15 Request</b>	<b>Request vs. Appropriation</b>
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**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING**  
**Sue Birch, Executive Director**

**(3) BEHAVIORAL HEALTH COMMUNITY PROGRAMS**

The funding in this section supports the provision of behavioral health services to Medicaid-eligible clients. The majority of the funding is paid to five regional managed care organizations (called behavioral health organizations or BHOs) that are responsible for providing or arranging for medically necessary mental health services. Beginning January 1, 2014, payments to BHOs will also cover substance use disorder treatment services. This section also includes funding for fee-for-service payments for certain behavioral health services that are not covered through the managed care program. Behavioral health program administration expenses are supported through the Executive Director's Office section, and pharmaceutical expenses are supported through the Medical Services Premiums section. Funding sources include federal Medicaid funds, General Fund, the Hospital Provider Fee Cash Fund, and the Breast and Cervical Cancer Prevention and Treatment Fund.

Behavioral Health Capitation Payments	<u>273,376,614</u>	<u>301,303,046</u>	<u>380,837,424</u>	<u>483,057,318</u> *
General Fund	131,782,602	136,833,502	151,060,588	162,112,253
Cash Funds	5,791,948	13,513,748	2,033,883	3,606,845
Reappropriated Funds	25,046	0	0	0
Federal Funds	135,777,018	150,955,796	227,742,953	317,338,220
 Mental Health Fee for Service Payments	 <u>3,894,039</u>	 <u>4,569,198</u>	 <u>4,801,046</u>	 <u>6,334,887</u> *
General Fund	1,917,565	2,253,518	2,400,523	3,167,443
Federal Funds	1,976,474	2,315,680	2,400,523	3,167,444

<b>TOTAL - (3) Behavioral Health Community Programs</b>	<b>277,270,653</b>	<b>305,872,244</b>	<b>385,638,470</b>	<b>489,392,205</b>	<b>26.9%</b>
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	133,700,167	139,087,020	153,461,111	165,279,696	7.7%
Cash Funds	5,791,948	13,513,748	2,033,883	3,606,845	77.3%
Reappropriated Funds	25,046	0	0	0	0.0%
Federal Funds	137,753,492	153,271,476	230,143,476	320,505,664	39.3%

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**Appendix A: Number Pages**

	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
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**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING**  
**Sue Birch, Executive Director**

**(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**

Administration	<u>287,245</u>	<u>293,274</u>	<u>388,784</u>	<u>404,350</u>	
General Fund	143,623	146,637	194,392	202,175	
Federal Funds	143,622	146,637	194,392	202,175	
Residential Treatment for Youth (H.B. 99-1116)	<u>201,542</u>	<u>44,226</u>	<u>118,593</u>	<u>120,372</u>	*
General Fund	100,771	22,113	59,297	60,186	
Federal Funds	100,771	22,113	59,296	60,186	
Mental Health Institutes	<u>4,755,640</u>	<u>5,217,448</u>	<u>4,775,751</u>	<u>4,775,751</u>	
General Fund	2,377,820	2,606,566	2,387,876	2,387,876	
Federal Funds	2,377,820	2,610,882	2,387,875	2,387,875	
Alcohol and Drug Abuse Division, High Risk Pregnant Women Program	<u>1,126,310</u>	<u>1,052,270</u>	<u>1,429,133</u>	<u>1,450,570</u>	*
General Fund	563,155	526,135	714,567	725,285	
Federal Funds	563,155	526,135	714,566	725,285	

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	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Actual</b>	<b>FY 2013-14 Appropriation</b>	<b>FY 2014-15 Request</b>	<b>Request vs. Appropriation</b>
<b>TOTAL - (7) Department of Human Services</b>					
<b>Medicaid-Funded Programs</b>	6,370,737	6,607,218	6,712,261	6,751,043	0.6%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	3,185,369	3,301,451	3,356,132	3,375,522	0.6%
Federal Funds	3,185,368	3,305,767	3,356,129	3,375,521	0.6%

NOTE: An asterisk (\*) indicates that the FY 2014-15 request for a line item is affected by one or more decision items.



## Appendix B: Recent Legislation Affecting Department Budget

### 2012 Session Bills

**H.B. 12-1335 (Long Bill):** General Appropriations Act for FY 2012-13.

### 2013 Session Bills

**S.B. 13-089 (Supplemental Bill):** Supplemental appropriation to the Department of Health Care Policy and Financing to modify the FY 2012-13 appropriations contained in the FY 2012-13 Long Bill (H.B. 12-1335).

**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
<b>Total</b>	<b>\$312,054,662</b>	<b>(\$3,246,835)</b>	<b>(\$154,578,421)</b>	<b>\$37,032</b>	<b>\$469,842,886</b>	<b>19.4</b>

**S.B. 13-230 (Long Bill):** General appropriations act for FY 2013-14.

## **Appendix C:**

### **Update on Long Bill Footnotes & Requests for Information**

#### **Long Bill Footnotes**

The FY 2013-14 Long Bill did not contain any Long Bill Footnotes related to the programs covered in this JBC Staff Budget Briefing document.

#### **Requests for Information**

- 1 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 and mental health capitation 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. This information is used by staff to track changes in caseloads and rates that affect behavioral health capitation payments.

## Appendix E: Change Requests' Relationship to Measures

This appendix will show how the Department of Health Care Policy and Financing indicates each change request ranks in relation to the Department's priorities and what measures the Department is using to gauge success of the request.

<b>Change Requests' Relationship to Measures</b>			
<b>R</b>	<b>Change Request Descriptio</b>	<b>Goals / Objectives</b>	<b>Measures</b>
2	Behavioral health programs	<p>This request is for projected changes in enrollment and expenditures under current law. It relates to Goal #1:</p> <p>Improve health outcomes and client experience, and lower per capita costs.</p>	<p>Current capitation contracts with behavioral health organizations include a total of 61 performance measures, including 22 that are considered "core measures" that were required to be in place when the contract began. These measures relate to four priority areas, which are listed below with an example of a corresponding measure:</p> <p>Access (example: Overall penetration rates by Medicaid eligibility category)</p> <p>Coordination of Care (example: Total number of members with at least one identified preventive or ambulatory medical visit during the measurement period)</p> <p>Community Health (example: Number of member hospital emergency department visits caused by injuries)</p> <p>Outcomes and Effectiveness (example: Hospital readmissions within 7, 30, and 90 days post-discharge)</p>

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## Appendix F: FY 2013-14 Behavioral Health Capitation Payments Calculations

Description	Eligibility Category							Total
	Adults 65 and Older	Disabled Through 64	Low Income Adults	Adults w/o Dep. Children	Eligible Children	Foster Care	Breast and Cervical Cancer Program	
<b>Estimated Weighted Capitation Rate (per member, per month):</b>								
First 6 months	\$13.61	\$148.51	\$23.63	\$108.16	\$17.49	\$174.52	\$23.63	
Second 6 months	\$13.70	\$155.00	\$23.72	\$57.14	\$17.97	\$175.63	\$23.92	
<b>Estimated Monthly Caseload:</b>								
First 6 months	41,470	75,345	164,605	18,626	408,702	17,716	715	727,179
Second 6 months	42,020	77,230	180,828	129,410	400,121	17,628	244	847,481
Full year	41,745	76,288	172,717	74,018	404,412	17,672	480	787,330
<b>Total Capitated Payments (per member, per month rate X monthly caseload):</b>								
First 6 months	\$3,386,440	\$67,136,916	\$23,337,697	\$12,087,529	\$42,889,188	\$18,550,778	\$101,373	\$167,489,920
Second 6 months	<u>3,454,044</u>	<u>71,823,900</u>	<u>25,735,441</u>	<u>44,366,924</u>	<u>43,141,046</u>	<u>18,576,034</u>	<u>35,019</u>	<u>207,132,408</u>
Full year	\$6,840,484	\$138,960,816	\$49,073,138	\$56,454,453	\$86,030,234	\$37,126,812	\$136,392	\$374,622,329
<b>Estimated Expenditures:</b>								
<u>First 6 months</u>								
Claims paid in current period	\$3,328,193	\$63,867,348	\$22,462,533	\$11,845,778	\$41,855,559	\$18,422,778	\$100,603	\$161,882,792
Claims from prior periods	55,890	2,523,114	714,652	236,916	840,612	133,369	607	4,505,160
<u>Second 6 months</u>								
Claims paid in current period	3,394,634	68,326,076	24,773,217	43,481,302	42,112,409	18,447,859	34,753	200,570,250
Claims from prior periods	<u>57,727</u>	<u>3,107,029</u>	<u>862,168</u>	<u>241,751</u>	<u>1,016,615</u>	<u>128,798</u>	<u>751</u>	<u>5,414,839</u>
Total Estimated Expenditures	\$6,836,444	\$137,823,567	\$48,812,570	\$55,805,747	\$85,825,195	\$37,132,804	\$136,714	\$372,373,041
Estimated date of death retractions	(122,615)	(458,547)	(12,184)	(9,607)	(6,074)	(12,394)	(1,103)	(622,524)
<b>Subtotal: Expenditures including date of death retractions</b>	<b>\$6,713,829</b>	<b>\$137,365,020</b>	<b>\$48,800,386</b>	<b>\$55,796,140</b>	<b>\$85,819,121</b>	<b>\$37,120,410</b>	<b>\$135,611</b>	<b>\$371,750,517</b>
<b>Adjustments:</b>								
Recoupment adjustments								0
Substance use disorder benefit (second 6 months)								<u>5,272,628</u>
<b>Total Revised Estimate of Behavioral Health Capitation Payments</b>								<b>\$377,023,145</b>

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**Appendix G: FY 2014-15 Behavioral Health Capitation Payments Calculations**

Description	Eligibility Category							Breast and Cervical Cancer Program	Total
	Adults 65 and Older	Disabled Through 64	Low Income Adults	Adults w/o Dep. Children	Eligible Children	Foster Care			
<b>Estimated Weighted Capitation Rate (per member, per month):</b>									
First 6 months	\$13.70	\$155.00	\$23.85	\$62.04	\$17.72	\$175.63	\$0.00		
Second 6 months	\$13.90	\$162.46	\$24.76	\$62.63	\$18.49	\$180.90	\$0.00		
<b>Estimated Monthly Caseload:</b>									
First 6 months	42,553	79,136	191,486	164,004	427,143	18,016	0	922,338	
Second 6 months	43,076	81,071	195,944	164,004	454,797	17,925	0	956,817	
Full year	42,815	80,104	193,715	164,004	440,970	17,971	0	939,578	
<b>Total Capitated Payments (per member, per month rate X monthly caseload):</b>									
First 6 months	\$3,497,857	\$73,596,480	\$27,396,218	\$61,053,399	\$45,410,962	\$18,984,900	\$0	\$229,939,816	
Second 6 months	<u>3,592,538</u>	<u>79,024,768</u>	<u>29,114,339</u>	<u>61,630,786</u>	<u>50,466,716</u>	<u>19,455,795</u>	<u>0</u>	<u>243,284,942</u>	
Full year	\$7,090,395	\$152,621,248	\$56,510,557	\$122,684,185	\$95,877,678	\$38,440,695	\$0	\$473,224,758	
<b>Estimated Expenditures:</b>									
<u>First 6 months</u>									
Claims paid in current period	\$3,437,694	\$70,012,331	\$26,368,860	\$59,832,331	\$44,316,558	\$18,853,904	\$0	\$222,821,678	
Claims from prior periods	59,173	3,363,289	957,748	887,374	1,039,393	128,131	0	6,435,108	
<u>Second 6 months</u>									
Claims paid in current period	3,530,746	75,176,262	28,022,551	60,398,170	49,250,468	19,321,550	0	235,699,747	
Claims from prior periods	<u>60,010</u>	<u>3,516,951</u>	<u>1,022,219</u>	<u>1,221,068</u>	<u>1,089,435</u>	<u>130,300</u>	<u>0</u>	<u>7,039,983</u>	
Total Estimated Expenditures	\$7,087,623	\$152,068,833	\$56,371,378	\$122,338,943	\$95,695,854	\$38,433,885	\$0	\$471,996,516	
Estimated date of death retractions	(110,354)	(412,692)	(10,966)	(8,646)	(5,467)	(11,155)	0	(559,280)	
<b>Subtotal: Expenditures including date of death retractions</b>	<b>\$6,977,269</b>	<b>\$151,656,141</b>	<b>\$56,360,412</b>	<b>\$122,330,297</b>	<b>\$95,690,387</b>	<b>\$38,422,730</b>	<b>\$0</b>	<b>\$471,437,236</b>	
<b>Adjustments:</b>									
Recoupment adjustments								0	
Substance use disorder benefit (12 months)								<u>10,983,040</u>	
<b>Total Revised Estimated Behavioral Health Capitation Payments</b>								<b>\$482,420,276</b>	
<b>Decision Items:</b>									
R7 IDD Supported living services								622,616	
R8 IDD Increase funded FPE								<u>14,426</u>	
<b>Total Request</b>								<b>\$483,057,318</b>	