

CHAPTER 396

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**APPROPRIATIONS**

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**HOUSE BILL 00-1400**

BY REPRESENTATIVES Tool, Berry, Saliman, and Morrison;  
also SENATORS Lacy, Owen, and Tanner.

**AN ACT**

**CONCERNING A SUPPLEMENTAL APPROPRIATION TO THE DEPARTMENT OF HEALTH CARE POLICY  
AND FINANCING.**

*Be it enacted by the General Assembly of the State of Colorado:*

**SECTION 1.** Part V of section 2 of chapter 364, Session Laws of Colorado 1999,  
is amended to read:

Section 2. **Appropriation.**

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*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions  
from existing statutes and such material not part of act.*

APPROPRIATION FROM

ITEM & SUBTOTAL	TOTAL	APPROPRIATION FROM				
		GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS
\$	\$	\$	\$	\$	\$	\$

PART V

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

(1) EXECUTIVE DIRECTOR'S OFFICE<sup>45</sup>

Personal Services <sup>46</sup>	1,569,794	<del>200,850(M)</del>				<del>1,368,944</del>
		300,850(M)				1,268,944
(25.3 FTE)						
Colorado Benefits Management System (CBMS)	343,391	171,696(M)				171,695
(5.7 FTE)						
Health, Life, and Dental	304,758	144,295(M)				160,463
Short-term Disability	13,494	6,747(M)				6,747
Salary Survey and Anniversary Increases	386,419	180,350(M)				206,069
Workers' Compensation	106,894	53,447(M)				53,447
Operating Expenses	194,241	100,660(M)				93,581
Legal Services and Third Party Recovery Legal Services for 8,987 hours	475,143	186,764(M)		57,469 <sup>a</sup>		230,910

ROCKY MOUNTAIN HMO				
LITIGATION	375,000		187,500(M)	187,500
Administrative Law Judge				
Services for 2,317 hours	210,785		105,392(M)	105,393
Computer Systems Costs	326,024		130,541(M)	163,012
				32,471 <sup>b</sup>
Payment to Risk Management and Property Funds	41,850		20,924(M)	20,926
Capitol Complex Leased Space	289,273		144,636(M)	144,637
S.B. 97-147 Disabilities Work Incentive Contract	51,971		25,985(M)	25,986
Transfer to the Department of Human Services for Related Administration	276,524		138,263(M)	138,261
INDIRECT COST SETTLEMENT WITH THE FEDERAL GOVERNMENT	<u>527,056</u>		527,056	
		<del>4,590,561</del>		
		5,492,617		

<sup>a</sup> This amount shall be from third party recoveries.

<sup>b</sup> This amount shall be from the Old Age Pension Fund.

**(2) MEDICAL PROGRAMS ADMINISTRATION<sup>47</sup>**

Personal Services	7,371,998		3,421,672(M)	3,950,326
	(128.4 FTE)			
Operating Expenses	702,365		341,037(M)	361,328

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			GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS
	\$	\$	\$	\$	\$	\$	\$
Medicaid Management Information System Contract <sup>48</sup>	<del>11,714,894</del>		<del>2,944,222(M)</del>		146,867 <sup>a</sup>		<del>8,623,805</del>
	12,958,089		3,255,021(M)				9,556,201
MEDICAID MANAGEMENT INFORMATION SYSTEM TRANSITION: SYSTEMS CERTIFICATION	132,957		132,957				
Medicaid Authorization Cards	883,414		441,707(M)				441,707
Department of Public Health and Environment Facility Survey and Certification	3,760,008		1,021,441(M)				2,738,567
Other Case-Mix Administrative Costs	42,000		12,000(M)				30,000
Contractual Utilization Review	3,873,764		968,441(M)				2,905,323
S.B. 97-05 External Quality Review	<del>255,000</del>		<del>63,750(M)</del>				<del>191,250</del>
	127,500		31,875(M)				95,625

Early and Periodic Screening, Diagnosis, and Treatment Program	3,104,990	1,552,495(M)		1,552,495
Nursing Facility Audits	<del>818,834</del>	<del>409,417(M)</del>		<del>409,417</del>
	864,150	432,075(M)		432,075
Hospital Audits	143,518	71,759(M)		71,759
Nursing Home Preadmission and Resident Assessments	1,161,582	290,396(M)		871,186
Nurse Aide Certification	250,841	112,577(M)	12,844(T) <sup>b</sup>	125,420
Nursing Home Quality Assessments	27,726	6,932(M)		20,794
Estate Recovery	500,000		250,000 <sup>c</sup>	250,000
Single Entry Point Administration	80,900	40,450(M)		40,450
Single Entry Point Audits	68,519	34,259(M)		34,260
Phone Triage/Advice	315,000	78,750(M)		236,250
Rescaling of Diagnostic Related Grouping (DRG) Hospital Weights	25,000	12,500(M)		12,500
S.B. 97-05 Enrollment Broker	<del>901,653</del>	<del>450,826(M)</del>		<del>450,827</del>
	<u>953,135</u>	476,567(M)		476,568
		<del>36,002,006</del>		
		37,347,456		

<sup>a</sup> This amount shall be from the Old Age Pension Health and Medical Care Fund pursuant to Section 26-2-117, C.R.S.

<sup>b</sup> This amount shall be from the Department of Regulatory Agencies.

ITEM & SUBTOTAL	TOTAL	APPROPRIATION FROM				
		GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS
\$	\$	\$	\$	\$	\$	\$

° This amount shall be from estate recoveries.

**(3) MEDICAL SERVICES PREMIUMS<sup>49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 58a</sup>**

Services for 34,886 Old Age Pensioners (OAP-A) at an average cost of \$14,656.98	511,323,440
Services for 5,187 Old Age Pensioners (OAP-B) at an average cost of \$9,090.46	47,152,193
Services for 3,301 Old Age Pension State Medical Program clients at an average cost of \$2,984.89	9,853,133
Services for 53,233 Non-Elderly Disabled Recipients of Supplemental Security Income at an average cost of \$6,969.79	371,022,936

Services for 147 Recipients of Aid to the Blind at an average cost of \$3,754.68	551,938
Services for 25,345 Adult Clients Eligible Under the 7/16/96 Aid to Families with Dependent Children Program at an average cost of \$2,640.13	66,914,094
Services for 106,088 Child Clients Eligible Under the 7/16/96 Aid to Families with Dependent Children Program at an average cost of \$1,186.49	125,872,653
Services for 13,340 Foster Children at an average cost of \$2,061.68	27,502,856
Services for 4,892 Baby Care Program Adults at an average cost of \$5,539.84	27,100,905
Services for 4,537 Baby Care Program Children at an average cost of \$1,154.38	5,237,432
Services for 5,098 Qualified Medicare Beneficiaries (QMBs) at an average cost of \$1,375.58	7,012,728

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		GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS
\$	\$	\$	\$	\$	\$	\$
Services for 7,267 Non-Citizens at an Average Cost of \$3,636.69	<u>26,430,023</u>	1,225,974,331	608,068,020(M)	9,853,133 <sup>a</sup>		608,053,178
<b>(4) INDIGENT CARE PROGRAM</b>						
Program Administration	280,418		280,418 (3.0 FTE)			
Denver Indigent Care Specialty and Outstate Programs	9,682,775		4,826,863(M)			4,855,912
University Hospital	16,294,325		9,681,862(M)			6,612,463
Disproportionate Share Payments to Hospitals	10,727,750		5,347,783(M)			5,379,967
	<u>126,117,456</u>		<u>9,825,425(M)</u>		<u>53,107,187*</u>	<u>63,184,844</u>
	<u>122,627,302</u>		9,159,668(M)		52,031,356 <sup>a</sup>	61,436,278
		<del>163,102,724</del>				
		159,612,570				

<sup>a</sup> This amount shall be from the Old Age Pension Health and Medical Care Fund pursuant to Section 26-2-117, C.R.S.



<sup>a</sup> This amount represents public funds certified as representing expenditures incurred by Denver Health and The University Hospital which are eligible for federal financial participation under Medicaid Disproportionate Share Payments to Hospitals.

**(5) OTHER MEDICAL SERVICES**

Home Care Allowance for <del>6,078</del> 5,930 Recipients at an average monthly cost of <del>\$229.82</del> \$226.99	16,762,152	<del>15,932,049</del>	830,103(L)
	16,152,608	15,344,978	807,630(L)
Adult Foster Care for <del>202</del> 169 Recipients at an average monthly cost of <del>\$226.42</del> \$227.37	<del>548,841</del>	521,498	27,343(L)
	461,131	438,074	23,057(L)
Primary Care Physician Program Market Rate Reimbursement	1,800,000	898,200(M)	901,800
High Risk Pregnant Women Program	213,208	106,390(M)	106,818
H.B. 92-1208 Immunizations	125,094	62,547(M)	62,547
Poison Control	1,148,034	1,148,034	
University of Colorado Family Medicine Residency Training Programs	2,055,411	1,025,650(M)	1,029,761
Enhanced Prenatal Care Training and Technical Assistance	66,056	16,514(M)	49,542

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			GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS
	\$	\$	\$	\$	\$	\$	\$
S.B. 97-101 Public School Health Services	17,761,498					8,909,309 <sup>a</sup>	8,852,189
Payment to the Children's Basic Health Plan Trust <sup>59, 60, 61, 62</sup>	12,253,720		8,603,720			3,650,000 <sup>b</sup>	
Children's Basic Health Plan Administration	3,870,730					1,350,498 <sup>c</sup>	2,520,232
Children's Basic Health Plan Premium Costs <sup>63</sup>	24,115,084					8,413,753 <sup>c</sup>	15,701,331
Children's Basic Health Plan Risk Pool <sup>64</sup>	2,543,065					887,275 <sup>c</sup>	1,655,790
Essential Community Provider Grants Program	<u>114,051</u>		114,051				
		<del>83,376,944</del>					
		82,679,690					

<sup>a</sup> This amount represents funds certified as representing expenditures incurred by school districts which are eligible for federal financial participation under Medicaid.

<sup>b</sup> Of this amount, \$650,000 shall be from a donation from The University Hospital, \$2,000,000 shall be from a FY 1998-99 donation from Denver Health and The University Hospital, \$1,000,000 shall be from donations from other private sources.



ITEM & SUBTOTAL	TOTAL	APPROPRIATION FROM				
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of the General Assembly. Each principal department of the state shall produce its rules and regulations in an electronic format that is suitable for public access through electronic means. Such rules and regulations in such format shall be submitted to the Office of Legislative Legal Services for publishing on the Internet. It is the intent of the General Assembly that this be done within existing resources.

- 45 Department of Health Care Policy and Financing, Executive Director's Office -- The Department is requested to submit an accounting of all line items by actual expenditure. Actual expenditure is defined as final expenditure, including post-closing payments. The Department is requested to submit this information to the Joint Budget Committee by January 1, 2000.
- 46 Department of Health Care Policy and Financing, Executive Director's Office, Personal Services -- This appropriation includes an increase of \$539,270 from federal indirect funds which is applied against the General Fund Personal Services line item appropriation, in addition to the continuing amount of \$184,597 federal indirect funds contained in the base. To the extent that the federal indirect funds are not forthcoming in FY 1999-2000, are found to be in error, or are lowered in subsequent years, additional General Fund dollars would be required to maintain this appropriation.
- 47 Department of Health Care Policy and Financing, Medical Programs Administration -- The Department is authorized to investigate the feasibility of entering into contingency-based contracts to enhance the Department's recovery of Medicaid payments for which another party was liable, whether through fraud, abuse, court proceedings, or as the insurer, to identify liable third parties before payments are made. The Department is requested to submit each proposal for such contingency-based contracts to the Joint Budget Committee and seek Joint Budget Committee approval in advance of

entering into contingency-based contracts with private sector vendors. The Department is requested to seek approval to enter into a contract, receive the amounts recovered, and remit a portion of those amounts as compensation to the vendor. The Department is requested to report to the Joint Budget Committee by November 1, 1999, on proposals and financing options for such activities.

- 48 Department of Health Care Policy and Financing, Medical Programs Administration, Medicaid Management Information System Contract; and Department of Human Services, Health and Rehabilitation Services, Office of Health and Rehabilitation, Mental Health Community Programs, Mental Health Capitation -- It is the intent of the General Assembly that expenditure and eligibility data for the mental health capitation program be as accurate and complete as possible. The new Medicaid Management Information System was designed to the Department of Human Services' and providers' specifications, but it has been determined that further changes would enhance the program monitoring and expenditure reporting capability of the system. The capitation providers have indicated that they may be willing to pay the State's share of the total Medicaid funds needed to make necessary Medicaid Management Information System changes on behalf of the capitation program. The Departments are requested to provide a report to the Joint Budget Committee by May 1, 1999, on their plans for modifying the system, the cost of the modifications, and whether providers have agreed to pay the State's share of the total Medicaid funds required. The report should include a request for supplemental adjustments to spending authority that may be needed to accomplish any changes.
- 49 Department of Health Care Policy and Financing, Medical Services Premiums -- It is the intent of the General Assembly to track the costs of providing services under Section 26-4-302 (1)(f), C.R.S. Accordingly, the Department is requested to: (1) provide an estimate of the costs for FY 1998-99; (2) provide an estimate of the anticipated changes in the second year of implementation; and (3) provide estimates of savings in other Medicaid areas attributable to funding of this program. This report is requested to be submitted to the Joint Budget Committee by December 1, 1999.
- 50 Department of Health Care Policy and Financing, Medical Services Premiums -- It is the intent of the General Assembly that expenditures for these services shall be recorded only against the Long Bill group total for Medical Services.
- 51 Department of Health Care Policy and Financing, Medical Services Premiums -- The General Assembly has determined that the average appropriated rates provide sufficient funds to pay reasonable and adequate compensation to efficient and economical providers. The Department should take actions to ensure that the average appropriated rates are not exceeded.

ITEM & SUBTOTAL	TOTAL	APPROPRIATION FROM				
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- 52 Department of Health Care Policy and Financing, Medical Services Premiums -- It is the intent of the General Assembly that the FY 1999-00 increase in the reimbursement to dental providers to 68 percent of the American Dental Association (ADA) mean for Mountain States shall result in increased access for Medicaid child clients. The Department is requested to report on the impact of the increase in funding for dental reimbursement, including information on changes in the number of dental providers statewide participating in Medicaid, especially the change in previously under-served areas, and changes in utilization by Medicaid eligibles statewide and in previously underserved areas, with associated fiscal impact and related projections. The Department is also requested to report on the feasibility of implementing a non-capitated dental managed care program in FY 2000-01. A preliminary report is requested to be submitted to the Joint Budget Committee by October 15, 1999, with a final report to be submitted by June 30, 2000.
  
- 53 Department of Health Care Policy and Financing, Medical Services Premiums -- The Department is requested to report on options and recommendations for budgeting within the \$10 million Old Age Pension State Only Health and Medical Fund limit. This report is requested to be submitted to the Joint Budget Committee no later than November 1, 1999.
  
- 54 Department of Health Care Policy and Financing, Medical Services Premiums -- The Department is requested to delineate all expenditures and service patterns for the 230 Model 200 waiver clients added in FY 1998-99. This report is requested to be submitted to the Joint Budget Committee no later than December 1, 1999.
  
- 55 Department of Health Care Policy and Financing, Medical Services Premiums -- The Department is requested to report on its plans for competitively bidding out managed care services for the Medicaid population. The Department is also requested to report on the programmatic and fiscal impact of serving foster care children within health maintenance

organizations. The Department is to provide options on how to increase savings in: (1) health maintenance organization (HMO); and (2) primary care physician managed care programs. Finally, the Department is requested to provide a risk adjusted comparison of any clients served in the primary care physician program if these savings are reported as managed care savings. This information is requested to be submitted to the Joint Budget Committee no later than October 15, 1999.

- 56 Department of Health Care Policy and Financing, Medical Services Premiums -- The Department is requested to incorporate its savings estimates provided in its Section 26-19-106, C.R.S., annual savings report due October 1, 1999, within its November 1, 1999 budget request for FY 2000-01.
- 57 Department of Health Care Policy and Financing, Medical Services Premiums -- The Department is requested to make specific recommendations on limiting utilization in the Home and Community Based Services for the Elderly, Blind, and Disabled waiver program. This report is requested to be submitted to the Joint Budget Committee no later than October 15, 1999.
- 58 Department of Health Care Policy and Financing, Medical Services Premiums -- The Department is requested to report on the growth in the home health program, on its efforts to contain the growth in the home health program, and the fiscal impact of its recommendations made to the Joint Budget Committee regarding this program in FY 1998-99. It is the intent of the General Assembly that the Department take measures to ensure that the FY 1999-00 budget is not exceeded in the home health program. The Department is requested to report to the Joint Budget Committee on its projections and plans in this regard by November 1, 1999.
- 58a (Governor lined through this provision. See L. 99, p. 2249.)
- 59 Department of Health Care Policy and Financing, Other Medical Services, Payment to the Children's Basic Health Plan Trust Fund -- The Department is requested to report on its success in obtaining cash as well as in-kind donations to the Children's Basic Health Plan from the private sector. The Department is requested to include this information in its FY 2000-01 budget request due November 1, 1999.
- 60 Department of Health Care Policy and Financing, Other Medical Services, Payment to the Children's Basic Health Plan

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Trust Fund -- The General Fund appropriation assumes FY 1998-99 managed care and other savings of \$2,357,597; other FY 1998-99 savings of \$2,191,286; base General Fund of \$308,714; FY 1999-00 additional HMO managed care savings of \$1,178,331; primary care physician increased savings of \$497,153; and consolidation from the Specialty and Outstate Program line item of \$2,083,114. The \$2,000,000 cash fund exempt donation from Denver Health and the University Hospital is intended to offset the discontinuation of the one-time appropriation of \$1,700,000 from the Department of State Cash Fund made in S.B. 98-194. The \$2,000,000 appropriation of the hospitals' donation is based on the hospitals' FY 1998-99 donation, and the FY 1999-00 donation is intended to be maintained within the Children's Basic Health Plan Trust Fund for expenditures in FY 2000-01.

- 61 Department of Health Care Policy and Financing, Other Medical Services, Payment to the Children's Basic Health Plan Trust Fund -- The Department is requested to submit to the Joint Budget Committee its recommendations on any changes to the Children's Basic Health Plan individual and family premiums by income level. This information is requested to be submitted no later than June 1, 1999.
- 62 Department of Health Care Policy and Financing, Other Medical Services, Payment to the Children's Basic Health Plan Trust Fund -- The Department is requested to submit its recommendations on maximizing the number of children served in the program through health maintenance organization managed care pursuant to statute. The Department is also requested to report on the reasons why any children are being served through fee-for-service in counties where a participating health maintenance organization is available. This information is requested to be submitted to the Joint Budget Committee no later than November 1, 1999.



- 63 Department of Health Care Policy and Financing, Other Medical Services, Children's Basic Health Plan Premium Costs -- This appropriation assumes that the appropriation for program administration is fully matched by Title XXI federal funds, assumes an average cost per child of \$780.00 per year (\$65.00 per member per month), not including expenditures from the risk-pool, if any, and assumes an estimated annual caseload of 33,119 children. The Department is requested to report quarterly to the Joint Budget Committee, beginning October 1, 1999, on the program's projected administrative costs, attempts to increase enrollment and minimize administrative costs, and on the program's estimated caseload.
- 64 Department of Health Care Policy and Financing, Other Medical Services, Children's Basic Health Plan Risk Pool -- This appropriation shall be for a risk-pool or reserve for the Children's Basic Health Plan. The Department is requested to provide the Joint Budget Committee with a proposal for utilizing a risk-pool to be managed by the state through a private contractor to address certain costs associated with adverse selection or other risk related areas as approved by the Joint Budget Committee. This proposal is requested to be submitted to the Joint Budget Committee no later than June 1, 1999. No funds shall be expended for this purpose without written approval of the Joint Budget Committee.

ITEM & SUBTOTAL	TOTAL	APPROPRIATION FROM				
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\$	\$	\$	\$	\$	\$	\$

**SECTION 2.** Part V (4) and the affected totals of Part V of section 2 of chapter 336, Session Laws of Colorado 1998, as amended by section 1 of chapter 346, Session Laws of Colorado 1999, and the said affected totals of Part V as further amended by section 7 of chapter 364, Session Laws of Colorado 1999, are amended to read:

**PART V  
DEPARTMENT OF HEALTH CARE POLICY AND FINANCING**

**(4) INDIGENT CARE PROGRAM**

Program Administration	271,137	271,137 (3.0 FTE)		
Denver Indigent Care	9,682,775	4,761,989(M)		4,920,786
Specialty and Outstate Programs <sup>47</sup>	17,359,848	10,851,656(M)		6,508,192
University Hospital	10,727,750	5,275,907(M)		5,451,843
Disproportionate Share Payments to Hospitals <sup>47</sup>	189,603,909	54,335,892(M)	<del>41,511,079*</del>	<del>93,756,938</del>
	<hr/>		41,801,914 <sup>a</sup>	93,466,103
	227,645,419			

