

JOINT BUDGET COMMITTEE



INTERIM SUPPLEMENTAL BUDGET REQUESTS FY 2020-21

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

JBC WORKING DOCUMENT - SUBJECT TO CHANGE
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

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CONTENTS

Medicaid Funding for Connect for Health CO.....	1
Nurse Advice Line Continuation.....	2

INTERIM SUPPLEMENTAL REQUESTS

MEDICAID FUNDING FOR CONNECT FOR HEALTH CO

	REQUEST	RECOMMENDATION
TOTAL	\$6,806,208	\$6,806,208
FTE	0.0	0.0
General Fund	0	0
Cash Funds	3,145,458	3,145,458
Federal Funds	3,660,750	3,660,750

Does JBC staff believe the request satisfies the interim supplemental criteria of Section 24-75-111, C.R.S.? **YES**
 [The Controller may authorize an overexpenditure of the existing appropriation if it: (1) Is approved in whole or in part by the JBC; (2) Is necessary due to unforeseen circumstances arising while the General Assembly is not in session; (3) Is approved by the Office of State Planning and Budgeting (except for State, Law, Treasury, Judicial, and Legislative Departments); (4) Is approved by the Capital Development Committee, if a capital request; (5) Is consistent with all statutory provisions applicable to the program, function or purpose for which the overexpenditure is made; and (6) Does not exceed the unencumbered balance of the fund from which the overexpenditure is to be made.]

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

Explanation: JBC staff and the Department agree that this request is the result of unforeseen circumstances arising while the General Assembly is not meeting.

DEPARTMENT REQUEST: The Department requests \$6.8 million total funds, including \$3.1 million cash funds and \$3.7 million federal funds, for Connect for Health Colorado Eligibility Determinations. The source of cash funds is certified public expenditures by Connect for Health.

STAFF RECOMMENDATION: Staff recommends approval of the request that will not increase General Fund obligations.

Under an agreement approved by the General Assembly in FY 2016-17, when Connect for Health spends local tax revenues on administrative costs related to eligibility determinations for Medicaid and the Children's Basic Health Plan (CHP+) the Department certifies these public expenditures to draw federal matching funds. The federal funds are then distributed to Connect for Health. No state General Fund is spent, because the state match for the federal Medicaid dollars comes from the local tax revenue collected by Connect for Health.

Certifying public expenditures to the federal government is an administratively intensive process that requires significant funds documentation and a random moment time study to allocate customer service center staff time attributable to Medicaid and CHP+. There is typically a delay of several quarters between when costs are incurred and when the reconciliation process is complete to certify the expenditures and make the payments of federal funds. The amount that can be certified as public expenditures depends on the total spending and the allocation of time by Connect for Health, rather than on decisions by the Department. The appropriation is based on the Department's best guess, with imperfect and delayed information, about the certified public expenditures by Connect for Health.

Beginning in FY 2018-19 Connect for Health's incurred costs started running higher than the spending authority, but due to the delays in the reconciliation process it was not immediately apparent. In FY 2019-20 the Department was able to make the payments for FY 2018-19 from this existing spending authority, but this meant some costs incurred in FY 2019-20 were pushed into FY 2020-21.

The supplemental request is for a one-time catch-up payment. A separate request will be submitted in November to rebalance the line item going forward based on the new information about Connect for Health expenditure patterns.

The JBC staff sees no reason to limit the certified public expenditures by Connect for Health. If Connect for Health spends more resources on activities that are eligible for Medicaid or CHP+ reimbursement, then it makes sense to draw the matching federal funds to help pay for those costs, reducing the burden on local tax revenues.

The General Assembly frequently has to approve similar forecast adjustments for certified public expenditures by local school districts. The JBC staff is exploring with Legislative Legal Services a longer term solution involving minor changes to the headnotes to the Long Bill that would allow the Department to adjust certified public expenditures without the need for a supplemental appropriation. If this option appears viable, the JBC staff may present it as an alternative for the JBC's consideration in the future. This option would involve delegating some of the General Assembly's current budget authority, but the General Assembly may decide it is not necessary to retain the current level of budget authority over certified public expenditures.

NURSE ADVICE LINE CONTINUATION

	REQUEST	RECOMMENDATION
TOTAL	\$0	\$0
FTE	0.0	0.0
General Fund	0	0
Cash Funds	0	0
Federal Funds	0	0

Does JBC staff believe the request satisfies the interim supplemental criteria of Section 24-75-111, C.R.S.? [The Controller may authorize an overexpenditure of the existing appropriation if it: (1) Is approved in whole or in part by the JBC; (2) Is necessary due to unforeseen circumstances arising while the General Assembly is not in session; (3) Is approved by the Office of State Planning and Budgeting (except for State, Law, Treasury, Judicial, and Legislative Departments); (4) Is approved by the Capital Development Committee, if a capital request; (5) Is consistent with all statutory provisions applicable to the program, function or purpose for which the overexpenditure is made; and (6) Does not exceed the unencumbered balance of the fund from which the overexpenditure is to be made.] **YES**

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

Explanation: JBC staff and the Department agree that this request is the result of unforeseen circumstances arising while the General Assembly is not meeting.

DEPARTMENT REQUEST: The Department requests removal of an (M) note on a line item for utilization and quality review contracts that includes money for the Nurse Advice Line. The (M) note indicates that the money in a line item is used to match federal funds and the Controller must restrict the General Fund appropriation if the federal funds earned are more or less than the amount indicated in the Long Bill. The Department recently received notice that federal funds will not be available for the Nurse Advice Line. The Department is appealing the decision. In the meantime, the Department hopes to keep the Nurse Advice Line operating using the appropriated General Fund by scaling back operations, such as data collection requirements and/or staffing levels, and negotiating reductions (potentially temporary reductions) in other contracts paid from the same line item. This rebalancing to stay within the appropriated General Fund is only possible if the (M) note is removed. If the (M) note remains, the Department would need to stop expenditures for the Nurse Advice Line, since federal funds are no longer available.

The Nurse Advice Line provides 24 hour access to medical information and advice for Medicaid recipients. The primary purpose is to direct callers to the right level of care needed for their condition. The Nurse Advice Line uses standardized triage guidelines that the Departments describes as evidence-based to direct people to an appropriate level of care. A secondary purpose is help members manage chronic medical conditions and connect people to community resources when indicated.

STAFF RECOMMENDATION: Staff recommends approval of the request to continue the Nurse Advice Line with the appropriated level of General Fund. The Nurse Advice Line improves access to care and likely results in overall lower care costs and care that is better suited to member health needs.

The Department has been spending \$1,080,132 total funds per year on the Nurse Advice Line, including \$181,867 General Fund, \$88,166 cash funds from the provider fee on hospitals (the Healthcare Affordability and Sustainability Fee, or HAS Fee) and \$810,099 federal funds. The federal match was 75 percent. If the Department begins the process of shutting down the Nurse Advice Line now it would save about 7/12ths of the appropriated funds, or roughly \$106,000 General Fund.

However, if the Nurse Advice Line is shut down there might be increases in care costs that exceed this savings. In FY 2019-20 there were 24,089 calls to the Nurse Advice Line. Of these calls 7,673 (31.8 percent) resulted in a downgrade in the recommended level of care compared to the caller's original intent and 4,332 (18.0 percent) resulted in an upgrade. For the remaining calls there was no change. Using average costs of care the contractor (Denver Health) estimates the net result of the downgrades and upgrades was a savings of \$1.2 million total funds. It is also possible that absent the Nurse Advice Line people would instead seek advice from an emergency room, an urgent care clinic, or a primary care provider, either in person or through telemedicine. The average price of a call to the Nurse Advice Line is \$58.15 compared to a visit to the: emergency room \$343; urgent care clinic \$117; or primary care \$94. The Department estimated the substitution of alternatives to the Nurse Advice Line could result in increased costs in the range of \$500,000 to \$3.2 million total funds. It is difficult to predict what people would do absent the Nurse Advice Line. Rather than trying to predict a specific change in utilization, the Department indicates it would wait to see what happens and incorporate the care trends into the next forecast.

According to the Department, there is not currently a direct substitute for the Nurse Advice Line for fee-for-service members. Some of the managed care organizations, including Denver Health, have call lines for Medicaid members enrolled in managed care. The Department is not aware of any RAEs or

other organizations operating similar services for fee-for-service members. Medicaid primary care providers are required to have an after hours line, but the Department asserts that they do not typically use evidence-based protocols to refer callers and that the creation of the Nurse Advice Line and similar services in other states was a direct result of too many referrals to the emergency room from these after hours lines. Based on this feedback from the Department, the JBC staff wonders if a solution might be greater quality regulation by the Department of primary care after hours lines, but this may pass costs to providers.

The Department expressed optimism that ongoing negotiations with the federal Centers for Medicare and Medicaid Services (CMS) will eventually result in some level of federal financial participation. The Department notes that CMS has allowed administrative costs for nurse advice lines in managed care states. However, the Department is unsure when a resolution might occur. The supplemental is intended to get the Department through FY 2020-21.

The 24,089 calls in FY 2019-20 may include duplicates and so the number of people impacted by the Nurse Advice Line might be somewhat smaller, if there is a smaller number of people who repeatedly use the service. The current average speed to answer ranges from a minute to twenty seconds, depending on whether the call requires an RN or a lower level health advisor. This may increase with the lower level of federal funds available. According to the Department, outcome surveys indicate a 98 percent customer satisfaction rate and a 98 percent guideline and disposition accuracy. The Department did not provide details on how these are measured, but the JBC staff could collect more information if needed.