

**DEPARTMENT OF TREASURY
FY 2014-15 JOINT BUDGET COMMITTEE HEARING AGENDA**

**Wednesday, November 20, 2013
1:30 pm – 3:00 pm**

1:30-1:40 INTRODUCTIONS AND OPENING COMMENTS

1:40-2:05 COVERCOLORADO CONCLUSION

For CoverColorado:

1. Please provide an update on CoverColorado's transition plan.
2. Is someone ensuring that CoverColorado members are transitioning over to another form of insurance? Does CoverColorado have staff to help navigate clients through this process?
3. Is it possible to develop a process, that includes accountability, that would ensure CoverColorado members who would like to transition to other coverage through Connect for Health Colorado or another carrier are able to do so by the open enrollment deadline as defined by the Affordable Care Act?
4. Please discuss CoverColorado's policy regarding open enrollment periods and the impact of such on the health insurance coverage of its members.
5. Can individuals who have not been covered by a health insurance policy be refused coverage as a result of missing the open enrollment period?
6. What other options are available to CoverColorado members who miss the health exchange's open enrollment period?

For the Department of Treasury (or CoverColorado):

7. Please provide information on the amount of each annual transfer to CoverColorado from the Unclaimed Property Trust Fund.

2:05-2:20 UNCLAIMED PROPERTY PROGRAM

8. When was the last performance audit of the Unclaimed Property Program? When was the last financial audit of the program?

9. The purchase of the LexisNexis Accurint Research Service is intended to improve the efficiency of the Unclaimed Property Program's claims process. Please discuss the impact on the department's current capacity of implementing ongoing and consistent data gathering, analysis, and reporting, in order to monitor and communicate about the effect of such a service.

2:20-2:45 TRANSFERS TO THE ADULT DENTAL FUND

10. Please discuss transfers from the Unclaimed Property Trust Fund.
 - a. How do the transfers to the Adult Dental Fund from the Unclaimed Property Trust Fund compare with those that were made to CoverColorado in the past? Are the transfers to the Adult Dental Fund higher or lower than those made to CoverColorado?
 - b. Did statute limit the amount that can be transferred from the Unclaimed Property Trust Fund to the Adult Dental Fund?
 - c. What past and current legislation has appropriated funds from the Unclaimed Property Trust Fund and for what purpose?

11. The Unclaimed Property Trust Fund Reserve

- a. What is the recommended reserve for the Unclaimed Property Trust Fund? Describe the process through which the department will achieve this reserve.
- b. How is the reserve calculated?
- c. How do transfers to the Adult Dental Fund factor into this calculation?

2:45-3:00 CONTROLLED MAINTENANCE TRUST FUND

12. How is the Controlled Maintenance Trust Fund Managed? In what types of product are the funds invested?

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED

1. Provide a list of any legislation that the department has: (a) not implemented or (b) partially implemented. Explain why the department has not implement or has partially implemented the legislation on this list.
2. Does the department have any outstanding high priority recommendations as identified in the "Annual Report of Audit Recommendations Not Fully Implemented" that was published by

the State Auditor's Office on June 30, 2013? What is the department doing to resolve the outstanding high priority recommendations?

[http://www.leg.state.co.us/OSA/coauditor1.nsf/All/D36AE0269626A00B87257BF30051FF84/\\$FILE/1337S%20Annual%20Rec%20Database%20as%20of%2006302013.pdf](http://www.leg.state.co.us/OSA/coauditor1.nsf/All/D36AE0269626A00B87257BF30051FF84/$FILE/1337S%20Annual%20Rec%20Database%20as%20of%2006302013.pdf)

3. Does the department pay annual licensing fees for its state professional employees? If so, what professional employees does the department have and from what funding source(s) does the department pay the licensing fees? If the department has professions that are required to pay licensing fees and the department does not pay the fees, are the individual professional employees responsible for paying the associated licensing fees?
4. Does the department provide continuing education, or funds for continuing education, for professionals within the department? If so, which professions does the department provide continuing education for and how much does the department spend on that? If the department has professions that require continuing education and the department does not pay for continuing education, does the employee have to pay the associated costs?
5. During the hiring process, how often does the number one choice pick candidate turn down a job offer from the department because the starting salary that is offered is not high enough?
6. What is the turnover rate for staff in the department?

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For CoverColorado:

1. Please provide an update on CoverColorado's transition plan. *Since June 1, 2013, CoverColorado has mailed out six postcards and at least that many emails to members. These communications have explained what is happening to CoverColorado and why, directed them to the Connect for Health Colorado website and phone center, recommended they find a certified broker to help them, alerted them to meetings in their locales, and answered numerous email questions as well as lots of instructional information on our website. The information we have sent and keep on our site changes routinely to keep up with the changing climate of information and dis-information. Two weeks ago, we began calling members directly to ask if they understood our messages and knew what to do.*

We also have our Care Manager Nurses contacting our members that have recently or continue to undergo medical care, to ensure the member has the wherewithal themselves or can access a family or other personal representative to help them. If necessary (judged by our Nurse), we may hire a social worker to assist.

For members that will be undergoing treatment over their transition period, our Care Manager Nurse will - with authorization from the member- contact the Care Manager Nurse at the new health plan the member has enrolled in, to help with continuity of care.

For members that are still enrolled in CoverColorado after January 1, the CoverColorado staff will be calling them personally to help them transition.

Our message has always been to recommend to our members that if they wait until April to secure new coverage, they could have to satisfy two deductibles in 2014: one with CoverColorado, January through March; and a second with their new health plan. So we are encouraging them to enroll with new coverage effective January 1, 2014.

2. Is someone ensuring that CoverColorado members are transitioning over to another form of insurance? Does CoverColorado have staff to help navigate clients through this process? ***The CoverColorado staff and customer service representatives are working to ensure all members understand and will get enrolled in new coverage. We hope for no members to have gaps in coverage. We assist; or we direct the member to the Connect for Health Colorado website, customer call center or a broker/health coverage guide.***

3. Is it possible to develop a process, that includes accountability, that would ensure CoverColorado members who would like to transition to other coverage through Connect for Health Colorado or another carrier are able to do so by the open enrollment deadline as defined by the Affordable Care Act? ***No one wants to ensure this more than the Board of Directors and staff of CoverColorado! That has been our priority these past 6 months. From all I know about the process, there is no certainty in this. For reasons of security, CoverColorado cannot share our member roster with Connect for Health Colorado. What we can do is send communication, call and work with members to help them help themselves.***

4. Please discuss CoverColorado's policy regarding open enrollment periods and the impact of such on the health insurance coverage of its members. ***Before the ACA, there was no open enrollment in the individual health insurance market. CoverColorado has no open enrollment period. New applicants could apply in any month. If their application was received by the 15th of a month, their coverage could begin on the first of the following month. Keep in mind: (most of) these individuals had just been turned down by a commercial carrier and were referred to CoverColorado. This caused them to apply to us.***

5. Can individuals who have not been covered by a health insurance policy be refused coverage as a result of missing the open enrollment period? ***The reason for a 6 month-long open enrollment period with all the media attention is to get people's attention that this 6 months is the time to enroll. And yes, individuals can be refused coverage if they simply avoid enrolling – just like in the Group Insurance/Employer benefits world. There cannot be a 12 month long "open enrollment" period, then you would have people who don't buy insurance until they become ill or injured. This does not work in the health insurance system in the US. And with the ACA, it no longer matters if you have had coverage or not before enrolling. The open enrollment period applies to ALL health insurance carriers, not just those who sell on Connect for Health Colorado.***

6. What other options are available to CoverColorado members who miss the health exchange's open enrollment period? *Since CoverColorado's end is considered "involuntary loss of coverage" in our industry, if our member is covered by CoverColorado through March 31, 2014 and fails to enroll in other coverage by that date, technically, he/she would be able to enroll in new coverage during April (within 30 days of the end of coverage). After that, the individual would have to wait until the next open enrollment period, October, 2014 for a January 1, 2015 effective date. That is the only option, which is why we are so adamant about helping our members understand this situation and enroll for other coverage.*

For the Department of Treasury (or CoverColorado):

7. Please provide information on the amount of each annual transfer to CoverColorado from the Unclaimed Property Trust Fund.
- | | |
|--------------|------------------------|
| 2012 | \$39,999,999.96 |
| 2011 | \$34,694,250.96 |
| 2010 | \$29,142,431.04 |
| 2009 | \$24,255,429.96 |
| 2008 | \$31,817,270.00 |
| 2007 | \$11,922,938.00 |
| Total | \$171,832,320 |

2:05-2:20 UNCLAIMED PROPERTY PROGRAM

8. When was the last performance audit of the Unclaimed Property Program? When was the last financial audit of the program?
9. The purchase of the LexisNexis Accurint Research Service is intended to improve the efficiency of the Unclaimed Property Program's claims process. Please discuss the impact on the department's current capacity of implementing ongoing and consistent data gathering, analysis, and reporting, in order to monitor and communicate about the effect of such a service.

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- a. How do the transfers to the Adult Dental Fund from the Unclaimed Property Trust Fund compare with those that were made to CoverColorado in the past? Are the transfers to the Adult Dental Fund higher or lower than those made to CoverColorado?

- b. Did statute limit the amount that can be transferred from the Unclaimed Property Trust Fund to the Adult Dental Fund?
- c. What past and current legislation has appropriated funds from the Unclaimed Property Trust Fund and for what purpose?

11. The Unclaimed Property Trust Fund Reserve

- a. What is the recommended reserve for the Unclaimed Property Trust Fund? Describe the process through which the department will achieve this reserve.
- b. How is the reserve calculated?
- c. How do transfers to the Adult Dental Fund factor into this calculation?

2:45-3:00 CONTROLLED MAINTENANCE TRUST FUND

12. How is the Controlled Maintenance Trust Fund Managed? In what types of product are the funds invested?

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED

- 1. Provide a list of any legislation that the department has: (a) not implemented or (b) partially implemented. Explain why the department has not implement or has partially implemented the legislation on this list.
- 2. Does the department have any outstanding high priority recommendations as identified in the "Annual Report of Audit Recommendations Not Fully Implemented" that was published by the State Auditor's Office on June 30, 2013? What is the department doing to resolve the outstanding high priority recommendations?
[http://www.leg.state.co.us/OSA/coauditor1.nsf/All/D36AE0269626A00B87257BF30051FF84/\\$FILE/1337S%20Annual%20Rec%20Database%20as%20of%2006302013.pdf](http://www.leg.state.co.us/OSA/coauditor1.nsf/All/D36AE0269626A00B87257BF30051FF84/$FILE/1337S%20Annual%20Rec%20Database%20as%20of%2006302013.pdf)
- 3. Does the department pay annual licensing fees for its state professional employees? If so, what professional employees does the department have and from what funding source(s) does the department pay the licensing fees? If the department has professions that are required to pay licensing fees and the department does not pay the fees, are the individual professional employees responsible for paying the associated licensing fees?
- 4. Does the department provide continuing education, or funds for continuing education, for professionals within the department? If so, which professions does the department provide continuing education for and how much does the department spend on that? If the department

has professions that require continuing education and the department does not pay for continuing education, does the employee have to pay the associated costs?

5. During the hiring process, how often does the number one choice pick candidate turn down a job offer from the department because the starting salary that is offered is not high enough?
6. What is the turnover rate for staff in the department?

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6. What other options are available to CoverColorado members who miss the health exchange’s open enrollment period?

For the Department of Treasury (or CoverColorado):

7. Please provide information on the amount of each annual transfer to CoverColorado from the Unclaimed Property Trust Fund.

Answer:

FY 2004-05	\$1,744,193		FY 2009-10	\$26,658,431
FY 2005-06	\$7,232,579		FY 2010-11	\$31,918,341
FY 2006-07	\$9,307,646		FY 2011-12	\$37,347,125
FY 2007-08	\$19,426,146		FY 2012-13	\$32,170,565
FY 2008-09	\$31,174,631		FY 2013-14	\$0

2:05-2:20 UNCLAIMED PROPERTY PROGRAM

8. When was the last performance audit of the Unclaimed Property Program? When was the last financial audit of the program?

Answer: No formal performance audit of the Unclaimed Property (UP) Program has ever been completed; however, the Office of the State Auditor does include the UP Program in their annual financial audit. Therefore, the last financial audit completed was for the fiscal year ended June 30, 2013.

9. The purchase of the LexisNexis Accurint Research Service is intended to improve the efficiency of the Unclaimed Property Program's claims process. Please discuss the impact on the department's current capacity of implementing ongoing and consistent data gathering, analysis, and reporting, in order to monitor and communicate about the effect of such a service.

Answer: Currently, the Unclaimed Property Division is capable of reporting on the number of citizen inquiries, the number of claims initiated, the number of claims paid, and the number of claims denied. With the addition of the Accurint Research Service, a web-based data storehouse, LexisNexis will be able to provide pertinent statistics such as the number of system requests made by the Division's staff, the number of successful "hits", and the number of re-tries.

2:20-2:45 TRANSFERS TO THE ADULT DENTAL FUND

10. Please discuss transfers from the Unclaimed Property Trust Fund.

- a. How do the transfers to the Adult Dental Fund from the Unclaimed Property Trust Fund compare with those that were made to CoverColorado in the past? Are the transfers to the Adult Dental Fund higher or lower than those made to CoverColorado?

Answer: The Department of Health Care Policy & Financing provided Treasury with the following estimates for transfers to the Adult Dental Fund: \$10.4 million for FY 2013-14 and \$22.0 for FY 2014-15. These figures are substantially lower than the transfers made to CoverColorado over the past five years as shown in the answer to question #7 above.

- b. Did statute limit the amount that can be transferred from the Unclaimed Property Trust Fund to the Adult Dental Fund?

Answer: No, statute did not put a hard limit on the amount that can be transferred from the Unclaimed Property Trust Fund (UPTF) to the Adult Dental Fund. The Adult Dental Fund can access all remaining principal and interest in the UPTF after Treasury reserves "any moneys necessary for: (I) The claims paid pursuant to this article for each fiscal year; (II) The reserve amount necessary to pay anticipated claims; and (III) Publications and correspondence expenses pursuant to section 38-13-111 (7)."

- c. What past and current legislation has appropriated funds from the Unclaimed Property Trust Fund and for what purpose?

Answer: Other than paying claims, funds in the Unclaimed Property Trust Fund (UPTF) have been appropriated for the following reasons:

- 1) To pay the Unclaimed Property Program's operating expenses per the Long Bill;**
- 2) To make transfers to CoverColorado per the Long Bill;**
- 3) To transfer \$15 million to the Colorado Health Benefit Exchange per HB 13-1245;**
- 4) To make transfers to the Adult Dental Fund per SB 13-242; and**
- 5) To make transfers to the General Fund. Over the past 26 years, more than \$195 million has been transferred from the UPTF to the General Fund.**

11. The Unclaimed Property Trust Fund Reserve

- a. What is the recommended reserve for the Unclaimed Property Trust Fund? Describe the process through which the department will achieve this reserve.

Answer: At June 30, 2013 the reserve for the Unclaimed Property Trust Fund was calculated to be \$99.5 million; and that full amount was recorded during the FY 2012-13 closing process.

- b. How is the reserve calculated?

Answer: Historical data of claims paid from the Unclaimed Property Program's database for FY 1996-97 through the present shows us that approximately 40% of a year's gross revenues are paid out over a period of 20 years. The data provides us with a percentage of gross revenue paid out in the year received (YR 1), in the first year after receipt (YR 2), in the second year after receipt (YR 3), etc. Then, the resulting percentages are applied to each year's gross revenues to arrive at an estimate of total claims to be paid out over the next 20 years. At the end of each fiscal year, another year's worth of actual data is factored into the calculation; and the reserve balance is adjusted to the new figure.

- c. How do transfers to the Adult Dental Fund factor into this calculation?

Answer: The transfers to the Adult Dental Fund are not a factor in the reserve calculation.

2:45-3:00 CONTROLLED MAINTENANCE TRUST FUND

12. How is the Controlled Maintenance Trust Fund Managed? In what types of product are the funds invested?

Answer: Per statute, in May 2004, all investments in the Controlled Maintenance Trust Fund (CMTF) portfolio were sold, and the proceeds were deposited into the General Fund. Since then, the CMTF has been managed as part of the Treasury Pool. The Treasury Pool is a 0-5 year portfolio of fixed income securities per 24-36-109 C.R.S. through 24-36-113 C.R.S.

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED

1. Provide a list of any legislation that the department has: (a) not implemented or (b) partially implemented. Explain why the department has not implement or has partially implemented the legislation on this list.

Answer: The department is not aware of any legislation that has not been implemented or partially implemented.

2. Does the department have any outstanding high priority recommendations as identified in the "Annual Report of Audit Recommendations Not Fully Implemented" that was published by the State Auditor's Office on June 30, 2013? What is the department doing to resolve the outstanding high priority recommendations?

[http://www.leg.state.co.us/OSA/coauditor1.nsf/All/D36AE0269626A00B87257BF30051FF84/\\$FILE/1337S%20Annual%20Rec%20Database%20as%20of%2006302013.pdf](http://www.leg.state.co.us/OSA/coauditor1.nsf/All/D36AE0269626A00B87257BF30051FF84/$FILE/1337S%20Annual%20Rec%20Database%20as%20of%2006302013.pdf)

Answer: The department does not have any outstanding high priority recommendations.

3. Does the department pay annual licensing fees for its state professional employees? If so, what professional employees does the department have and from what funding source(s) does the department pay the licensing fees? If the department has professions that are required to pay licensing fees and the department does not pay the fees, are the individual professional employees responsible for paying the associated licensing fees?

Answer: No, the department does not pay annual licensing fees for any of its professional employees. The individual professional employees within the department are responsible for paying their own licensing fees.

4. Does the department provide continuing education, or funds for continuing education, for professionals within the department? If so, which professions does the department provide continuing education for and how much does the department spend on that? If the department has professions that require continuing education and the department does not pay for continuing education, does the employee have to pay the associated costs?

Answer: No, the department does not currently provide funding for continuing education. The individual professional employees within the department are responsible for paying for their own continuing education.

5. During the hiring process, how often does the number one choice pick candidate turn down a job offer from the department because the starting salary that is offered is not high enough?

Answer: Over the past three years, approximately 10% of the positions filled by the department were turned down by the number one choice pick candidate due to a low starting salary.

6. What is the turnover rate for staff in the department?

Answer: Over the past three years, the department has incurred a turnover rate of approximately 10%.