

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**FY 2014-15 STAFF FIGURE SETTING**

**DEPARTMENT OF HEALTH CARE POLICY  
AND FINANCING**

**(Medicaid Behavioral Health Community Programs)**

**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**

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The Department of Health Care Policy and Financing (HCPF) 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 HCPF 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 Medicaid behavioral health community programs administered by HCPF.

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, since January 1, 2014, BHOs have also been providing 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 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.

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## **DEPARTMENT REQUEST AND RECOMMENDATION SUMMARY**

### **Executive Request**

The Department requests a total of \$489.7 million for Medicaid behavioral health programs for FY 2014-15, including \$162.9 million General Fund. The request represents an increase of \$106.4 million (27.8 percent) compared to the existing FY 2013-14 appropriation. Most of the requested increase (\$105.5 million) is from federal funds; the requested increase also includes an increase of \$8.5 million General Fund and a decrease of \$7.6 million cash funds. The Department's request is based on the caseload and expenditure forecast that was available when the budget was submitted last November; this forecast included data through June 2013.

## Staff Recommendation

The Department recently provided an updated caseload and expenditure forecast for both FY 2013-14 and FY 2014-15 that incorporates data through December 2013. Due to significant changes reflected in the February forecast, staff has included a recommendation to further adjust FY 2013-14 appropriations based on the February forecast and staff has recommended significantly higher appropriations than requested for FY 2014-15.

Specifically, **staff recommends increasing the existing FY 2013-14 appropriation by a total of \$20.8 million (including a decrease of \$1.1 million General Fund)**. This second mid-year adjustment can be included as a separate section within the FY 2014-15 Long Bill.

**For FY 2014-15, staff's recommendation is \$60.6 million higher than the request due to higher projected caseload and expenditures.** The recommendation represents an increase of \$146.3 million (36.2 percent) compared to the recommended FY 2013-14 appropriation. **The recommended increase includes an increase of \$19.0 million General Fund, a decrease of \$6.5 million cash funds, and an increase of \$133.9 million federal funds.**

The overall staff recommendation for Medicaid behavioral health community programs is summarized in the following table, followed by a brief description of each incremental change.

Behavioral Health Community Programs						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2013-14 Appropriation</b>						
SB 13-230 (Long Bill)	\$352,220,637	\$153,384,204	\$21,294,827	\$0	\$177,541,606	0.0
SB 13-200 (Expand Medicaid eligibility)	33,417,833	76,907	(19,260,944)	0	52,601,870	0.0
HB 14-1236 (Supplemental)	(2,383,923)	1,000,880	9,145,504	0	(12,530,307)	0.0
Recommended adjustment to be included in FY 2014-15 Long Bill	<u>20,759,750</u>	<u>(1,117,248)</u>	<u>(158,738)</u>	<u>0</u>	<u>22,035,736</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$404,014,297</b>	<b>\$153,344,743</b>	<b>\$11,020,649</b>	<b>\$0</b>	<b>\$239,648,905</b>	<b>0.0</b>
<b>FY 2014-15 Recommended Appropriation</b>						
FY 2013-14 Appropriation	\$404,014,297	\$153,344,743	\$11,020,649	\$0	\$239,648,905	0.0
Annualize SB 13-200	70,524,406	465,151	(8,932,452)	0	78,991,707	0.0
Annualize substance use disorder benefit	5,710,412	1,913,309	88,973	0	3,708,130	0.0
Reverse supplemental	(1,000,000)	(500,000)	0	0	(500,000)	0.0
Annualize other prior year decisions	<u>(133,843)</u>	<u>(12,060)</u>	<u>(34,354)</u>	<u>0</u>	<u>(87,429)</u>	<u>0.0</u>
Subtotal: Continuation base	479,115,272	155,211,143	2,142,816	0	321,761,313	0.0
R2/BA2 Behavioral health programs/ FMAP change	69,016,132	16,025,272	2,347,015	0	50,643,845	0.0
IDD-related budget changes	1,966,694	964,185	0	0	1,002,509	0.0
R11 Provider rate increase	<u>209,031</u>	<u>102,932</u>	<u>0</u>	<u>0</u>	<u>106,099</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$550,307,129</b>	<b>\$172,303,532</b>	<b>\$4,489,831</b>	<b>\$0</b>	<b>\$373,513,766</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	<b>\$146,292,832</b>	<b>\$18,958,789</b>	<b>(\$6,530,818)</b>	<b>\$0</b>	<b>\$133,864,861</b>	<b>0.0</b>
Percentage Change	36.2%	12.4%	(59.3%)	0.0%	55.9%	0.0%
<b>FY 2014-15 Executive Request:</b>	<b>\$489,669,823</b>	<b>\$162,940,351</b>	<b>\$3,569,852</b>	<b>\$0</b>	<b>\$323,159,620</b>	<b>0.0</b>
Request Above/(Below) Recommendation	(\$60,637,306)	(\$9,363,181)	(\$919,979)	\$0	(\$50,354,146)	0.0

## **Description of Recommended Incremental Changes**

**Recommended adjustment to be included in FY 2014-15 Long Bill:** The recommendation includes a \$20.8 million increase in existing FY 2013-14 appropriations (including a decrease of \$1.1 million General Fund) based on the Department's February 2014 caseload and expenditure forecast.

**Annualize SB 13-200 (Expand Medicaid eligibility):** The recommendation includes an increase of \$70.5 million (including \$0.5 million General Fund) to annualize the estimated impact of the Medicaid program eligibility expansion authorized through SB 13-200.

**Annualize substance use disorder benefit:** The recommendation includes an increase of \$5.7 million (including \$1.9 million General Fund) to reflect the estimated FY 2014-15 impact of the budget initiative that was approved in 2013 to enhance the substance use disorder benefit for Medicaid clients.

**Reverse supplemental:** The recommendation eliminates \$1.0 million in one-time funding that was provided for FY 2013-14 to ensure that the transition to the new behavioral health organization (BHO) contracts that go into effect July 1, 2014, does not affect service delivery for Medicaid clients.

**Annualize other prior year decisions:** The recommendation includes two other adjustments related to prior year legislation and budget decisions:

- *R13 1.5% provider rate increase.* The recommendation includes a \$2,871 increase 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 recommendation eliminates funding (\$136,714) for this program.

**R2/BA2 Behavioral health programs/ FMAP change:** The recommendation includes an increase of \$69.0 million (including \$16.0 million General Fund) for projected caseload and expenditure changes in both the managed care and fee-for-service Medicaid behavioral health programs. This recommendation reflects a 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). In addition, the recommendation reflects fund source changes associated with a scheduled increase in the federal medical assistance percentage (FMAP) for Colorado.

**IDD-related budget changes:** The recommendation includes several adjustments related to services for adults with intellectual and developmental disabilities. The Committee has already

taken action on these staff recommendations, and the FY 2014-15 Long Bill will reflect all related Committee actions.

**R11 Provider rate increase:** The recommendation includes an increase of \$209,031 for a 3.0 percent increase in rates paid to providers that receive payments through the mental health fee-for-service program, consistent with Committee policy.

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## **INITIATIVES/ CHANGES AFFECTING MULTIPLE LINE ITEMS**

### **➔ R2/BA2 Behavioral health programs**

*Request:* The Department's November 1, 2013, budget request included a decision item to add \$26.9 million total funds (including \$9.1 million General Fund), to cover projected caseload and expenditure changes in both the managed care and fee-for-service Medicaid behavioral health programs. This incremental increase was the difference between the original FY 2013-14 appropriation and the Department's expenditure projections based on data through June 2013, less annualization of prior year legislation and budget decisions.

*Recommendation:* The Committee has already taken action to adjust FY 2013-14 appropriations based on the Department's initial caseload and expenditure forecast. The Department recently provided an updated forecast for both FY 2013-14 and FY 2014-15 that incorporates data through December 2013. Due to significant changes reflected in the February 2014 forecast, staff recommends a further adjustment to FY 2013-14 appropriations and staff recommends significantly higher appropriations than requested for FY 2014-15.

#### FY 2013-14

Staff recommends increasing FY 2013-14 appropriations by a total of \$20.8 million. The following table provides a comparison of the FY 2013-14 caseload and expenditure estimates in the Department's initial and most recent forecasts. The most recent forecast reflects significant increases in the number of children and low income adults eligible for Medicaid, and significantly higher expenditures for adults without dependent children.

*JBC Staff Figure Setting – FY 2014-15  
Staff Working Document – Does Not Represent Committee Decision*

<b>FY 2013-14 Medicaid Behavioral Health Community Programs Budget Overview</b>						
<b>Description</b>	<b>FY 2013-14 Adjusted Appropriation</b>		<b>FY 2013-14 February 7 Estimate</b>		<b>Change Due to Revision</b>	
	<b>Caseload</b>	<b>Funding</b>	<b>Caseload</b>	<b>Funding</b>	<b>Caseload</b>	<b>Funding</b>
<b>Capitation Payments</b>						
<b>Eligibility Categories</b>						
<i>Elderly adults (65 and older)</i>	41,746	\$6,836,444	42,146	\$6,986,535	400	\$150,091
<i>Adults:</i>						
Low income adults	172,717	48,812,570	180,580	53,929,408	7,863	5,116,838
Adults without dependent children	74,018	55,805,747	73,694	74,301,156	(324)	18,495,409
Breast and cervical cancer program	480	136,714	581	174,834	101	38,120
<i>Individuals with disabilities (under 65)</i>	76,288	137,823,567	77,102	137,838,114	814	14,547
<i>Children</i>	404,412	85,825,195	421,603	86,612,655	17,191	787,460
<i>Children/young adults in foster care</i>	<u>17,672</u>	<u>37,132,804</u>	<u>17,752</u>	<u>37,951,496</u>	<u>80</u>	<u>818,692</u>
Subtotal	787,333	372,373,041	813,458	397,794,198	26,125	25,421,157
<b>Adjustments:</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	(622,524)	n/a	0
Substance use disorder benefit		<u>5,272,628</u>		<u>Included above</u>		<u>(5,272,628)</u>
Subtotal	n/a	4,650,104	n/a	(622,524)	n/a	(5,272,628)
<b>Capitation Payments Total</b>	<b>787,333</b>	<b>\$377,023,145</b>	<b>813,458</b>	<b>\$397,171,674</b>	<b>26,125</b>	<b>\$20,148,529</b>
<b>Fee for Service</b>						
Inpatient		\$1,145,424		\$1,244,977		\$99,553
Outpatient		3,959,248		4,492,486		533,238
Physician		<u>126,731</u>		<u>105,160</u>		<u>(21,571)</u>
<b>Fee for Service Total</b>		<b>\$5,231,403</b>		<b>\$5,842,623</b>		<b>\$611,220</b>
<b>Total Behavioral Health Community Programs</b>	<b>787,333</b>	<b>\$382,254,548</b>	<b>813,458</b>	<b>\$403,014,297</b>	<b>26,125</b>	<b>\$20,759,749</b>
<i>Incremental Percentage Change</i>					<b>3.3%</b>	<b>5.4%</b>

The Department notes that there is a lot of uncertainty regarding the utilization rates for the population of adults without dependent children. The Department has built in a "risk corridor" around the BHO rates for this population to ensure that the Department does not overpay or underpay BHOs for services to this population. If actual utilization rates are significantly lower than estimated by the actuaries (and as reflected in the above table), the Department will recoup funds from BHOs; if rates are higher than estimated, the Department would make additional payments to the BHOs.

FY 2014-15

Staff recommends increasing FY 2014-15 appropriations by a total of \$147.3 million. The following table provides a comparison of the most recent caseload and expenditure estimates for FY 2013-14 and for FY 2014-15. Based on the most recent forecast, the Department anticipates significant increases in the number of adults without dependent children, children, and low income adults eligible for Medicaid. With respect to adults without dependent children, the FY 2014-15 estimate reflects a full 12 month impact (compared to the six month impact reflected for FY 2013-14).

*JBC Staff Figure Setting – FY 2014-15  
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In addition, the most recent FY 2014-15 forecast reflects increases in the average cost for all eligibility categories, with the most significant increases occurring in three categories:

- low income adults (11.4 percent);
- children (8.4 percent); and
- individuals under age 65 with disabilities (7.5 percent).

Appendices B and C provide details concerning the calculation of mental health capitation payments, including the estimated weighted capitation rates for each eligibility category.

<b>FY 2014-15 Medicaid Behavioral Health Community Programs Budget Overview</b>						
Description	FY 2013-14 February 7 Estimate		FY 2014-15 February 7 Estimate		Annual Change	
	Caseload	Funding	Caseload	Funding	Caseload	Funding
<b>Capitation Payments</b>						
<b>Eligibility Categories</b>						
<i>Elderly adults (65 and older)</i>	42,146	\$6,986,535	43,419	\$7,581,119	1,273	\$594,584
<i>Adults:</i>						
Low income adults	180,580	53,929,408	210,629	70,052,940	30,049	16,123,532
Adults without dependent children	73,694	74,301,156	163,808	166,432,558	90,114	92,131,402
Breast and cervical cancer program	581	174,834	0	0	(581)	(174,834)
<i>Individuals with disabilities (under 65)</i>	77,102	137,838,114	81,322	156,300,482	4,220	18,462,368
<i>Children</i>	421,603	86,612,655	452,674	100,807,370	31,071	14,194,715
<i>Children/young adults in foster care</i>	<u>17,752</u>	<u>37,951,496</u>	<u>18,248</u>	<u>40,548,519</u>	<u>496</u>	<u>2,597,023</u>
Subtotal	813,458	397,794,198	970,100	541,722,988	156,642	143,928,790
<b>Adjustments/ Prioritized Requests:</b>						
Recoupments for prior year payments for ineligible		0		0		0
Date of death retractions		(622,524)		(559,280)		63,244
Substance use disorder benefit		Included above		Included above		0
IDD-related changes		n/a		<u>1,966,694</u>		<u>1,966,694</u>
Subtotal		(622,524)		1,407,414		2,029,938
<b>Capitation Payments Total</b>	<b>813,458</b>	<b>\$397,171,674</b>	<b>970,100</b>	<b>\$543,130,402</b>	<b>156,642</b>	<b>\$145,958,728</b>
<b>Fee for Service</b>						
Inpatient		\$1,244,977		\$1,484,713		\$239,736
Outpatient		4,492,486		5,357,572		865,086
Physician		<u>105,160</u>		<u>125,410</u>		<u>20,250</u>
Subtotal		5,842,623		6,967,695		1,125,072
R11 Community provider rate (at 3.0%)		n/a		209,031		209,031
<b>Fee for Service Total</b>		<b>\$5,842,623</b>		<b>\$7,176,726</b>		<b>\$1,334,103</b>
<b>Total Behavioral Health Community Programs</b>	<b>813,458</b>	<b>\$403,014,297</b>	<b>970,100</b>	<b>\$550,307,128</b>	<b>156,642</b>	<b>\$147,292,831</b>
<i>Incremental Percentage Change</i>					<i>19.3%</i>	<i>36.5%</i>

**➔ BA10 Enhanced FMAP**

*Request:* The Department submitted a budget amendment to adjust fund sources to reflect a recent change in Colorado's federal medical assistance percentage (FMAP). Specifically, Colorado's FMAP is scheduled to increase from 50.00 percent to 51.01 percent, effective October 1, 2014.

*Recommendation:* All staff recommendations reflect the scheduled change in the FMAP.

### **(3) Behavioral Health Community Programs**

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This section of the Department's budget includes funding for payments to behavioral health organizations (BHOs) through the statewide managed care or "capitated" program, and for 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.

#### **LINE ITEM DETAIL – (3) BEHAVIORAL HEALTH COMMUNITY PROGRAMS**

##### **Behavioral Health Capitation Payments**

This line item provides the majority of funding for behavioral health services for Medicaid clients. Most 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.

Since January 1, 2014, BHOs are also responsible for providing substance use disorder (SUD) services to Medicaid clients. 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 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.

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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.

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/young adults 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).

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 mental health 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 are 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

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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 mental health institutes; (3) Individuals who are NGRI and who are in the community on temporary physical removal from a mental health institute.

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

*JBC Staff Figure Setting – FY 2014-15*  
*Staff Working Document – Does Not Represent Committee Decision*

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.

The following table details recent expenditure and caseload trends for this line item. The table also details staff's recommendations for FY 2013-14 and FY 2014-15.

<b>Medicaid Behavioral Health Capitation Payments</b>						
	FY 2011-12	FY 2012-13	FY 2013-14		FY 2014-15	
	Actual	Actual	Adjusted Appropriation	Feb. 7, 2014 Estimate	Nov. 1, 2013 Request 1/	Feb. 7, 2014 Estimate 1/
<b>Capitation Payments</b>	<b>\$273,376,614</b>	<b>\$301,303,046</b>	<b>\$377,023,145</b>	<b>\$397,171,674</b>	<b>\$483,057,318</b>	<b>\$543,130,402</b>
Annual Dollar Change	\$24,023,949	\$27,926,432	\$75,720,099	\$95,868,628	\$85,885,644	\$145,958,728
Annual Dollar % Change	9.6%	10.2%	25.1%	31.8%	21.6%	36.7%
Caseload	598,322	659,104	787,333	813,458	939,903	970,422
Annual Caseload Change	57,866	60,782	128,229	154,354	152,570	156,964
Annual Caseload % Change	10.7%	10.2%	19.5%	23.4%	19.4%	19.3%

1/ These amounts include the expenditure and caseload impacts of two budget requests that affect individuals with developmental

**FY 2013-14**

**Request:** The Department submitted a request to change the FY 2013-14 appropriation as required in January 2014. The Committee acted on that request in January.

**Recommendation:** Staff recommends increasing the existing FY 2013-14 appropriation by \$20.1 million total funds (including a decrease of \$1.4 million General Fund) based on the Department's February 2014 caseload and expenditure forecast. As indicated in the table above, the rate of expenditure growth is anticipated to outpace the rate of caseload growth in both FY 2013-14 and FY 2014-15 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.

**FY 2014-15**

**Request:** The Department requests \$483.3 million (including \$159.8 million General Fund) for FY 2014-15.

<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

*JBC Staff Figure Setting – FY 2014-15*  
*Staff Working Document – Does Not Represent Committee Decision*

**Recommendation:** Staff recommends appropriating \$543.1 million for FY 2014-15 (including \$168.8 million General Fund) based on the Department's February 2014 caseload and expenditure forecast.

The staff recommendations for this line item are summarized in the following table. In addition, Appendices B and C detail the caseload and rate data that underlie the Department's February forecast for FY 2013-14 and FY 2014-15.

<b>Behavioral Health Community Programs, Behavioral Health Capitation Payments</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>						
SB 13-230 (Long Bill)	\$347,419,591	\$150,983,681	\$21,294,827	\$0	\$175,141,083	0.0
SB 13-200 (Expand Medicaid eligibility)	33,417,833	76,907	(19,260,944)	0	52,601,870	0.0
HB 14-1236 (Supplemental)	(3,814,279)	285,702	9,145,504	0	(13,245,485)	0.0
Recommended adjustment to be included in FY 2014-15 Long Bill	<u>20,148,529</u>	<u>(1,422,858)</u>	<u>(158,738)</u>	<u>0</u>	<u>21,730,125</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$397,171,674</b>	<b>\$149,923,432</b>	<b>\$11,020,649</b>	<b>\$0</b>	<b>\$236,227,593</b>	<b>0.0</b>
<b>FY 2014-15 Recommended Appropriation</b>						
FY 2013-14 Appropriation	\$397,171,674	\$149,923,432	\$11,020,649	\$0	\$236,227,593	0.0
Annualize SB 13-200	70,524,406	465,151	(8,932,452)	0	78,991,707	0.0
Annualize substance use disorder benefit	5,710,412	1,913,309	88,973	0	3,708,130	0.0
Annualize HB 08-1373 Breast Cervical Cancer Fund	<u>(136,714)</u>	<u>(13,496)</u>	<u>(34,354)</u>	<u>0</u>	<u>(88,864)</u>	<u>0.0</u>
Subtotal: Continuation base	\$473,269,778	\$152,288,396	\$2,142,816	\$0	\$318,838,566	0.0
FMAP change on continuation base	0	(2,342,661)	(32,963)	0	2,375,624	0.0
R2/BA2 Behavioral health programs	67,893,931	18,134,348	2,416,589	0	47,342,994	0.0
FMAP change on R2/BA2	0	(274,735)	(36,611)	0	311,346	0.0
IDD-related budget changes	<u>1,966,694</u>	<u>964,185</u>	<u>0</u>	<u>0</u>	<u>1,002,509</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$543,130,403</b>	<b>\$168,769,533</b>	<b>\$4,489,831</b>	<b>\$0</b>	<b>\$369,871,039</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	<b>\$145,958,729</b>	<b>\$18,846,101</b>	<b>(\$6,530,818)</b>	<b>\$0</b>	<b>\$133,643,446</b>	<b>0.0</b>
Percentage Change	36.7%	12.6%	(59.3%)	0.0%	56.6%	0.0%
<b>FY 2014-15 Executive Request:</b>	<b>\$483,334,936</b>	<b>\$159,772,908</b>	<b>\$3,569,852</b>	<b>\$0</b>	<b>\$319,992,176</b>	<b>0.0</b>
Request Above/(Below) Recommendation	(\$59,795,467)	(\$8,996,625)	(\$919,979)	\$0	(\$49,878,863)	0.0

*Recommended adjustment to be included in the FY 2014-15 Long Bill:* As described above for R2/BA2, the recommendation includes an increase of \$20.1 million for FY 2013-14 based on the Department's February 2014 caseload and expenditure forecast.

*Annualize SB 13-200:* The recommendation includes an increase of \$70.5 million to annualize the impact of the Medicaid program eligibility expansion authorized through SB 13-200. For purposes of this table, staff has reflected the amount anticipated in the fiscal note for S.B. 13-200; any impacts of the new forecast on the expanded population are reflected within R2/BA2.

Senate Bill 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

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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 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.

<b>Estimated Fiscal Impact of S.B. 13-200 for Behavioral Health Programs</b>					
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.

*Annualize substance use disorder benefit:* The recommendation includes an increase of \$5.7 million to reflect the FY 2014-15 impact of the budget initiative that was approved in 2013 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. For purposes of this table, staff has reflected the amount anticipated in the

decision item for this enhancement; any impacts of the new forecast on the cost of these benefits are reflected within R2/BA2.

*Annualize HB 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 recommendation eliminates funding (\$136,714) for this program.

*FMAP change on continuation base:* As described above for BA10, the recommendation reflects the impact of the scheduled change in the FMAP.

*R2/BA2 Behavioral health programs:* As described above for R2/BA2, the recommended increase for FY 2014-15 is based on the Department's February caseload and expenditure forecast.

*FMAP change on R2/BA2:* As described for BA10 above, the recommendation reflects the impact of the scheduled change in the FMAP.

*IDD-related budget changes:* The recommendation includes several adjustments related to services for adults with intellectual and developmental disabilities. The Committee has already taken action on these staff recommendations, and the FY 2014-15 Long Bill will reflect all related Committee actions.

### **Mental Health Fee for Service Payments**

This line item supports two types of fee-for-service payments:

- *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 substance use disorder (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 staff's recommendations for FY 2013-14 and 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 Behavioral Health Fee-for-service Payments</b>						
	FY 2011-12	FY 2012-13	FY 2013-14		FY 2014-15	
	Actual	Actual	Adjusted Appropriation	Feb. 7, 2014 Estimate	Nov. 1, 2013 Request 1/	Feb. 7, 2014 Estimate 2/
Inpatient Services	\$632,150	\$923,795	\$1,145,424	\$1,244,977	1,387,034	\$1,484,713
Outpatient Services	3,064,324	3,193,170	3,959,248	4,492,486	4,794,390	5,357,572
Physician Services	168,509	102,210	126,731	105,160	153,463	125,410
Adjustment to match COFRS 3/	<u>29,056</u>	<u>350,023</u>	n/a	n/a	n/a	n/a
<b>Total Fee-for-Service Funding</b>	<b>\$3,894,039</b>	<b>\$4,569,198</b>	<b>\$5,231,403</b>	<b>\$5,842,623</b>	<b>\$6,334,887</b>	<b>\$6,967,695</b>
Annual Dollar Change	\$23,445	\$675,159	\$662,205	\$1,273,425	\$492,264	\$1,125,072
Annual Dollar % Change	0.6%	17.3%	14.5%	27.9%	8.4%	19.3%
Caseload	598,322	659,104	787,333	813,458	939,903	970,422
Annual Caseload Change	57,866	60,782	128,229	154,354	126,445	156,964
Annual Caseload % Change	10.7%	10.2%	19.5%	23.4%	15.5%	19.3%

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/ Excludes \$209,031 increase for 3.0 percent provider rate increase.

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.

**➔ R11 Provider rate increase**

*Request:* The Department's request includes a 1.5 percent provider rate increase.

*Recommendation:* Staff's recommendation includes \$209,031 total funds for a 3.0 percent provider rate increase, consistent with Committee policy.

FY 2013-14

**Request:** The Department submitted a request to change the FY 2013-14 appropriation as required in January 2014. The Committee acted on that request in January.

**Recommendation:** Staff recommends increasing the existing FY 2013-14 appropriation by \$611,221 total funds (including \$305,610 General Fund) based on the Department's February 2014 caseload and expenditure forecast.

FY 2014-15

**Request:** The Department requests \$6.3 million (including \$3.2 million General Fund) for FY 2014-15.

**Recommendation:** Staff recommends appropriating \$7.2 million for FY 2014-15 (including \$3.5 million General Fund) based on the Department's February 2014 caseload and expenditure forecast. In addition, staff recommends renaming this line item "Behavioral Health Fee-for-service Payments". As indicated above, the fee-for-service program covers mental health and SUD services. In addition, based on advice from the Revisor of Statutes, staff recommends consistently using a hyphen in line items that contain a compound modifier that immediately precedes a noun.

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The staff recommendations for this line item are summarized in the following table.

<b>Behavioral Health Community Programs, Behavioral Health Fee-for-service Payments</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Federal Funds</b>	<b>FTE</b>	
<b>FY 2013-14 Appropriation</b>					
SB 13-230 (Long Bill)	\$4,801,046	\$2,400,523	\$2,400,523	0.0	
HB 14-1236 (Supplemental)	430,356	215,178	215,178	0.0	
Recommended adjustment to be included in FY 2014-15 Long Bill	<u>611,221</u>	<u>305,610</u>	<u>305,611</u>	<u>0.0</u>	
<b>TOTAL ADJUSTED APPROPRIATION</b>	<b>\$5,842,623</b>	<b>\$2,921,311</b>	<b>\$2,921,312</b>	<b>0.0</b>	
<b>FY 2014-15 Recommended Appropriation</b>					
FY 2013-14 Appropriation	\$5,842,623	\$2,921,311	\$2,921,312	0.0	
Annualize prior year provider rate increase	<u>2,871</u>	<u>1,436</u>	<u>1,435</u>	<u>0.0</u>	
Subtotal: Continuation base	5,845,494	2,922,747	2,922,747	0.0	
FMAP change on continuation base	0	(44,280)	44,280	0.0	
R2/BA2 Behavioral health programs	1,122,201	561,101	561,100	0.0	
FMAP change on R2/BA2	0	(8,501)	8,501	0.0	
R11 Provider rate increase	209,031	104,515	104,516	0.0	
FMAP change on R11	<u>0</u>	<u>(1,583)</u>	<u>1,583</u>	<u>0.0</u>	
<b>TOTAL</b>	<b>\$7,176,726</b>	<b>\$3,533,999</b>	<b>\$3,642,727</b>	<b>0.0</b>	
<b>Increase/(Decrease)</b>	\$1,334,103	\$918,298	\$1,027,026	0.0	
Percentage Change	22.8%	35.1%	39.3%	0.0%	
<b>FY 2014-15 Executive Request:</b>	<b>\$6,334,887</b>	<b>\$3,167,443</b>	<b>\$3,167,444</b>	<b>0.0</b>	
Request Above/(Below) Recommendation	(\$841,839)	(\$366,556)	(\$475,283)	0.0	

*Recommended adjustment to be included in the FY 2014-15 Long Bill:* As described above for R2/BA2, the recommendation includes an increase of \$611,221 for FY 2013-14 based on the Department's February 2014 caseload and expenditure forecast.

*Annualize prior year provider rate increase:* The recommendation includes an increase to reflect the full year impact of the 1.5 percent rate increase approved for FY 2013-14 for providers that receive payments through this line item.

*FMAP change on continuation base:* As described above for BA10, the recommendation reflects the impact of the scheduled change in the FMAP.

*R2/BA2 Behavioral health programs:* As described above for R2/BA2, the recommended increase for FY 2014-15 is based on the Department's February caseload and expenditure forecast.

*FMAP change on R2/BA2:* As described for BA10 above, the recommendation reflects the impact of the scheduled change in the FMAP.

*R11 Provider rate increase:* As described above for R11, the recommendation includes an increase for a 3.0 percent provider rate increase (applied to the adjusted base), consistent with Committee policy

*FMAP change on R11:* As described for BA10 above, the recommendation reflects the impact of the scheduled change in the FMAP.

**Contract Reprocurement**

This line item, first included in H.B. 14-1236 (the FY 2013-14 supplemental bill for HCPF), provides a one-time appropriation to ensure that the transition to the new behavioral health organization (BHO) contracts on July 1, 2014, does not affect service delivery for Medicaid clients. The appropriation provides up to \$200,000 per contract to cover administrative costs that would be incurred by an incoming vendor prior to the end-date of the current BHO contracts. In the event that all of the current BHO vendors are re-contracted by the Department, no transition funds will be utilized.

**Request:** The Department does not request any funding for this purpose for FY 2014-15.

**Recommendation:** Staff recommends eliminating this line item for FY 2014-15.

**Long Bill Footnotes and Requests for Information**

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**LONG BILL FOOTNOTES**

The only Long Bill footnote that impacts this section is #1, which concerns the submission of monthly expenditure and caseload reports. This footnote will be addressed through Eric Kurtz's figure setting packet. Staff does not recommend any new footnotes for FY 2014-15.

**REQUESTS FOR INFORMATION**

Staff does not recommend any requests for information for FY 2014-15.

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**Appendix A: Number Pages**

	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
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<p><b>DEPARTMENT OF HEALTH CARE POLICY AND FINANCING</b>  <b>Sue Birch, Executive Director</b></p>
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**(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>397,171,674</u>	<u>483,334,936</u>	<u>543,130,403</u> *
General Fund	131,782,602	136,833,502	149,923,432	159,772,908	168,769,533
Cash Funds	5,791,948	13,513,748	11,020,649	3,569,852	4,489,831
Reappropriated Funds	25,046	0	0	0	0
Federal Funds	135,777,018	150,955,796	236,227,593	319,992,176	369,871,039
Behavioral Health Fee-for-service Payments	<u>3,894,039</u>	<u>4,569,198</u>	<u>5,842,623</u>	<u>6,334,887</u>	<u>7,176,726</u> *
General Fund	1,917,565	2,253,518	2,921,311	3,167,443	3,533,999
Federal Funds	1,976,474	2,315,680	2,921,312	3,167,444	3,642,727
Contract Reprocurement	<u>0</u>	<u>0</u>	<u>1,000,000</u>	<u>0</u>	<u>0</u>
General Fund	0	0	500,000	0	0
Federal Funds	0	0	500,000	0	0

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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>FY 2014-15 Recommendation</b>
<b>TOTAL - (3) Behavioral Health Community</b>					
<b>Programs</b>	277,270,653	305,872,244	404,014,297	489,669,823	550,307,129
<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	153,344,743	162,940,351	172,303,532
Cash Funds	5,791,948	13,513,748	11,020,649	3,569,852	4,489,831
Reappropriated Funds	25,046	0	0	0	0
Federal Funds	137,753,492	153,271,476	239,648,905	323,159,620	373,513,766
<b>TOTAL - Department of Health Care Policy and</b>					
<b>Financing</b>	277,270,653	305,872,244	404,014,297	489,669,823	550,307,129
<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	153,344,743	162,940,351	172,303,532
Cash Funds	5,791,948	13,513,748	11,020,649	3,569,852	4,489,831
Reappropriated Funds	25,046	0	0	0	0
Federal Funds	137,753,492	153,271,476	239,648,905	323,159,620	373,513,766

*JBC Staff Figure Setting – FY 2014-15*  
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## Appendix B: FY 2013-14 Mental Health Capitation Payments Calculations

**Calculation of Behavioral Health Capitation Payments: Revised Estimate for FY 2013-14 (per February 7 Forecast)**

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	\$13.53	\$143.92	\$22.59	\$104.76	\$16.22	\$176.69	\$23.21	
Second 6 months	\$14.11	\$154.64	\$27.13	\$82.07	\$18.07	\$179.65	\$27.13	
<b>Estimated Monthly Caseload:</b>								
First 6 months	41,783	75,979	167,123	18,108	427,004	17,685	613	748,295
Second 6 months	42,508	78,225	194,038	129,279	416,203	17,818	550	878,621
Full year	42,146	77,102	180,581	73,694	421,604	17,752	582	813,458
<b>Total Capitated Payments (per member, per month rate X monthly caseload):</b>								
First 6 months	\$3,391,944	\$65,609,386	\$22,651,851	\$11,381,964	\$41,556,029	\$18,748,576	\$85,366	\$163,425,117
Second 6 months	<u>3,598,727</u>	<u>72,580,284</u>	<u>31,585,506</u>	<u>63,659,565</u>	<u>45,124,729</u>	<u>19,206,022</u>	<u>89,529</u>	<u>235,844,363</u>
Full year	\$6,990,671	\$138,189,670	\$54,237,357	\$75,041,530	\$86,680,759	\$37,954,598	\$174,895	\$399,269,480
<b>Estimated Expenditures:</b>								
<u>First 6 months</u>								
Claims paid in current period	\$3,335,589	\$62,619,477	\$21,884,037	\$11,208,584	\$40,681,280	\$18,632,434	\$84,397	\$158,445,798
Claims from prior periods	55,961	2,991,878	763,212	173,000	885,370	116,242	956	4,986,619
<u>Second 6 months</u>								
Claims paid in current period	3,539,348	69,270,623	30,521,074	62,691,940	44,163,619	19,086,945	88,526	229,362,075
Claims from prior periods	<u>55,637</u>	<u>2,956,136</u>	<u>761,085</u>	<u>227,632</u>	<u>882,386</u>	<u>115,875</u>	<u>955</u>	<u>4,999,706</u>
Total Estimated Expenditures	\$6,986,535	\$137,838,114	\$53,929,408	\$74,301,156	\$86,612,655	\$37,951,496	\$174,834	\$397,794,198
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>\$6,863,920</b>	<b>\$137,379,567</b>	<b>\$53,917,224</b>	<b>\$74,291,549</b>	<b>\$86,606,581</b>	<b>\$37,939,102</b>	<b>\$173,731</b>	<b>\$397,171,674</b>
<b>Adjustments:</b>								
Recoupment adjustments								0
Substance use disorder benefit (second 6 months) -- estimated expenditures are reflected above								0
<b>Total Revised Estimate of Behavioral Health Capitation Payments</b>								<b>\$397,171,674</b>

*JBC Staff Figure Setting – FY 2014-15  
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## Appendix C: FY 2014-15 Mental Health Capitation Payments Calculations

**Calculation of Behavioral Health Capitation Payments: FY 2014-15 Recommendation (per February 7 Forecast)**

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	\$14.56	\$160.74	\$27.78	\$84.46	\$18.59	\$185.23	\$0.00	
Second 6 months	\$14.56	\$160.73	\$27.78	\$84.46	\$18.59	\$185.22	\$0.00	
<b>Estimated Monthly Caseload:</b>								
First 6 months	43,077	79,783	206,861	163,808	430,313	18,192	0	942,034
Second 6 months	43,760	82,861	214,396	163,808	475,035	18,302	0	998,162
Full year	43,419	81,322	210,629	163,808	452,674	18,247	0	970,098
<b>Total Capitated Payments (per member, per month rate X monthly caseload):</b>								
First 6 months	\$3,763,207	\$76,945,917	\$34,479,673	\$83,011,342	\$47,997,113	\$20,218,225	\$0	\$266,415,476
Second 6 months	<u>3,822,874</u>	<u>79,909,491</u>	<u>35,735,607</u>	<u>83,011,342</u>	<u>52,985,405</u>	<u>20,339,379</u>	<u>0</u>	<u>275,804,098</u>
Full year	\$7,586,080	\$156,855,408	\$70,215,280	\$166,022,684	\$100,982,518	\$40,557,604	\$0	\$542,219,574
<b>Estimated Expenditures:</b>								
<u>First 6 months</u>								
Claims paid in current period	\$3,701,114	\$73,437,183	\$33,317,708	\$81,749,570	\$46,974,774	\$20,092,872	\$0	\$259,273,221
Claims from prior periods	58,674	3,187,117	1,047,449	1,273,191	956,888	118,437	0	6,641,756
<u>Second 6 months</u>								
Claims paid in current period	3,759,797	76,265,618	34,531,317	81,749,570	51,856,816	20,213,275	0	268,376,393
Claims from prior periods	<u>61,534</u>	<u>3,410,564</u>	<u>1,156,466</u>	<u>1,660,227</u>	<u>1,018,892</u>	<u>123,935</u>	<u>0</u>	<u>7,431,618</u>
Total Estimated Expenditures	\$7,581,119	\$156,300,482	\$70,052,940	\$166,432,558	\$100,807,370	\$40,548,519	\$0	\$541,722,988
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>\$7,470,765</b>	<b>\$155,887,790</b>	<b>\$70,041,974</b>	<b>\$166,423,912</b>	<b>\$100,801,903</b>	<b>\$40,537,364</b>	<b>\$0</b>	<b>\$541,163,708</b>
<b>Adjustments:</b>								
Recoupment adjustments								0
Substance use disorder benefit (12 months) -- estimated expenditures are reflected above								0
<b>Total Revised Estimated Behavioral Health Capitation Payments</b>								<b>\$541,163,708</b>
<b>Decision Items:</b>								
IDD-related budget changes								<u>1,966,694</u>
<b>Total Recommendation</b>								<b>\$543,130,402</b>