

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**SUPPLEMENTAL REQUESTS FOR FY 2014-15
DEPARTMENT OF HEALTH CARE POLICY AND
FINANCING**

**(Executive Director's Office, Medical Services Premiums, Indigent Care Programs, and
Other Medical 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

The Department helps pay health and long-term care expenses for low-income and vulnerable populations. To assist with these costs the Department receives significant federal matching funds, but must adhere to federal rules regarding program eligibility, benefits, and other features, as a condition of accepting the federal money. The major programs administered by the Department include:

- **Medicaid** – serves people with low income and people needing long-term care
- **Children's Basic Health Plan** – provides a low-cost insurance option for children and pregnant women with income slightly higher than the Medicaid eligibility criteria
- **Colorado Indigent Care Program** – defrays a portion of the costs to providers of uncompensated and under-compensated care for people with low income, if the provider agrees to program requirements for discounting charges to patients on a sliding scale based on income
- **Old Age Pension Health and Medical Program** – serves elderly people with low income who qualify for a state pension but do not qualify for Medicaid or Medicare.

The Department also performs functions related to improving the health care delivery system, including advising the General Assembly and the Governor, distributing tobacco tax funds through the Primary Care and Preventive Care Grant Program, financing Public School Health Services, and housing the Commission on Family Medicine Residency Training Programs.

Summary: FY 2014-15 Appropriation and Recommendation

| Department of Health Care Policy and Financing: Recommended Changes for FY 2014-15 | | | | | | |
|---|------------------------|------------------------|----------------------|-------------------------|------------------------|--------------|
| | Total Funds | General Fund | Cash Funds | Reappropriated Funds | Federal Funds | FTE |
| FY 2014-15 Appropriation | | | | | | |
| HB 14-1336 (Long Bill) | \$7,855,593,433 | \$2,259,525,686 | \$946,748,434 | \$7,782,578 | \$4,641,536,735 | 389.1 |
| Other legislation | <u>21,262,030</u> | <u>4,945,577</u> | <u>5,529,056</u> | <u>0</u> | <u>10,787,397</u> | <u>1.8</u> |
| Current FY 2014-15 Appropriation | \$7,876,855,463 | \$2,264,471,263 | \$952,277,490 | \$7,782,578 | \$4,652,324,132 | 390.9 |
| Recommended Changes | | | | | | |
| Current FY 2014-15 Appropriation | \$7,876,855,463 | 2,264,471,263 | \$952,277,490 | \$7,782,578 | \$4,652,324,132 | 390.9 |
| S1 Medical Service Premiums | 141,891,780 | 83,683,422 | 25,167,600 | 0 | 33,040,758 | 0.0 |
| S3 Childrens Basic Health Plan | (15,923,038) | (4,761,426) | 237,914 | 0 | (11,399,526) | 0.0 |

JBC Staff Supplemental Recommendations: FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

| Department of Health Care Policy and Financing: Recommended Changes for FY 2014-15 | | | | | | |
|---|------------------------|-------------------------|-----------------------|---------------------------------|--------------------------|--------------|
| | Total Funds | General Fund | Cash Funds | Reappropriated Funds | Federal Funds | FTE |
| S4 Medicare Modernization Act | 5,765,582 | 10,038,677 | 0 | 0 | (4,273,095) | 0.0 |
| S7 MMIS adjustments | (882,046) | (394,549) | 63,203 | 0 | (550,700) | 0.0 |
| S8 Legacy systems and technology support | 263,131 | 131,566 | 0 | 0 | 131,565 | 0.0 |
| S9 CLAG recommendations and HCBS final rule review | 236,800 | 105,900 | 12,500 | 0 | 118,400 | 0.0 |
| S10 Provider fee analytics | 1,000,000 | 0 | 500,000 | 0 | 500,000 | 0.0 |
| S11 Enhanced payments to dental providers | 0 | 0 | 0 | 0 | 0 | 0.0 |
| S12 Leased space true-up | 872,302 | 453,982 | (17,830) | 0 | 436,150 | 0.0 |
| S13 Predictive analytics FTE | 0 | 0 | 0 | 0 | 0 | 0.0 |
| S14 Medical identification card adjustment | 120,727 | 3,596 | 55,971 | 0 | 61,160 | 0.0 |
| S15 PACAP contractor | 204,073 | 102,037 | 0 | 0 | 102,036 | 0.0 |
| S16 Public school health services | 11,737,894 | 0 | 5,895,896 | 0 | 5,841,998 | 0.0 |
| S-NP Capitol Complex leased space adjustment | 40,975 | 20,487 | 0 | 0 | 20,488 | 0.0 |
| S-NP COFRS modernization adjustment | 1,153,368 | 564,778 | 295,413 | 0 | 293,177 | 0.0 |
| S-NP Administrative Law Judges | <u>29,089</u> | <u>11,303</u> | <u>3,242</u> | <u>0</u> | <u>14,544</u> | <u>0.0</u> |
| Recommended FY 2014-15 Appropriation | \$8,023,366,100 | \$2,354,431,036 | \$984,491,399 | \$7,782,578 | \$4,676,661,087 | 390.9 |
| Recommended Increase/(Decrease) | \$146,510,637 | \$89,959,773 | \$32,213,909 | \$0 | \$24,336,955 | 0.0 |
| Percentage Change | 1.9% | 4.0% | 3.4% | 0.0% | 0.5% | 0.0% |
| FY 2014-15 Executive Request | \$8,024,110,793 | \$2,354,625,002 | \$984,505,667 | \$7,782,578 | \$4,677,197,546 | 391.1 |
| Request Above/(Below) Recommendation | \$744,693 | \$193,966 | \$14,268 | \$0 | \$536,459 | 0.2 |

Request/Recommendation Descriptions

S1 Medical Service Premiums: The adjustment is for changes in the forecasted enrollment and expenditures for the Medicaid program under current law.

S3 Childrens Basic Health Plan: The adjustment is for changes in the forecasted enrollment and expenditures for the Children's Basic Health Plan under current law.

S4 Medicare Modernization Act: The adjustment is for changes in the forecasted state obligation under the federal Medicare Modernization Act of 2009. This act provides for the federal government to recoup from states a portion of pharmaceutical expenditures for people dually eligible for Medicare and Medicaid.

S7 MMIS adjustments: The request is for funding to address development issues with the new Medicaid Management Information System (MMIS).

S8 Legacy systems and technology support: The requested funding addresses stability, security, capacity, and system change issues with several information technology resources.

S9 CLAG recommendations and HCBS final rule review: The requested funding is to analyze and respond to some recently released policy directives and reports regarding long term services and supports (LTSS),

S10 Provider fee analytics: The Department requests an ongoing increase in the base appropriations from the Hospital Provider Fee for administrative costs.

S11 Enhanced payments to dental providers: The Department requests authority to roll forward any unused portion of the FY 2014-15 appropriation for enhanced payments to dental providers to FY 2015-16, and removal of the (M) headnote that restricts the available General Fund if the federal match rate is higher or lower.

S12 Leased space true-up: The Department requests changes to leased space and operating appropriations based on new information about actual costs of the transition to 303 E. 17th Avenue.

S13 Predictive analytics FTE: The Department requests a new FTE, starting in May 2015, to implement predictive analytic software designed to identify potentially fraudulent billing patterns and prevent inappropriate payments.

S14 Medical identification card adjustment: The Department requests an increase for printing and mailing medical identification cards, due to higher than expected Medicaid enrollment.

S15 PACAP contractor: The requested funding would update the Public Assistance Cost Allocation Plan (PACAP) that apportions overhead costs to the various programs of the Department for purposes of determining the federal match rate.

S16 Public school health services: The Department requests an increase in spending authority for Public School Health Services based on a projected increase in certified public expenditures by school districts and Boards of Cooperative Education Services (BOCES).

S-NP: The Department submitted requests to adjust centrally appropriated line items according to OSPB common policies.

Prioritized Supplemental Requests

SUPPLEMENTAL REQUEST, DEPARTMENT PRIORITY S1 MEDICAL SERVICE PREMIUMS

| | Request | Recommendation |
|---------------|-----------------------------|-----------------------------|
| Total | <u>\$141,891,780</u> | <u>\$141,891,780</u> |
| General Fund | 83,683,422 | 83,683,422 |
| Cash Funds | 25,167,600 | 25,167,600 |
| Federal Funds | 33,040,758 | 33,040,758 |

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

Department Request

The Department requests funding based on a new projection of enrollment and expenditures under current law. The forecast used for the original FY 2014-15 appropriation incorporated trend data through December 2013 while the latest forecast used for this supplemental request incorporates data through June 2014. The Department will submit a new forecast in February that uses data through December 2014. If that February forecast is significantly different than the forecast used for this supplemental, then the JBC staff may recommend a supplemental add-on to the Long Bill.

The FY 2014-15 revised projection of expenditures is 2.5 percent higher than the appropriation in total, but 5.2 percent higher in General Fund. The change in the forecast is the result of hundreds of little changes, many offsetting each other, that compound to result in the net increase. A few changes that are worth noting for their size or for being different than the usual tweaking that happens to the forecast every year are described below.

- Welcome mat effect underestimated – The Department believes that national publicity and outreach efforts associated with the Medicaid expansion, along with the individual mandate of the ACA, created a "welcome mat" that resulted in higher enrollment rates from among the potentially eligible than observed in prior years. The Department anticipated a welcome mat effect in the forecast used for the appropriation, but the Department believes the actual effect has been greater than anticipated. This is particularly true for parents/caretakers to 68 percent of the FPL and children. The Department increased enrollment projections by approximately 30,000 for parents/caretakers to 68 percent of the FPL and approximately 8,000 for children based on actual enrollment through June 2014. Similarly, the Department believes it underestimated the success counties and the Department of Human Services would have in outreach efforts to former foster children ages 21 to 26 who became eligible

under provisions of the ACA. The Department increased the projection for foster children by approximately 2,300.

- Per capita costs of clients responding to the welcome mat effect – In the forecast used for the appropriation the Department assumed that people eligible but not enrolled (EBNE) who responded to the welcome mat effect would have per capita costs below those of the standard enrolled population. The assumption was that this population would have sought enrollment before the welcome mat effect if they had pressing health issues. However, there was significant uncertainty about the per capita cost assumptions, because the Department had no history with these clients. Based on actual expenditure patterns, for children the Department has revised per capita cost assumptions upward about \$55, and for parents and caretakers to 68 percent of the FPL the Department has revised per capita cost assumptions downward about \$370. The change for parents/caretakers is not entirely attributable to welcome mat effect enrollment, but includes an adjustment for lower-than-expected per capita costs in FY 2013-14, too.
- Continuous eligibility – The Department believes continuous eligibility may be responsible for an increase in enrollment from the expectation for children eligible through S.B. 11-008. The Department revised the enrollment projection for this population upward by approximately 25,000. Senate Bill 11-008 granted Medicaid eligibility to children 6-19 with family income between 100 percent and 133 percent of the FPL. This population was previously eligible for CHP+ and remains eligible for the CHP+ match rate while on Medicaid. Pursuant to statute, continuous eligibility for children is supposed to be financed with the Hospital Provider Fee (HPF), but the Department has assumed General Fund for the larger than expected S.B. 11-008 population. The Department explains that the speculation that the increase in population is attributable to continuous eligibility for children is just a speculation and that practically speaking there is no way to determine which children are eligible due to continuous eligibility. As a result, the Department did not change the estimate of the amount of funding from the HPF for continuous eligibility in FY 2014-15.
- Federal standardization of eligibility determinations – The ACA required changes in the way states determine income for purposes of Medicaid and CHP+ eligibility. The changes can either increase or decrease a client's income compared to the old eligibility standard, depending on individual circumstances. The Department believes the new eligibility standards caused some movements between eligibility categories that changed financing in ways not anticipated in the appropriation, particularly with how family size is calculated. The new federal standards have also caused some people to move from federally funded adult and parent categories to the state matched pregnant category. In addition, for children the new method for determining income results in a higher effective income eligibility threshold.
- Nursing bed days and rates – The Department increased the projection of both nursing bed days and rates based on higher than expected FY 2013-14 actuals.
- Program of All-inclusive Care for the Elderly (PACE) – The Department had originally anticipated that a one-time coding issue that resulted in an underestimate of PACE expenditures would be resolved in FY 2013-14, but the Department has now included those costs in FY 2014-15.

Staff Recommendation

Staff recommends approval of the request. The new forecast uses more recent data than the forecast used for the original appropriation. All of the expenditures contained in the supplemental are for programs authorized in current law. If the February forecast is significantly different than the forecast used for this supplemental, then the JBC staff may recommend a supplemental add-on to the Long Bill.

The JBC staff is working with the Department on an updated estimate of the enrollment growth among children that is attributable to continuous eligibility. The JBC staff believes this population should be financed with the Hospital Provider Fee, rather than the General Fund, based on current law. The Department did not update the forecast of this population for the supplemental request. Depending on the magnitude of the updated estimate, the JBC may recommend a supplemental add-on to the Long Bill to adjust the financing.

SUPPLEMENTAL REQUEST, DEPARTMENT PRIORITY
S3 CHILDREN'S BASIC HEALTH PLAN MEDICAL AND DENTAL COSTS

| | Request | Recommendation |
|---------------|------------------------------|------------------------------|
| Total | <u>(\$15,923,038)</u> | <u>(\$15,923,038)</u> |
| General Fund | (4,761,426) | (4,761,426) |
| Cash Funds | 273,914 | 273,914 |
| Federal Funds | (11,399,526) | (11,399,526) |

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

Department Request

The Department requests funding based on a new projection of enrollment and expenditures under current law. The forecast used for the original FY 2014-15 appropriation incorporated trend data through December 2013 while the latest forecast used for this supplemental request incorporates data through June 2014. The Department will submit a new forecast in February that uses data through December 2014. If that February forecast is significantly different than the forecast used for this supplemental, then the JBC staff may recommend a supplemental add-on to the Long Bill.

Major factors contributing to the decrease in the projection for FY 2014-15 include:

- Actual average monthly caseloads for children and prenatal adults were more than 5 percent lower than expected in FY 2013-14.
- The Department had projected an increase in rates for prenatal clients, but rates were unchanged. CHP+ is a capitated managed care program, the rates must meet an actuarial sound standard, and so the rates are set annually by a process outside the General Assembly's process for discretionary rates.
- The actual increase in dental rates was lower than expected for new services approved by the General Assembly to comply with the CHIPRA legislation of 2009.
- The General Assembly approved funding to remove the five-year bar on legal immigrant children and pregnant women in FY 2014-15, but the Department is now estimating implementation will not occur until FY 2015-16.

The increase in cash funds is due to a one-time increase in projected recoveries following a payment error.

Staff Recommendation

Staff recommends approval of the request. The new forecast uses more recent data than the forecast used for the original appropriation. All of the expenditures contained in the supplemental are for programs authorized in current law. If the February forecast is significantly different than the forecast used for this supplemental, then the JBC staff may recommend a supplemental add-on to the Long Bill.

**SUPPLEMENTAL REQUEST, DEPARTMENT PRIORITY
S4 MEDICARE MODERNIZATION ACT OF 2003 STATE
CONTRIBUTION PAYMENT**

| | Request | Recommendation |
|---------------|---------------------------|---------------------------|
| Total | <u>\$5,765,582</u> | <u>\$5,765,582</u> |
| General Fund | 10,038,677 | 10,038,677 |
| Federal Funds | (4,273,095) | (4,273,095) |

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

Department Request

The Department requests funding based on a new projection of enrollment and expenditures under current law. The forecast used for the original FY 2014-15 appropriation incorporated trend data through December 2013 while the latest forecast used for this supplemental request

incorporates data through June 2014. The Department will submit a new forecast in February that uses data through December 2014. If that February forecast is significantly different than the forecast used for this supplemental, then the JBC staff may recommend a supplemental add-on to the Long Bill.

The projected increase in total expenditures is the primarily result of a projected increase in people dually eligible for Medicaid and Medicare, although it also includes a projected increase in the per member per month rate assessed according to the federal formula.

The shift in financing from federal fund to the General Fund is due to a portion of federal bonus payments for meeting performance objectives for serving low income children being applied to offset the need for General Fund for this program. This line item is normally a 100 percent General Fund obligation, but for the last few years the General Assembly has used the federal bonus payments to offset the need for General Fund. In FY 2014-15 the Department's forecast decreases the projection of available federal bonus payments by \$4.3 million and increases the estimated General Fund payments by a like amount.

Staff Recommendation

Staff recommends approval of the request. The new forecast uses more recent data than the forecast used for the original appropriation. All of the expenditures contained in the supplemental are for programs authorized in current law. If the February forecast is significantly different than the forecast used for this supplemental, then the JBC staff may recommend a supplemental add-on to the Long Bill.

SUPPLEMENTAL REQUEST, DEPARTMENT PRIORITY
S7 MMIS ADJUSTMENTS

| | Request | Recommendation |
|-----------------------|---------------------------|---------------------------|
| Total | <u>(\$487,907)</u> | <u>(\$882,046)</u> |
| General Fund | (366,447) | (394,549) |
| Hospital Provider Fee | 77,471 | 63,203 |
| Federal Funds | (198,931) | (550,700) |

| | |
|---|------------|
| Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.] | YES |
| JBC staff and the Department agree that this request is the result of new data that was not available when the original appropriation was made regarding some of the costs and business requirements of the new Medicaid Management Information System (MMIS). | |

Department Request

The Department requests funding to address development issues with the new Medicaid Management Information System (MMIS). The request also includes an adjustment to the

timeline for the Health Information Exchange. In total the request adds \$31.1 million to the project over the next three years, including \$4.4 million General Fund. Of the General Fund cost over the three years, approximately \$2.6 million is driven by the need to extend the current MMIS contract and another \$2.2 million is driven by an underestimate of the cost of commercial off-the-shelf software used for the Pharmacy Benefits Management System and the Business Intelligence and Data Management analytical tools. These General Fund costs are offset by some roll-forwards from previous years. For the rest of the work the Department receives a 90 percent federal match and the General Fund share of costs is relatively small.

The Department requests additional funding for testing of version 10 of the International Classification of Diseases (ICD-10). The ICD-10 is an update to federally standardized diagnosis codes used on health care claims. It was originally supposed to be implemented October 1, 2013, but the implementation has been delayed several times by the Centers for Medicare and Medicaid Services (CMS) and the new implementation date is now October 1, 2015. The Department has received funding to implement the ICD-10, including testing, but in September 2014 CMS finalized a rule that required a more vigorous testing process. The new rule requires end-to-end testing to ensure that what providers submit to the MMIS matches the output from the MMIS. The Department explains that the new testing requirement requires a simulation before the ICD-10 is put into production and that this is an industry best practice.

The Department requests additional money for the Pharmacy Benefits Management System (PBMS) and the Business Intelligence and Data Management (BIDM) analytical tools, based on more detailed information about the Department's business requirements and the technology necessary to meet them. The PBMS and BIDM are components of the MMIS, but their development is being bid separately from the rest of the system, with contract awards expected in May 2015. The Department underestimated the licensing cost of commercial off-the-shelf software for the PBMS and BIDM. This has a disproportionate General Fund impact, because the software licenses are eligible for a 75 percent federal match, rather than a 90 percent federal match. For the PBMS the Department underestimated the processing cost per pharmacy claim, but there has been no change in the scope of work. For the BIDM, the Department proposes adding program integrity functions that will help identify and prevent fraud, waste, and abuse. Based on vendor feedback, the Department believes it would be significantly cheaper to integrate this technology into the MMIS than to develop a separate system with duplicate data.

The Department requests additional contract funds to backfill Department staff that have been diverted to work on configuring the new MMIS. The Department underestimated the amount of Department staff time required to outline business requirements for the developers. The Department requests the equivalent of 16 contract staff, including 4 for the Long-term Services and Supports division, 3 for the Health Program Office, 2 for the Controller division, 2 for the Budget division, and 5 for the Office of Intellectual and Developmental Disabilities.

The Department is requesting funds to extend the contract with the operator of the current MMIS until the new replacement is complete. The current operating contract expires at the end of June 2015. It was known that the contract would need to be extended, because the new MMIS is not scheduled to be complete until November 2016. However, negotiations to extend the current operating contract were delayed until after the contract for the development of the new MMIS

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was awarded in March 2014, because the current operator, Xerox State Healthcare, was a bidder for the development of the new MMIS. The current MMIS operating contract was negotiated in FY 2010-11. Since then, caseload has grown significantly, especially with the ACA expansion, and so extending the contract will require additional funds to account for increases in volume-based operating expenses. Also, the Department expects to pay for services beyond the start date of the new MMIS to account for potential delays in the development of the new MMIS and forestall the premature loss of experienced contract staff that will naturally begin to look for other work as the contract winds down. The Department expects to pay the additional money in the form of retention bonuses to contract staff that stay for the duration of the contract.

The additional costs described above are offset by a decrease in expected payments to the contractor for the core MMIS design, development, and implementation, based on the actual contract award.

Finally, the Department's request takes into account expected roll-forwards and a proposed shift of \$1.2 million in funding for the Health Information Exchange from FY 2014-15 to FY 2015-16 due to a delay in federal approval of the 90 percent federal match rate for the project.

| Summary of S7 MMIS Adjustments | | | | |
|---|--------------------|---------------------|---------------------|---------------------|
| | FY 2014-15 | FY 2015-16 | FY 2016-17 | TOTAL |
| Extend the current MMIS contract | \$295,878 | \$3,171,803 | \$5,449,183 | \$8,916,864 |
| ICD-10 testing | 394,139 | 0 | 0 | 394,139 |
| PBMS & BIDM | | | | |
| Pharmacy Benefits Management System | (1,587,273) | 3,665,753 | 2,582,877 | 4,661,357 |
| Business Intelligence Data Management | (146,667) | 9,800,000 | 3,600,000 | 13,253,333 |
| Independent verification and validation | 483,000 | 240,000 | 240,000 | 963,000 |
| Commercial off-the-shelf software | 2,223,070 | 3,859,841 | 2,667,138 | 8,750,049 |
| Roll-forward | <u>1,204,655</u> | <u>(3,895,897)</u> | <u>0</u> | <u>(2,691,242)</u> |
| | 2,176,785 | 13,669,697 | 9,090,015 | 24,936,497 |
| Temporarily backfill Department staff | | | | |
| Contract services | 1,424,794 | 2,123,806 | 2,147,770 | 5,696,370 |
| Roll-forward | <u>(1,402,718)</u> | <u>(675,717)</u> | <u>0</u> | <u>(2,078,435)</u> |
| | 22,076 | 1,448,089 | 2,147,770 | 3,617,935 |
| Core MMIS design, development, and implementation | (2,176,785) | (1,375,042) | (3,168,043) | (6,719,870) |
| Health Information Exchange | (1,200,000) | 1,200,000 | 0 | 0 |
| TOTAL | (\$487,907) | \$18,114,547 | \$13,518,925 | \$31,145,565 |
| General Fund | (366,447) | 2,775,420 | 1,946,728 | 4,355,701 |
| Cash Funds | 77,471 | 997,439 | 844,180 | 1,919,090 |
| Federal Funds | (195,931) | 14,341,688 | 10,728,018 | 24,873,775 |

Staff Recommendation

Staff recommends approval of the request with a small modification to remove \$394,139 total funds, including \$28,102 General Fund, from FY 2014-15 for the ICD-10 testing. The General Assembly has already provided funding for implementation of the ICD-10 and it is hard for the JBC staff to understand how the Department did not consider testing as part of the deliverables. According to the Department, the final CMS rule requires more vigorous testing, but at the same time the Department indicates that the CMS testing requirement is consistent with industry best practices. Also, the final rule is a codification of a proposed rule issued in September 2014. The JBC staff believes the testing should have been part of the Department's planning and the Department should figure out a way to get this done within the budgeted money. If necessary, the Department should scale back other components of the MMIS to get the testing done, since the penalty for incomplete testing by October 1, 2015 is \$1 per day per covered life.

**SUPPLEMENTAL REQUEST, DEPARTMENT PRIORITY
 S8 LEGACY SYSTEMS AND TECHNOLOGY SUPPORT**

| | Request | Recommendation |
|---------------|-------------------------|-------------------------|
| Total | <u>\$308,675</u> | <u>\$263,161</u> |
| General Fund | 154,338 | 131,566 |
| Federal Funds | 154,337 | 131,565 |

| | |
|---|------------|
| Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.] | YES |
| JBC staff and the Department agree that this request is the result of data that was not available when the original appropriation was made. The request addresses new information about stability, security, capacity, and system change issues with several information technology resources. | |

Department Request

The Department requests funding to address stability, security, capacity, and system change issues with several information technology resources. In addition, the Department request flexibility to roll forward a portion of the FY 2014-15 funding (\$126,794 total funds, including \$63,397 General Fund) to FY 2015-16 if work is not completed before the end of the fiscal year. The supplemental and a related budget amendment address funding needs for three years plus an on-going maintenance component

Summary Table

| S8 Legacy Systems and Technology Support | | | | | | |
|---|------------------|------------------|------------------|-----------------|--------------------|------|
| | FY 14-15 | FY 15-16 | FY 16-17 | FY 17-18 | Cumulative | FMAP |
| Audit Database | | | | | | |
| Restore reporting functionality | \$20,544 | \$0 | \$0 | \$0 | \$20,544 | 50% |
| Ongoing maintenance & support | 0 | 10,000 | 10,000 | 10,000 | 30,000 | 50% |
| Transaction Control Number Database | | | | | | |
| Migrate to SharePoint | 25,000 | 0 | 0 | 0 | 25,000 | 50% |
| Ongoing maintenance & support | 0 | 10,000 | 10,000 | 10,000 | 30,000 | 50% |
| Business Utilization Support | | | | | | |
| Address change backlog | 81,250 | 325,000 | 325,000 | 0 | 731,250 | 50% |
| DDDWeb | | | | | | |
| Software license upgrade | 181,881 | 0 | 0 | 0 | 181,881 | 50% |
| TOTAL | <u>\$308,675</u> | <u>\$345,000</u> | <u>\$345,000</u> | <u>\$20,000</u> | <u>\$1,018,675</u> | 50% |
| General Fund | 154,338 | 172,500 | 172,500 | 10,000 | 509,338 | |
| Federal Funds | 154,337 | 172,500 | 172,500 | 10,000 | 509,337 | |

Audit Database

The Department recently lost some reporting functionality in the Audit Database that tracks audit findings and the Department's mitigation efforts. The loss occurred when the Department moved the database from Microsoft Access to Microsoft SharePoint to alleviate storage limitations at the beginning of FY 2014-15. The requested funding would pay for an OIT contractor to recreate the reporting functionality and for OIT to provide ongoing maintenance in future years.

Transaction Control Number (TCN) Database

The Department is experiencing intermittent stability problems and has concerns about security issues with the Transaction Control Number Database that tracks claims that have been audited and associated demands for repayment. The database helps the Department ensure that demands for repayment from providers are for an entire review period and that providers are not subjected to multiple demands for repayment, in compliance with Section 24.5-4-301 (3) (a) (III), C.R.S. The requested funding will pay for the database migration from Microsoft Access to Microsoft SharePoint, which will increase storage capacity and improve stability and security, as well as provide ongoing resources for maintenance.

Benefits Utilization Services Application

The Department has a 2-year backlog of pending changes to the Business Utilization Services (BUS) application that is used for case management of long term services and supports. The backlog includes changes mandated by the federal Centers for Medicare and Medicaid Services (CMS), changes to address security vulnerabilities identified by OIT, changes to correct errors in client information such as incorrect service limits, as well as changes identified by HCPF staff that would improve efficiency and effectiveness. The proposed funding would allow the Department to contract with OIT to provide an additional 1.5 FTE support for the BUS for a period of three years to reduce the backlog. This is twice the current OIT staff time devoted to the BUS.

DDDWeb

The Department was recently notified by the vendor for software used by the Division of Developmental Disabilities Web (DDDWeb) application that the software is not properly licensed. The Department requests one-time funding to upgrade the software license. An associated FY 2015-16 request would finance hardware and security upgrades to keep the DDDWeb application going until the functionality is replaced by the new version of the MMIS.

Staff Recommendation

Staff recommends a total of \$263,131, including \$131,565 General Fund, for the components of the request related to the BUS and the DDDWeb only. The BUS request addresses a relatively significant backlog of change requests that can't be accomplished in a timely manner within existing resources. The DDDWeb request is for a system that the Department inherited from the Department of Human Services that HCPF has not previously had money to maintain. However, the Audit Database and TCN database have been maintained by the Department and OIT within existing resources in prior years. Some one-time expenses are required this year, but these expenses are not beyond the typical peaks and valleys in expenditures an agency the size of HCPF would expect in a typical year. HCPF has an operating appropriation of \$3,350,622 and an appropriation for General Professional Services and Special Projects of \$5,986,808. Staff believes that the Department and OIT can and should reach an agreement to address the Audit Database and TCN database issues within existing resources.

**SUPPLEMENTAL REQUEST, DEPARTMENT PRIORITY
S9 CLAG RECOMMENDATIONS AND HCBS FINAL RULE REVIEW**

| | Request | Recommendation |
|---------------|-------------------------|-------------------------|
| Total | <u>\$518,274</u> | <u>\$236,800</u> |
| General Fund | 246,637 | 105,900 |
| Cash Funds | 12,500 | 12,500 |
| Federal Funds | 259,137 | 118,400 |

| | |
|---|------------|
| Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.] | YES |
| JBC staff and the Department agree that this request is the result of data that was not available when the original appropriation was made. Specifically, new federal rules regarding Home and Community Based Services (HCBS) were finalized after the normal budget request cycle for FY 2014-15. | |

Department Request

The Department requests resources to analyze and respond to some recently released policy directives and reports regarding long term services and supports (LTSS).

JBC Staff Supplemental Recommendations: FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

1. Community Living Advisory Group (CLAG) report, released September 2014 – The report provides wide-ranging recommendations to improve the LTSS delivery system. The Department would like to evaluate the feasibility and fiscal ramifications of implementing the recommendations. The request also includes money to backfill funding the Department took from other initiatives to support the CLAG in FY 2014-15.
2. New federal rules regarding Home and Community Based Services (HCBS), published January 6, 2014 – The new rules primarily address (1) the settings that qualify as HCBS and (2) the person-centered planning process that must be employed in HCBS waiver programs. The person-centered planning process criteria include a requirement for conflict-free case management, which could have significant ramifications for Community Centered Boards that currently provide both case management and services for people with intellectual and developmental disabilities. The Department needs to ensure that state policies and practices comply with the new federal rules and educate providers and clients on the new standards.
3. The *Community Living Plan: Colorado's Response to the Olmstead Decision*, published July 30, 2014 – The report provides recommendations for complying with the federal Olmstead decision that found the unnecessary segregation of individuals with disabilities in an institution is a form of discrimination and required states to provide community-based care whenever appropriate. The Department request funding to evaluate the steps necessary to implement the recommendations.

An associated budget amendment requests a new FTE for HCPF to manage the contracts for evaluation of LTSS policies.

| Summary of S9 CLAG Recommendations and HCBS Final Rule | | | |
|---|---------------|---------------|-----------|
| | FY 14-15 | FY 15-16 | FY 16-17 |
| Backfill accrued CLAG costs | | | |
| Chair/Facilitator @ 1,000 per month | \$4,000 | \$0 | \$0 |
| Facilitation contract | 13,340 | 0 | 0 |
| Final report preparation | <u>21,784</u> | <u>0</u> | <u>0</u> |
| | \$39,124 | \$0 | \$0 |
| Evaluation of CLAG recommendations | | | |
| Chair/Facilitator @ 1,000 per month | 6,000 | 12,000 | 0 |
| Facilitation contract | 149,400 | 149,400 | 0 |
| Meeting expenses | 31,950 | 40,000 | 0 |
| Financial/Feasibility Analysis | <u>25,000</u> | <u>75,000</u> | <u>0</u> |
| | \$212,350 | \$276,400 | \$0 |
| HCBS rules analysis and implementation | | | |
| HCBS settings | 148,500 | 351,675 | 50,000 |
| Person-centered planning | 63,300 | 70,800 | 50,000 |
| Conflict-free case management* | 25,000 | 100,000 | 0 |
| Meeting expenses | <u>0</u> | <u>6,638</u> | <u>0</u> |
| | \$236,800 | \$529,113 | \$100,000 |
| Community Living Plan | \$30,000 | \$90,000 | \$0 |

JBC Staff Supplemental Recommendations: FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

| | | | |
|-----------------------------------|-------------------------|-------------------------|-------------------------|
| State oversight of LTSS contracts | | | |
| Personal Services | 0 | 58,479 | 63,800 |
| Benefits | 0 | 12,575 | 13,512 |
| Operating | <u>0</u> | <u>5,182</u> | <u>950</u> |
| | \$0 | \$76,236 | \$78,262 |
| TOTAL | <u>\$518,274</u> | <u>\$971,749</u> | <u>\$178,262</u> |
| General Fund | 246,637 | 435,875 | 89,131 |
| Cash Funds* | 12,500 | 50,000 | 0 |
| Federal Funds | 259,137 | 485,874 | 89,131 |

* The cash funds are for the analysis of the conflict-free case management and the source is the Intellectual and Developmental Disabilities (IDD) Services Cash Fund, which receives year-end reversions from appropriations for IDD services.

Staff Recommendation

Staff recommends the portion of the request related to the HCBS rules analysis and implementation only. The staff analysis of each component of the request is discussed in more detail below.

Backfill accrued CLAG costs – Staff does not recommend backfilling the Department for accrued costs in support of the CLAG. The CLAG was created by Executive Order 2012-027. The executive branch did not request legislative approval or funding of the CLAG and undertook the work within existing resources. Backfilling the Department for accrued costs in support of the CLAG does not meet the JBC's supplemental criteria.

Evaluation of CLAG recommendations – Staff does not recommend funding for the Evaluation of the CLAG recommendations. The Department envisions a modified version of the CLAG, involving many of the same people, meeting in smaller implementation committees, to go through the details of how to operationalize the CLAG recommendations. The Department believes the stakeholder input through the CLAG has been valuable and would like to continue the process through the implementation of the recommendations. The JBC staff has three concerns with this approach. First, the CLAG was originally implemented within existing appropriations, and not in response to a legislative directive, and so staff is not sure why the General Assembly should begin funding the CLAG through a supplemental. Second, staff suspects that many of the CLAG recommendations were phrased in general terms lacking detail because those broad recommendations could achieve consensus, and there may be less of a consensus about the implementation details. The Department has received the stakeholder input and needs to start making decisions. Staff is concerned that continued stakeholder involvement at the level typical of the CLAG to this point may actually be counter-productive and result in paralysis and stagnation, rather than operationalization of the CLAG recommendations. Third, the JBC recently approved a significant increase in staff and resources for the Department specifically so the Department would be better positioned to work with stakeholders, and so a supplemental to ensure stakeholder input on the implementation of the CLAG recommendations seems redundant.

HCBS rules analysis and implementation -- Staff does recommend funding for this component of the request. These are externally imposed rules that the Department must implement. The Department needs to ensure that policies and business practices comply with the rules and educate providers and clients about the changes. Some of the rules could have significant impacts on providers and clients and the Department needs to proceed cautiously to implement them in the least disruptive way.

Community Living Plan – Staff does not recommend funding for this component of the request. The Department has been working on the implementation of the Olmstead decision since it came out in 1999. This is at least the third report on the topic. The purpose of the report is to, "revisit and update the original recommendations with the intent of developing a strategic plan that could be fully implemented, monitored and evaluated." The report contains specific recommendations for action steps. The JBC staff believes any further work to operationalize or analyze the feasibility of the recommendations can and should be done within existing resources.

State oversight of LTSS contracts – Staff does not recommend this component of the request. The staff is recommending fewer contracts than the original request. Also, the Department already has personnel experienced in managing contracts and subject matter experts on long-term services and supports. Even if the JBC approved the Department's request, the proposed contracts are for a short duration, and so the JBC staff is not sure why new permanent state FTE to manage the contracts would be needed.

SUPPLEMENTAL REQUEST, DEPARTMENT PRIORITY

S10 PROVIDER FEE ANALYTICS

| | Request | Recommendation |
|------------------------------------|---------------------------|---------------------------|
| Total | <u>\$1,000,000</u> | <u>\$1,000,000</u> |
| Cash Funds – Hospital Provider Fee | 500,000 | 500,000 |
| Federal Funds | 500,000 | 500,000 |

| | |
|---|------------|
| Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.] | YES |
| JBC staff and the Department agree that this request is the result of data that was not available when the original appropriation was made. Specifically, the Department believes there may be an error in the way a maintenance of effort provision of the ACA is being implemented, requiring immediate intensive analysis to ensure proper eligibility criteria and claiming of the full allowable federal match. Also, the Department has concerns that reporting on disproportionate share hospital payments and the hospital provider fee need improvement to ensure Colorado receives the appropriate federal match. | |

Department Request

The Department requests an ongoing increase in the base appropriations from the Hospital Provider Fee for administrative costs. The Department indicates that a number of issues related to the Hospital Provider Fee are coming up on an annual basis that require complex analysis and

contract services to resolve. This request does not change the total projected revenue from the Hospital Provider Fee, which is important because revenue from the Hospital Provider Fee contributes to the projected TABOR refund. The projection of Hospital Provider Fee revenue assumes a percentage allocation for administrative expenses and this request is within the percentage allocation. Below is a description of the specific issues the Department identified for FY 2014-15. Some of these issues are ongoing and others are examples of the types of issues the Department says crop up each year requiring additional analysis.

FMAP claiming

For FY 2014-15 the Department needs additional funding to investigate whether a new method required by the Affordable Care Act (ACA) for determining income for Medicaid and CHP+ eligibility has been implemented correctly. The Department is concerned that incorrect implementation may be causing a larger burden on the General Fund.

The new federal income determination standards eliminate a large number of state-specific income disregards. These disregards were for things like child care expenses, child support payments, veterans' benefits, and work-related expenses. In the new federal formula there are still adjustments to gross income, but these adjustments are standardized across states according to the federal formula.

A separate provision of the ACA required states to maintain at least the income eligibility criteria they had before the ACA for children and pregnant adults through 2019. To ensure compliance, HCPF used a formula provided by the Centers for Medicare and Medicaid Services (CMS) to determine the average income disregard that was in place prior to the ACA as a percentage of the federal poverty guidelines (FPL), and then applied that percentage as a standard income disregard in the post-ACA environment.

The Department anticipated that this adjustment would result in some people moving between traditional eligibility categories financed with the General Fund and expansion eligibility categories financed with federal funds. However, the net result of the migration was not expected to significantly change the total population financed from the General Fund versus federal funds.

The Department believes the actual migration has been disproportionate from eligibility categories financed with federal funds to those financed with General Fund. The Department presented their concerns to CMS, but CMS indicated the evidence was not complete or compelling enough to make a change. Therefore, the Department is working with a contractor to go case by case applying the old income eligibility method and the new income eligibility method to confirm the actual migration and to better understand the reasons behind it. It could be that the adjustment to comply with the maintenance of effort requirement was applied incorrectly and correcting it would increase federal financing and reduce the burden on the General Fund. If the maintenance of effort requirement was implemented incorrectly, then correcting it could influence not only the share of costs paid by the General Fund versus federal funds, but also the overall population eligible for Medicaid.

The expansion eligibility categories are currently financed with federal funds, but when a state share is due the state share will come from the Hospital Provider Fee. Therefore, the Department believes the Hospital Provider Fee is an appropriate source of revenue to fund the analysis of whether the correct population is being identified for financing from this fund source.

This specific research and analysis is an FY 2014-15 project, but the Department anticipates similar kinds of work will be needed periodically on an ongoing basis to ensure that Colorado receives the appropriate share of federal funds for the expansion population.

Disproportionate Share Hospital Payments

The Department indicates that it is having trouble responding in a timely manner to findings from annual audits of the federal Disproportionate Share Hospital (DSH) program. Through the DSH program the Department makes supplemental payments to qualifying hospitals that serve a large number of Medicaid or uninsured clients. The source of state matching funds for the DSH program is the Hospital Provider Fee. This is an ongoing need. Colorado's federal allotment of DSH funding is dependent in part on annual independent certified audits.

Provider Fee Modeling and Data Collection

The Department wants to increase the level of independent data collection and verification of information used in the Hospital Provider Fee distribution model. The majority of the Hospital Provider Fee revenue is distributed in the form of supplemental payments to hospitals. The Centers for Medicare and Medicaid Services reviews these supplemental payments and they must fit within the upper payment limit. The Department indicates that it is having trouble adequately responding to CMS questions within existing resources and needs ongoing funding to improve.

Payment Reform

The Department would like to explore the feasibility of a demonstration waiver that would preserve room under the upper payment limit (UPL) if payment reforms are implemented. The UPL is the maximum the federal government will reimburse through Medicaid. The UPL is calculated based on fee-for-service payments, and so payment reforms designed to move away from paying for volume toward paying for quality could reduce the UPL. A reduction in the UPL for hospitals would reduce the allowable supplemental payments through the Hospital Provider Fee. Some states have received demonstration waivers to retain their UPL with other forms of reimbursement than fee-for-service payments. The Department indicates that this type of demonstration waiver is complex and anticipates that pursuing a waiver in this area would be a multi-year process.

Staff Recommendation

Staff recommends approval of the request. The research to ensure Colorado is receiving the appropriate FMAP is an urgent need with potentially significant ramifications for the General Fund obligation. The other components of the request benefit hospitals by helping ensure Colorado meets federal rules and regulations and can continue drawing the highest allowable federal funds through the Hospital Provider Fee. No General Fund is required to implement the request.

**SUPPLEMENTAL REQUEST, DEPARTMENT PRIORITY
S11 ENHANCED PAYMENTS TO DENTAL PROVIDERS**

| | Request | Recommendation | |
|--------------|---------|----------------|------------|
| Total | | <u>\$0</u> | <u>\$0</u> |
| General Fund | | 0 | 0 |

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

Department Request

The Department requests authority to roll forward any unused portion of the FY 2014-15 appropriation for enhanced payments to dental providers to FY 2015-16, and removal of the (M) headnote that restricts the available General Fund if the federal match rate is higher or lower. The General Assembly approved \$5.0 million total funds, including \$2.5 million General Fund, for one-time incentive payments to dental providers who take new Medicaid clients as a way of increasing the provider network in conjunction with the new adult dental benefit. The way the Department has implemented the program, providers must see 5 new Medicaid patients and each new patient must be seen at least twice in 12 months for the provider to qualify for the enhanced payment.

The original appropriation assumed a 50 percent federal match rate, but the Department was able to structure the payments in a way that allows Colorado to receive an enhanced match rate for eligible clients. To do this, the Department had to tie the payments to specific claims. With payments tied to specific claims the Department has to allow for 180 days timely filing run-out after the date of service. Due to claims lag, the Department anticipates an unknown portion of the payments will be made in FY 2015-16 rather than FY 2014-15. Also, an unknown portion of payments will be made at federal match rates higher than 50 percent.

The Department indicates that the eligibility criteria and the value of the enhanced payments are set and will not change if General Fund is leftover from the appropriation due to the enhanced federal match rate. Any leftover General Fund would be reverted by the Department.

Staff Recommendation

Staff recommends approval of the request. The Department was able to implement the program in a way that allows a higher federal match rate, but this structure requires allowing for a claims run-out period that will shift an unknown portion of costs to FY 2015-16. The proposed roll-

forward authority and removal of the (M) headnote is a reasonable way to provide the necessary flexibility to implement the program with the structure developed by the Department.

SUPPLEMENTAL REQUEST, DEPARTMENT PRIORITY
S12 LEASED SPACE TRUE-UP

| | Request | Recommendation |
|---------------|-------------------------|-------------------------|
| Total | <u>\$872,302</u> | <u>\$872,302</u> |
| General Fund | 453,982 | 453,982 |
| Cash Funds | (17,830) | (17,830) |
| Federal Funds | 436,150 | 436,150 |

| | |
|---|------------|
| Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.] | YES |
| JBC staff and the Department agree that this request is the result of data that was not available when the original appropriation was made regarding the build-out costs, move timing, and space configuration at 303 17 th Avenue. | |

Department Request

The Department requests changes to leased space and operating appropriations based on new information about actual costs of the transition to 303 E. 17th Avenue. Several factors contribute to the request:

- The prorated leased space costs in the first year are less than originally estimated
- The build-out costs, particularly for information technology networking and meeting room equipment have run higher than expected
- The build-out of the new space will take longer than originally anticipated, requiring the Department to extend a portion of the lease at 225 E. 16th Avenue for six months to account for the delay
- The original space at 303 E. 17th Avenue cannot accommodate as many work stations as anticipated, due to the location and size of an elevator and stairwell, resulting in the Department looking at space on an additional floor of the same building

Staff Recommendation

Staff recommends approval of the request to complete the transition from 225 E. 16th Avenue to 303 E. 17th Avenue. The General Assembly previously approved the move based on estimated costs. This supplemental and the associated budget amendment represent more recent estimates of the cost.

**SUPPLEMENTAL REQUEST, DEPARTMENT PRIORITY
S13 PREDICTIVE ANALYTICS FTE**

| | Request | Recommendation |
|---------------|-----------------|----------------|
| Total | \$23,536 | \$0 |
| FTE | <u>0.2</u> | <u>0.0</u> |
| General Fund | 2,355 | 0 |
| Federal Funds | 21,181 | 0 |

| | |
|---|-----------|
| 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.] | NO |
| The Department argues that this request is the result of data that was not available when the original appropriation was made. The Department did not anticipate the complexity and time required to implement predictive analytics to prevent fraud until the vendor fair in February 2014. The JBC staff argues that the Department already has procedures for preventing fraud and this is a new initiative that should go through the regular budget cycle. | |

Department Request

The Department requests a new FTE, starting in May 2015, to implement predictive analytic software designed to identify potentially fraudulent billing patterns and prevent inappropriate payments. The Department anticipates a 90 percent federal match rate. The staff would be responsible for understanding Medicaid business rules and the capacities of the software and would develop guidelines for the design, implementation, and updating of the program as strategies of fraudulent providers change. The Department would implement the new technology beginning in FY 2017-18.

| Summary of S13 Predictive Analytics FTE | | |
|--|-----------------|-----------------|
| | FY 14-15 | FY 14-15 |
| Personal Services | \$13,568 | \$79,816 |
| FTE | 0.2 | 1.0 |
| Benefits | 9,007 | 14,271 |
| Operating | 961 | 5,653 |
| TOTAL | \$23,536 | \$99,740 |
| FTE | <u>0.2</u> | <u>1.0</u> |
| General Fund | 2,354 | 9,974 |
| Federal Funds | 21,182 | 89,766 |

Currently the Department works with contractors to conduct post-payment reviews of claims and then recover unallowable payments or overpayments. The Department characterizes this method of detecting fraud as "pay and chase." The contractors are paid on a contingency basis.

Predictive analytic software would attempt to prevent the payment of fraudulent claims in the first place, avoiding the need to recover the funds afterwards. This would reduce losses due to contingency fees, unrecoverable payments, and delays in repayment. It may also increase the amount of fraud detected and prevented.

The Department was required to issue a request for information about this technology by S.B. 13-137 (Roberts/Navarro). However, S.B. 13-137 did not require implementation. The bill encouraged the Department to create a RFP if: (1) the technology was expected to generate savings; (2) the work could be integrated in current operations; and (3) there would be no delays in payments. The bill also expressed the intent of the General Assembly that savings achieved must more than cover the cost of implementation and administration.

The Department's request indicates that no savings are expected in the short term, due to the time required to hire staff and set up the shift to the new fraud detection model, but the Department anticipates, "the potential for significant long-term savings." The request does not attempt to quantify the potential savings.

Staff Recommendation

Staff does not recommend the request. The JBC staff is uncomfortable with adding FTE in a supplemental, rather than the regular budget process, unless there is an urgent and time-sensitive need. This request would provide the Department with only two extra months of planning work before the technology is implemented in FY 2017-18. Staff believes this two-month workload could be absorbed within existing resources, especially considering that it receives a 90 percent federal match rate. Even if the work can't be absorbed within existing resources, it would merely delay implementation. The Department already has a robust fraud detection program, and while this initiative may improve that fraud detection, a delay in implementation will not cause any disruption of core services.

For the FY 2015-16 costs the JBC staff will make a recommendation at figure setting. On the one hand, the General Fund cost with the 90 percent federal match rate is relatively small and the savings potentially significant. On the other hand, the department may be able to absorb this cost within existing resources by reallocating staff currently involved in fraud detection. The JBC staff sees no problems with the Department pursuing the technology, but is undecided about the need for the additional FTE.

SUPPLEMENTAL REQUEST, DEPARTMENT PRIORITY S14 MEDICAL IDENTIFICATION CARD ADJUSTMENT

| | Request | Recommendation |
|---------------|-------------------------|-------------------------|
| Total | <u>\$120,727</u> | <u>\$120,727</u> |
| General Fund | 3,596 | 3,596 |
| Cash Funds | 55,971 | 55,971 |
| Federal Funds | 61,160 | 61,160 |

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

Department Request

The Department requests an increase for printing and mailing medical identification cards, due to higher than expected Medicaid enrollment. The average cost per card is \$0.67. The request also reflects an updated estimate of the portion of costs for the line item from the General Fund versus the Hospital Provider Fee.

Staff Recommendation

Staff recommends approval of the request. This is a caseload driven need. Senate Bill 13-200 included an increase in expenditures for medical identification cards, but the actual enrollment is trending higher than the original projection. Medicaid providers are diverse and do not share a common electronic medical record technology. Some providers do not use electronic medical records. So, physical identification cards remain necessary to show eligibility for the program.

SUPPLEMENTAL REQUEST, DEPARTMENT PRIORITY S15 PACAP CONTRACTOR

| | Request | Recommendation |
|---------------|-------------------------|-------------------------|
| Total | <u>\$204,073</u> | <u>\$204,073</u> |
| General Fund | 102,037 | 102,037 |
| Federal Funds | 102,036 | 102,036 |

| | |
|--|------------|
| Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.] | YES |
| JBC staff and the Department agree that this request is the result of data that was not available when the original appropriation was made. The Department knew the existing PACAP was inefficient and noncompliant with federal regulations and undertook to replace it within existing resources, but the implementation took longer and cost more than was anticipated. | |

Department Request

The requested funding would update the Public Assistance Cost Allocation Plan (PACAP) that apportions overhead costs to the various programs of the Department for purposes of determining the federal match rate. The Department's current PACAP was created in 2000 when there were fewer programs with separate match rates. It requires inefficient manual processes

and does not comply with federal regulations, resulting in two disallowances of federal funds in July 2013 due to untimely filing and neglecting to include Hospital Outsationing in the allocation. In FY 2013-14 the Department began work on a new PACAP within existing resources, but the Department indicates it is unable to absorb the remainder of costs due in FY 2014-15. The Department also requests \$45,000 annually (including \$22,500 General Fund) for ongoing maintenance of the PACAP in future years.

Staff Recommendation

Staff recommends approval of the request, including the ongoing maintenance funding, but with the addition of a footnote that was not requested by the Department. Updating the PACAP will ensure that Colorado can claim all the federal Medicaid funds it is entitled to receive for administrative expenses. The purpose of the footnote is to ensure that the Department will build the capacity to allocate administrative expenses by state cash fund, as well as federal program. Staff has had concerns for a couple of years that the Department doesn't have consistent or thorough procedures for allocating administrative expenses to the various cash funds that support the Department. For example, for the redesign of the PACAP the Department requested only General Fund, but arguably a portion of the costs should be shouldered by the various cash funds that support the Department, such as the Hospital Provider Fee, the Adult Dental Fund, or the Autism Treatment Fund. In most departments this is done through a departmental indirect cost recovery plan. HCPF has attempted to directly finance administrative expenses, but for simplicity purposes often ignores cash funds for small changes in administrative costs. Over time the accumulation of a number of small changes can result in the underrepresentation of cash funds in paying for administrative expenses. Below is the proposed text of the footnote:

N Department of Health Care Policy and Financing, Executive Director's Office, General Administration, General Professional Services and Special Projects – This appropriation includes \$204,073 for the purpose of redesigning the Public Assistance Cost Allocation Plan (PACAP). It is the intent of the General Assembly that as part of the redesign of the PACAP the Department also considers how best to allocate administrative expenses by state cash fund. Toward this end, the Department is requested to submit a report to the Joint Budget Committee by June 30, 2015, on how the Department plans to improve the allocation of administrative expenses by cash fund, either using the PACAP technology or some other method, for the FY 2016-17 budget cycle.

The JBC staff does not anticipate a significant change in the share of administrative costs paid by cash funds, but the Department manages enough different cash funds that the JBC staff believes the Department should have a system for annually updating the share of administrative costs paid from each cash fund.

SUPPLEMENTAL REQUEST, DEPARTMENT PRIORITY
S16 PUBLIC SCHOOL HEALTH SERVICES FUNDING ADJUSTMENT

| | Request | Recommendation |
|--|----------------------------|----------------------------|
| Total | <u>\$11,737,894</u> | <u>\$11,737,894</u> |
| Cash Funds – Certified Public Expenditures | 5,895,896 | 5,895,896 |
| Federal Funds | 5,841,998 | 5,841,998 |

| | |
|---|------------|
| Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.] | YES |
| JBC staff and the Department agree that this request is the result of data that was not available when the original appropriation was made regarding the amount of certified public expenditures by participating school districts and boards of cooperative education services. | |

Department Request

The Department requests an increase in spending authority for Public School Health Services based on a projected increase in certified public expenditures by school districts and Boards of Cooperative Education Services (BOCES). Through the School Health Services program school districts and BOCES are allowed to identify their expenses in support of Medicaid eligible children with an Individual Education Plan (IEP) or Individualized Family Services Plan (IFSP) and claim federal Medicaid matching funds for these costs. Participating school districts and BOCES report their expenses to the Department according to a federally-approved methodology and the Department submits them as certified public expenditures to claim the federal matching funds. The federal matching funds are then disbursed to the school districts and BOCES and may be used to offset their costs of providing services or to expand services for low-income, under or uninsured children and to improve coordination of care between school districts and health providers. Utilization of the program has increased dramatically in recent years due to a variety of factors, including outreach efforts, school districts and BOCES becoming more familiar and comfortable with the required reporting, and the efforts of school districts and BOCES to maximize revenues from all sources to help address tight budgets. In addition to those factors, the Department expects an increase this year due to an increase in the number of children enrolled in Medicaid as a result of the "welcome mat effect" of the ACA expansion and the implementation of continuous eligibility for children.

Staff Recommendation

Staff recommends approval of the request. This request is driven by an increase in the amount of expenditures by school districts and BOCES that can be claimed for a federal match. The Department needs this increase in spending authority to distribute the federal funds to the school districts. Approval of this request will not result in any increase in state expenditures.

Statewide Common Policy Supplemental Requests

These requests are not prioritized and are not analyzed in this packet. The JBC will act on these items later when it makes decisions regarding common policies.

| Department's Portion of Statewide Supplemental Request | Total | General Fund | Cash Funds | Federal Funds |
|---|--------------------|---------------------|-------------------|----------------------|
| CORE common policy true-up | \$1,153,368 | \$564,778 | \$295,413 | \$293,177 |
| Administrative Law Judges | 29,089 | 11,303 | 3,242 | 14,544 |
| Capitol Complex Leased Space | <u>40,975</u> | <u>20,487</u> | <u>0</u> | <u>20,488</u> |
| Department's Total Statewide Supplemental Requests | \$1,223,432 | \$596,568 | \$298,655 | \$328,209 |

Staff Recommendation: The staff recommendation for these requests is pending Committee approval of common policy supplementals. Staff asks permission to include the corresponding appropriations in the Department's supplemental bill when the Committee approves this common policy supplemental. If staff believes there is reason to deviate from the common policy, staff will appear before the Committee later to present the relevant analysis.

JBC Staff Supplemental Recommendations - FY 2014-15
Staff Working Document - Does Not Represent Committee Decision

Appendix A: Number Pages

| | FY 2013-14 Actual | FY 2014-15 Appropriation | FY 2014-15 Requested Change | FY 2014-15 Rec'd Change | FY 2014-15 Total W/ Rec'd Change |
|--|------------------------------|-------------------------------------|--|------------------------------------|---|
|--|------------------------------|-------------------------------------|--|------------------------------------|---|

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
Sue Birch, Executive Director

S1 Medical Services Premiums

(2) MEDICAL SERVICES PREMIUMS

Medical and Long-Term Care Services for Medicaid

| | | | | | |
|----------------------|----------------------|----------------------|--------------------|--------------------|----------------------|
| Eligible Individuals | <u>4,618,770,195</u> | <u>5,724,517,770</u> | <u>141,891,780</u> | <u>141,891,780</u> | <u>5,866,409,550</u> |
| General Fund | 926,160,050 | 897,976,497 | 83,683,422 | 83,683,422 | 981,659,919 |
| General Fund Exempt | 642,235,957 | 710,835,957 | 0 | 0 | 710,835,957 |
| Cash Funds | 567,267,338 | 623,063,368 | 25,167,600 | 25,167,600 | 648,230,968 |
| Reappropriated Funds | 2,936,892 | 0 | 0 | 0 | 0 |
| Federal Funds | 2,480,169,958 | 3,492,641,948 | 33,040,758 | 33,040,758 | 3,525,682,706 |

| | | | | | |
|---|---------------|---------------|-------------|-------------|---------------|
| Total for S1 Medical Services Premiums | 4,618,770,195 | 5,724,517,770 | 141,891,780 | 141,891,780 | 5,866,409,550 |
| <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 | 926,160,050 | 897,976,497 | 83,683,422 | 83,683,422 | 981,659,919 |
| General Fund Exempt | 642,235,957 | 710,835,957 | 0 | 0 | 710,835,957 |
| Cash Funds | 567,267,338 | 623,063,368 | 25,167,600 | 25,167,600 | 648,230,968 |
| Reappropriated Funds | 2,936,892 | 0 | 0 | 0 | 0 |
| Federal Funds | 2,480,169,958 | 3,492,641,948 | 33,040,758 | 33,040,758 | 3,525,682,706 |

JBC Staff Supplemental Recommendations - FY 2014-15
Staff Working Document - Does Not Represent Committee Decision

| | FY 2013-14 Actual | FY 2014-15 Appropriation | FY 2014-15 Requested Change | FY 2014-15 Rec'd Change | FY 2014-15 Total W/ Rec'd Change |
|--|----------------------|-----------------------------|--------------------------------|----------------------------|-------------------------------------|
| S3 Children's Basic Health Plan | | | | | |
| (4) INDIGENT CARE PROGRAM | | | | | |
| Children's Basic Health Plan Medical and Dental | | | | | |
| Costs | <u>182,753,054</u> | <u>199,832,216</u> | <u>(15,923,038)</u> | <u>(15,923,038)</u> | <u>183,909,178</u> |
| General Fund | 12,114,378 | 21,875,401 | (4,761,426) | (4,761,426) | 17,113,975 |
| General Fund Exempt | 438,300 | 423,600 | 0 | 0 | 423,600 |
| Cash Funds | 72,640,720 | 48,226,542 | 237,914 | 237,914 | 48,464,456 |
| Federal Funds | 97,559,656 | 129,306,673 | (11,399,526) | (11,399,526) | 117,907,147 |
| Total for S3 Children's Basic Health Plan | 182,753,054 | 199,832,216 | (15,923,038) | (15,923,038) | 183,909,178 |
| <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 | 12,114,378 | 21,875,401 | (4,761,426) | (4,761,426) | 17,113,975 |
| General Fund Exempt | 438,300 | 423,600 | 0 | 0 | 423,600 |
| Cash Funds | 72,640,720 | 48,226,542 | 237,914 | 237,914 | 48,464,456 |
| Federal Funds | 97,559,656 | 129,306,673 | (11,399,526) | (11,399,526) | 117,907,147 |

JBC Staff Supplemental Recommendations - FY 2014-15
Staff Working Document - Does Not Represent Committee Decision

| | FY 2013-14 Actual | FY 2014-15 Appropriation | FY 2014-15 Requested Change | FY 2014-15 Rec'd Change | FY 2014-15 Total W/ Rec'd Change |
|---|----------------------|-----------------------------|--------------------------------|----------------------------|-------------------------------------|
| S4 Medicare Modernization Act Payments | | | | | |
| (5) OTHER MEDICAL SERVICES | | | | | |
| Medicare Modernization Act State Contribution | | | | | |
| Payment | <u>106,376,992</u> | <u>104,007,505</u> | <u>5,765,582</u> | <u>5,765,582</u> | <u>109,773,087</u> |
| General Fund | 68,306,130 | 99,304,985 | 10,038,677 | 10,038,677 | 109,343,662 |
| Reappropriated Funds | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 38,070,862 | 4,702,520 | (4,273,095) | (4,273,095) | 429,425 |
| Total for S4 Medicare Modernization Act Payments | 106,376,992 | 104,007,505 | 5,765,582 | 5,765,582 | 109,773,087 |
| <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 | 68,306,130 | 99,304,985 | 10,038,677 | 10,038,677 | 109,343,662 |
| Reappropriated Funds | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 38,070,862 | 4,702,520 | (4,273,095) | (4,273,095) | 429,425 |

JBC Staff Supplemental Recommendations - FY 2014-15
Staff Working Document - Does Not Represent Committee Decision

| | FY 2013-14 Actual | FY 2014-15 Appropriation | FY 2014-15 Requested Change | FY 2014-15 Rec'd Change | FY 2014-15 Total W/ Rec'd Change |
|--|----------------------|-----------------------------|--------------------------------|----------------------------|-------------------------------------|
| S7 MMIS Adjustments | | | | | |
| (1) EXECUTIVE DIRECTOR'S OFFICE | | | | | |
| (C) Information Technology Contracts and Projects | | | | | |
| Medicaid Management Information System | | | | | |
| Maintenance and Projects | <u>30,637,273</u> | <u>29,913,030</u> | <u>690,017</u> | <u>295,878</u> | <u>30,208,908</u> |
| General Fund | 6,594,356 | 6,141,964 | 133,553 | 105,451 | 6,247,415 |
| Cash Funds | 1,181,953 | 1,696,376 | 55,395 | 41,127 | 1,737,503 |
| Reappropriated Funds | 293,350 | 293,350 | 0 | 0 | 293,350 |
| Federal Funds | 22,567,614 | 21,781,340 | 501,069 | 149,300 | 21,930,640 |
| MMIS Reprocurement Contracted Staff | <u>920,936</u> | <u>3,000,435</u> | <u>22,076</u> | <u>22,076</u> | <u>3,022,511</u> |
| General Fund | 89,321 | 273,730 | 0 | 0 | 273,730 |
| Cash Funds | 20,954 | 55,049 | 22,076 | 22,076 | 77,125 |
| Federal Funds | 810,661 | 2,671,656 | 0 | 0 | 2,671,656 |
| Health Information Exchange Maintenance and | | | | | |
| Projects | <u>0</u> | <u>8,228,926</u> | <u>(1,200,000)</u> | <u>(1,200,000)</u> | <u>7,028,926</u> |
| General Fund | 0 | 1,302,893 | (500,000) | (500,000) | 802,893 |
| Federal Funds | 0 | 6,926,033 | (700,000) | (700,000) | 6,226,033 |
| Total for S7 MMIS Adjustments | 31,558,209 | 41,142,391 | (487,907) | (882,046) | 40,260,345 |
| FTE | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> |
| General Fund | 6,683,677 | 7,718,587 | (366,447) | (394,549) | 7,324,038 |
| Cash Funds | 1,202,907 | 1,751,425 | 77,471 | 63,203 | 1,814,628 |
| Reappropriated Funds | 293,350 | 293,350 | 0 | 0 | 293,350 |
| Federal Funds | 23,378,275 | 31,379,029 | (198,931) | (550,700) | 30,828,329 |

JBC Staff Supplemental Recommendations - FY 2014-15
Staff Working Document - Does Not Represent Committee Decision

| | FY 2013-14 Actual | FY 2014-15 Appropriation | FY 2014-15 Requested Change | FY 2014-15 Rec'd Change | FY 2014-15 Total W/ Rec'd Change |
|---|----------------------|-----------------------------|--------------------------------|----------------------------|-------------------------------------|
| S8 Legacy systems and technology support | | | | | |
| (1) EXECUTIVE DIRECTOR'S OFFICE | | | | | |
| (A) General Administration | | | | | |
| General Professional Services and Special Projects | 7,145,144 | 5,986,808 | 308,675 | 263,131 | 6,249,939 |
| General Fund | 2,048,401 | 2,225,315 | 154,338 | 131,566 | 2,356,881 |
| Cash Funds | 442,324 | 562,500 | 0 | 0 | 562,500 |
| Federal Funds | 4,654,419 | 3,198,993 | 154,337 | 131,565 | 3,330,558 |
| Total for S8 Legacy systems and technology support | 7,145,144 | 5,986,808 | 308,675 | 263,131 | 6,249,939 |
| <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 | 2,048,401 | 2,225,315 | 154,338 | 131,566 | 2,356,881 |
| Cash Funds | 442,324 | 562,500 | 0 | 0 | 562,500 |
| Federal Funds | 4,654,419 | 3,198,993 | 154,337 | 131,565 | 3,330,558 |

JBC Staff Supplemental Recommendations - FY 2014-15
Staff Working Document - Does Not Represent Committee Decision

| | FY 2013-14 Actual | FY 2014-15 Appropriation | FY 2014-15 Requested Change | FY 2014-15 Rec'd Change | FY 2014-15 Total W/ Rec'd Change |
|--|----------------------|-----------------------------|--------------------------------|----------------------------|-------------------------------------|
|--|----------------------|-----------------------------|--------------------------------|----------------------------|-------------------------------------|

S9 CLAG recommendations and HCBS final rule review

(1) EXECUTIVE DIRECTOR'S OFFICE

(A) General Administration

| | | | | | |
|--|----------------------|----------------------|--------------------|--------------------|----------------------|
| Operating Expenses | <u>2,497,422</u> | <u>3,350,622</u> | <u>31,950</u> | <u>0</u> | <u>3,350,622</u> |
| General Fund | 1,141,931 | 1,582,459 | 15,975 | 0 | 1,582,459 |
| Cash Funds | 121,029 | 62,577 | 0 | 0 | 62,577 |
| Reappropriated Funds | 1,382 | 23,910 | 0 | 0 | 23,910 |
| Federal Funds | 1,233,080 | 1,681,676 | 15,975 | 0 | 1,681,676 |
| General Professional Services and Special Projects | <u>7,145,144</u> | <u>5,986,808</u> | <u>486,324</u> | <u>236,800</u> | <u>6,223,608</u> |
| General Fund | 2,048,401 | 2,225,315 | 230,662 | 105,900 | 2,331,215 |
| Cash Funds | 442,324 | 562,500 | 12,500 | 12,500 | 575,000 |
| Federal Funds | 4,654,419 | 3,198,993 | 243,162 | 118,400 | 3,317,393 |

| | | | | | |
|---|-----------|-----------|---------|---------|-----------|
| Total for S9 CLAG recommendations and HCBS final rule review | 9,642,566 | 9,337,430 | 518,274 | 236,800 | 9,574,230 |
| <i>FTE</i> | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| General Fund | 3,190,332 | 3,807,774 | 246,637 | 105,900 | 3,913,674 |
| Cash Funds | 563,353 | 625,077 | 12,500 | 12,500 | 637,577 |
| Reappropriated Funds | 1,382 | 23,910 | 0 | 0 | 23,910 |
| Federal Funds | 5,887,499 | 4,880,669 | 259,137 | 118,400 | 4,999,069 |

JBC Staff Supplemental Recommendations - FY 2014-15
Staff Working Document - Does Not Represent Committee Decision

| | FY 2013-14 Actual | FY 2014-15 Appropriation | FY 2014-15 Requested Change | FY 2014-15 Rec'd Change | FY 2014-15 Total W/ Rec'd Change |
|--|----------------------|-----------------------------|--------------------------------|----------------------------|-------------------------------------|
|--|----------------------|-----------------------------|--------------------------------|----------------------------|-------------------------------------|

S10 Provier fee analytics

(1) EXECUTIVE DIRECTOR'S OFFICE

(A) General Administration

| | | | | | |
|--|-----------|-----------|------------------|------------------|-----------|
| General Professional Services and Special Projects | 7,145,144 | 5,986,808 | <u>1,000,000</u> | <u>1,000,000</u> | 6,986,808 |
| General Fund | 2,048,401 | 2,225,315 | 0 | 0 | 2,225,315 |
| Cash Funds | 442,324 | 562,500 | 500,000 | 500,000 | 1,062,500 |
| Federal Funds | 4,654,419 | 3,198,993 | 500,000 | 500,000 | 3,698,993 |

| | | | | | |
|--|------------|------------|------------|------------|------------|
| Total for S10 Provier fee analytics | 7,145,144 | 5,986,808 | 1,000,000 | 1,000,000 | 6,986,808 |
| <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 | 2,048,401 | 2,225,315 | 0 | 0 | 2,225,315 |
| Cash Funds | 442,324 | 562,500 | 500,000 | 500,000 | 1,062,500 |
| Federal Funds | 4,654,419 | 3,198,993 | 500,000 | 500,000 | 3,698,993 |

JBC Staff Supplemental Recommendations - FY 2014-15
Staff Working Document - Does Not Represent Committee Decision

| | FY 2013-14 Actual | FY 2014-15 Appropriation | FY 2014-15 Requested Change | FY 2014-15 Rec'd Change | FY 2014-15 Total W/ Rec'd Change |
|--|----------------------|-----------------------------|--------------------------------|----------------------------|-------------------------------------|
| S11 Enhanced payments to dental providers | | | | | |
| (1) EXECUTIVE DIRECTOR'S OFFICE | | | | | |
| State of Health Projects | | | | | |
| Dental Provider Network Adequacy | 0 | 5,000,000 | 0 | 0 | 5,000,000 |
| General Fund | 0 | 2,500,000 | 0 | 0 | 2,500,000 |
| Federal Funds | 0 | 2,500,000 | 0 | 0 | 2,500,000 |
| Total for S11 Enhanced payments to dental providers | 0 | 5,000,000 | 0 | 0 | 5,000,000 |
| <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 | 0 | 2,500,000 | 0 | 0 | 2,500,000 |
| Federal Funds | 0 | 2,500,000 | 0 | 0 | 2,500,000 |

JBC Staff Supplemental Recommendations - FY 2014-15
Staff Working Document - Does Not Represent Committee Decision

| | FY 2013-14 Actual | FY 2014-15 Appropriation | FY 2014-15 Requested Change | FY 2014-15 Rec'd Change | FY 2014-15 Total W/ Rec'd Change |
|--|----------------------|-----------------------------|--------------------------------|----------------------------|-------------------------------------|
| S12 Leased space true-up | | | | | |
| (1) EXECUTIVE DIRECTOR'S OFFICE | | | | | |
| (A) General Administration | | | | | |
| Operating Expenses | <u>2,497,422</u> | <u>3,350,622</u> | <u>922,083</u> | <u>922,083</u> | <u>4,272,705</u> |
| General Fund | 1,141,931 | 1,582,459 | 461,042 | 461,042 | 2,043,501 |
| Cash Funds | 121,029 | 62,577 | 0 | 0 | 62,577 |
| Reappropriated Funds | 1,382 | 23,910 | 0 | 0 | 23,910 |
| Federal Funds | 1,233,080 | 1,681,676 | 461,041 | 461,041 | 2,142,717 |
| Leased Space | <u>747,035</u> | <u>1,472,104</u> | <u>(183,868)</u> | <u>(183,868)</u> | <u>1,288,236</u> |
| General Fund | 195,437 | 593,298 | (74,104) | (74,104) | 519,194 |
| Cash Funds | 138,874 | 142,754 | (17,830) | (17,830) | 124,924 |
| Federal Funds | 412,724 | 736,052 | (91,934) | (91,934) | 644,118 |
| General Professional Services and Special Projects | <u>7,145,144</u> | <u>5,986,808</u> | <u>134,087</u> | <u>134,087</u> | <u>6,120,895</u> |
| General Fund | 2,048,401 | 2,225,315 | 67,044 | 67,044 | 2,292,359 |
| Cash Funds | 442,324 | 562,500 | 0 | 0 | 562,500 |
| Federal Funds | 4,654,419 | 3,198,993 | 67,043 | 67,043 | 3,266,036 |
| Total for S12 Leased space true-up | 10,389,601 | 10,809,534 | 872,302 | 872,302 | 11,681,836 |
| FTE | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> |
| General Fund | 3,385,769 | 4,401,072 | 453,982 | 453,982 | 4,855,054 |
| Cash Funds | 702,227 | 767,831 | (17,830) | (17,830) | 750,001 |
| Reappropriated Funds | 1,382 | 23,910 | 0 | 0 | 23,910 |
| Federal Funds | 6,300,223 | 5,616,721 | 436,150 | 436,150 | 6,052,871 |

JBC Staff Supplemental Recommendations - FY 2014-15
Staff Working Document - Does Not Represent Committee Decision

| | FY 2013-14 Actual | FY 2014-15 Appropriation | FY 2014-15 Requested Change | FY 2014-15 Rec'd Change | FY 2014-15 Total W/ Rec'd Change |
|---|----------------------|-----------------------------|--------------------------------|----------------------------|-------------------------------------|
| S13 Predictive analytics FTE | | | | | |
| (1) EXECUTIVE DIRECTOR'S OFFICE | | | | | |
| (A) General Administration | | | | | |
| Personal Services | <u>25,782,006</u> | <u>26,037,911</u> | <u>22,575</u> | 0 | <u>26,037,911</u> |
| FTE | 363.7 | 360.4 | 0.2 | 0.0 | 360.4 |
| General Fund | 8,477,796 | 8,796,787 | 2,258 | 0 | 8,796,787 |
| Cash Funds | 2,564,595 | 2,676,189 | 0 | 0 | 2,676,189 |
| Reappropriated Funds | 1,613,082 | 1,885,519 | 0 | 0 | 1,885,519 |
| Federal Funds | 13,126,533 | 12,679,416 | 20,317 | 0 | 12,679,416 |
| Operating Expenses | <u>2,497,422</u> | <u>3,350,622</u> | <u>961</u> | 0 | <u>3,350,622</u> |
| General Fund | 1,141,931 | 1,582,459 | 97 | 0 | 1,582,459 |
| Cash Funds | 121,029 | 62,577 | 0 | 0 | 62,577 |
| Reappropriated Funds | 1,382 | 23,910 | 0 | 0 | 23,910 |
| Federal Funds | 1,233,080 | 1,681,676 | 864 | 0 | 1,681,676 |
| Total for S13 Predictive analytics FTE | <u>28,279,428</u> | <u>29,388,533</u> | <u>23,536</u> | 0 | <u>29,388,533</u> |
| FTE | <u>363.7</u> | <u>360.4</u> | <u>0.2</u> | <u>0.0</u> | <u>360.4</u> |
| General Fund | 9,619,727 | 10,379,246 | 2,355 | 0 | 10,379,246 |
| Cash Funds | 2,685,624 | 2,738,766 | 0 | 0 | 2,738,766 |
| Reappropriated Funds | 1,614,464 | 1,909,429 | 0 | 0 | 1,909,429 |
| Federal Funds | 14,359,613 | 14,361,092 | 21,181 | 0 | 14,361,092 |

JBC Staff Supplemental Recommendations - FY 2014-15
Staff Working Document - Does Not Represent Committee Decision

| | FY 2013-14 Actual | FY 2014-15 Appropriation | FY 2014-15 Requested Change | FY 2014-15 Rec'd Change | FY 2014-15 Total W/ Rec'd Change |
|---|----------------------|-----------------------------|--------------------------------|----------------------------|-------------------------------------|
| S14 Medical identification card adjustment | | | | | |
| (1) EXECUTIVE DIRECTOR'S OFFICE | | | | | |
| (D) Eligibility Determinations and Client Services | | | | | |
| Medical Identification Cards | <u>140,257</u> | <u>158,247</u> | <u>120,727</u> | <u>120,727</u> | <u>278,974</u> |
| General Fund | 59,400 | 60,370 | 3,596 | 3,596 | 63,966 |
| Cash Funds | 9,932 | 17,957 | 55,971 | 55,971 | 73,928 |
| Reappropriated Funds | 1,593 | 1,593 | 0 | 0 | 1,593 |
| Federal Funds | 69,332 | 78,327 | 61,160 | 61,160 | 139,487 |
| Total for S14 Medical identification card adjustment | 140,257 | 158,247 | 120,727 | 120,727 | 278,974 |
| <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 | 59,400 | 60,370 | 3,596 | 3,596 | 63,966 |
| Cash Funds | 9,932 | 17,957 | 55,971 | 55,971 | 73,928 |
| Reappropriated Funds | 1,593 | 1,593 | 0 | 0 | 1,593 |
| Federal Funds | 69,332 | 78,327 | 61,160 | 61,160 | 139,487 |

JBC Staff Supplemental Recommendations - FY 2014-15
Staff Working Document - Does Not Represent Committee Decision

| | FY 2013-14 Actual | FY 2014-15 Appropriation | FY 2014-15 Requested Change | FY 2014-15 Rec'd Change | FY 2014-15 Total W/ Rec'd Change |
|--|----------------------|-----------------------------|--------------------------------|----------------------------|-------------------------------------|
| S15 PACAP Contractor | | | | | |
| (1) EXECUTIVE DIRECTOR'S OFFICE | | | | | |
| (A) General Administration | | | | | |
| General Professional Services and Special Projects | 7,145,144 | 5,986,808 | 204,073 | 204,073 | 6,190,881 |
| General Fund | 2,048,401 | 2,225,315 | 102,037 | 102,037 | 2,327,352 |
| Cash Funds | 442,324 | 562,500 | 0 | 0 | 562,500 |
| Federal Funds | 4,654,419 | 3,198,993 | 102,036 | 102,036 | 3,301,029 |
| Total for S15 PACAP Contractor | 7,145,144 | 5,986,808 | 204,073 | 204,073 | 6,190,881 |
| <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 | 2,048,401 | 2,225,315 | 102,037 | 102,037 | 2,327,352 |
| Cash Funds | 442,324 | 562,500 | 0 | 0 | 562,500 |
| Federal Funds | 4,654,419 | 3,198,993 | 102,036 | 102,036 | 3,301,029 |

JBC Staff Supplemental Recommendations - FY 2014-15
Staff Working Document - Does Not Represent Committee Decision

| | FY 2013-14 Actual | FY 2014-15 Appropriation | FY 2014-15 Requested Change | FY 2014-15 Rec'd Change | FY 2014-15 Total W/ Rec'd Change |
|--|------------------------------|-------------------------------------|--|------------------------------------|---|
|--|------------------------------|-------------------------------------|--|------------------------------------|---|

S16 Public school health services funding adjustment

(5) OTHER MEDICAL SERVICES

| | | | | | |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Public School Health Services | <u>43,494,624</u> | <u>54,353,956</u> | <u>11,737,894</u> | <u>11,737,894</u> | <u>66,091,850</u> |
| Cash Funds | 21,747,312 | 26,919,482 | 5,895,896 | 5,895,896 | 32,815,378 |
| Federal Funds | 21,747,312 | 27,434,474 | 5,841,998 | 5,841,998 | 33,276,472 |

| | | | | | |
|---|------------|------------|------------|------------|------------|
| Total for S16 Public school health services funding adjustment | 43,494,624 | 54,353,956 | 11,737,894 | 11,737,894 | 66,091,850 |
| <i>FTE</i> | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> |
| Cash Funds | 21,747,312 | 26,919,482 | 5,895,896 | 5,895,896 | 32,815,378 |
| Federal Funds | 21,747,312 | 27,434,474 | 5,841,998 | 5,841,998 | 33,276,472 |

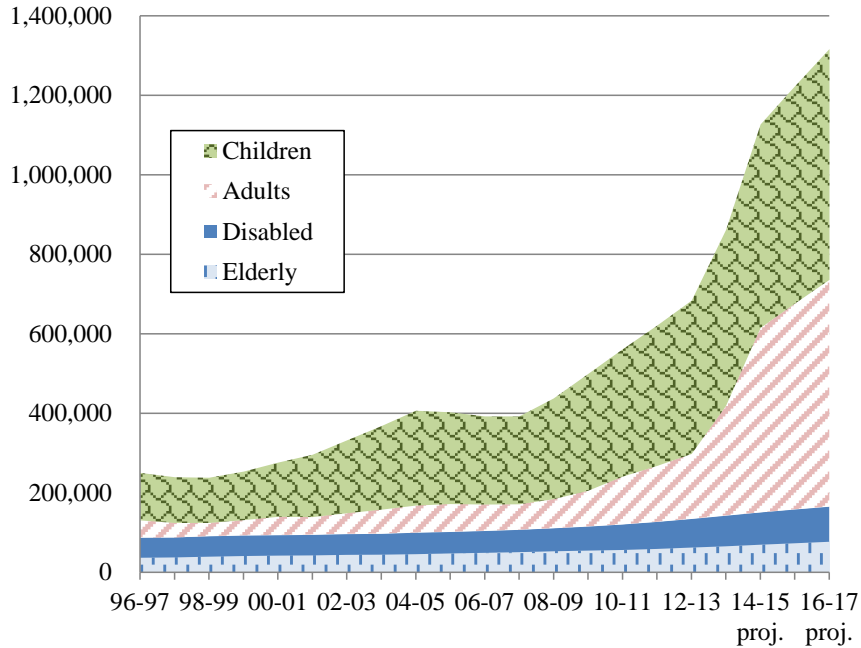
| | | | | | |
|---|---------------|---------------|-------------|-------------|---------------|
| Totals Excluding Pending Items | | | | | |
| HEALTH CARE POLICY AND FINANCING | | | | | |
| TOTALS for ALL Departmental line items | 6,380,769,096 | 7,876,855,463 | 146,031,898 | 145,287,205 | 8,022,142,668 |
| <i>FTE</i> | <u>363.7</u> | <u>390.9</u> | <u>0.2</u> | <u>0.0</u> | <u>390.9</u> |
| General Fund | 1,441,811,987 | 1,553,211,706 | 89,557,171 | 89,363,205 | 1,642,574,911 |
| General Fund Exempt | 642,674,257 | 711,259,557 | 0 | 0 | 711,259,557 |
| Cash Funds | 883,457,087 | 952,277,490 | 31,929,522 | 31,915,254 | 984,192,744 |
| Reappropriated Funds | 7,232,284 | 7,782,578 | 0 | 0 | 7,782,578 |
| Federal Funds | 3,405,593,481 | 4,652,324,132 | 24,545,205 | 24,008,746 | 4,676,332,878 |



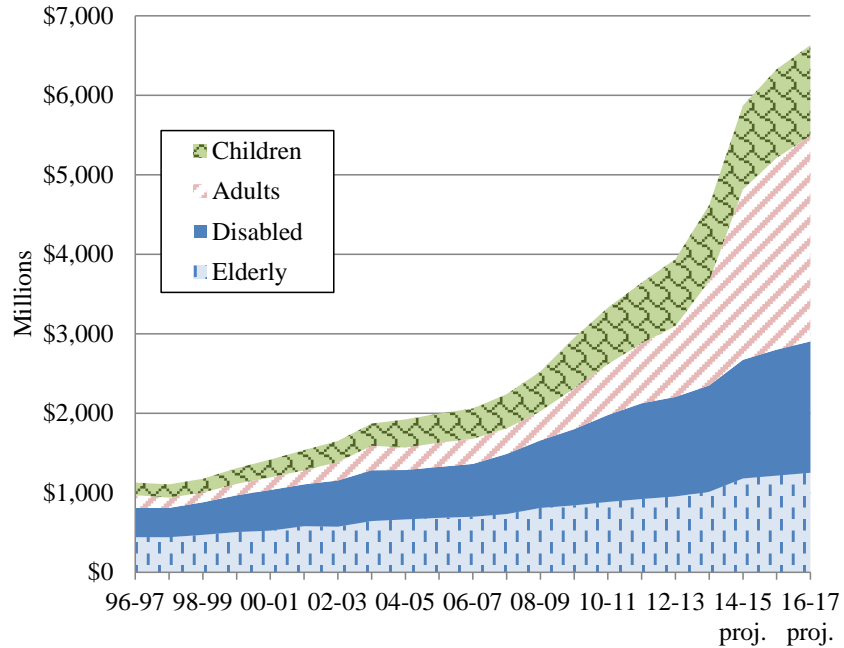
Supplemental Requests for FY 2014-15
Department of Health Care Policy and Financing
Executive Director's Office, Medical Service Premiums, Indigent Care Programs and Other
Medical Services

Presented by:
Eric Kurtz, JBC Staff
January 22, 2015

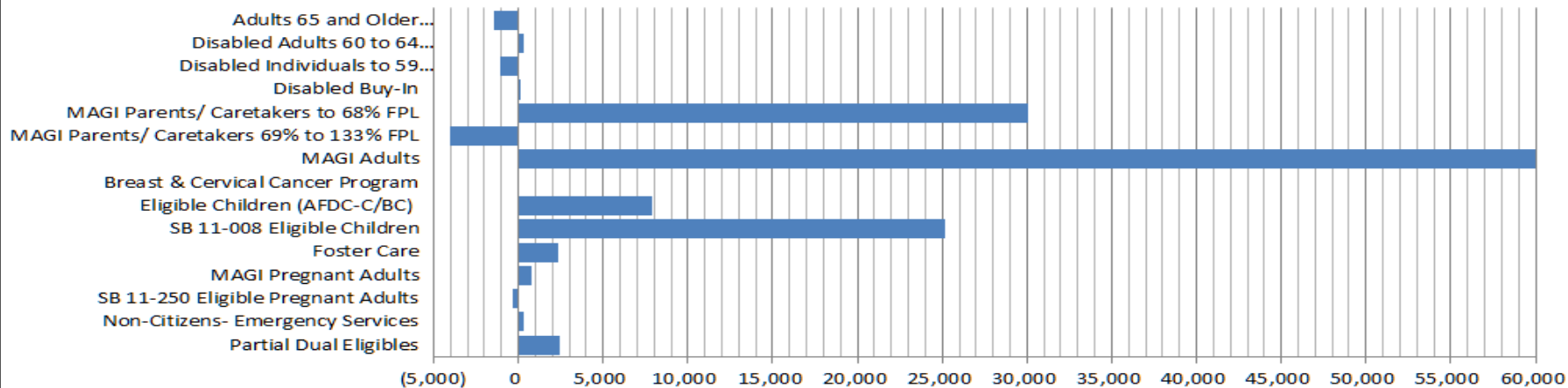
Medicaid Enrollment



Medicaid Expenditures



Changes in Forecasted Enrollment by Category



Changes in Forecasted Expenditure by Enrollment Category (Millions)

