



COLORADO DEPARTMENT OF HEALTH CARE POLICY & FINANCING

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John W. Hickenlooper, Governor • Susan E. Birch MBA, BSN, RN, Executive Director

November 1, 2012

The Honorable Cheri Gerou, Chairman
Joint Budget Committee
200 East 14th Avenue, Third Floor
Denver, CO 80203

Dear Representative Gerou:

Please find the legislative report to the Joint Budget Committee on the Department of Health Care Policy and Financing's Centralized Eligibility Contract Project, Legislative Request for Information #4, enclosed.

Legislative Request for Information #4 states:

The Department of Health Care Policy and Financing is requested to submit a report by November 1, 2012, to the Joint Budget Committee providing information on the current contract expenditures and the strategic plan for the centralized eligibility vendor contract project. In the report, the Department is requested to provide the following information:

- (a) a three-year expenditure plan for the contract;*
- (b) information comparing the cost effectiveness of this contract when compared to eligibility performed by the counties;*
- (c) information regarding the number of clients who have eligibility performed by the centralized eligibility vendor but may also be eligible for other state assistance programs with eligibility determined by the counties;*
- (d) information comparing the ability of the contractor to meet federal guidelines for determining eligibility compared to eligibility performed by the counties; and*
- (e) information about the amount of oversight the Governor's Office of Information Technology provides on the contract.*

The report includes information regarding the expenditures for the centralized eligibility vendor contract for the three fiscal years, the cost effectiveness of the contract when compared to eligibility performed by the counties, the number of clients who have eligibility performed by the centralized eligibility vendor but may be eligible for other state assistance programs with eligibility determined by counties, and information comparing the ability of the contractor to meet federal guidelines for determining eligibility performed by the counties. The report also includes information on the amount of oversight the Governor's Office of Information Technology provides on the contract.

Questions regarding the Centralized Eligibility Vendor Contract Project FY 2011-12 Annual Report can be addressed to Tamara Paul-Reeff, Eligibility Contract Manager, at 303-866-3628.

Sincerely,



Susan E. Birch, MBA, BSN, RN
Executive Director

Enclosure(s)

Cc: Senator Mary Hodge, Vice-Chair, Joint Budget Committee
Senator Pat Steadman, Joint Budget Committee
Senator Kent Lambert, Joint Budget Committee
Representative Jon Becker, Joint Budget Committee
Representative Claire Levy, Joint Budget Committee
Senator Brandon Shaffer, President of the Senate
Senator John Morse, Senate Majority Leader
Senator Bill Cadman, Senate Minority Leader
Representative Frank McNulty, Speaker of the House
Representative Amy Stephens, House Majority Leader
Representative Mark Ferrandino, House Minority Leader
John Ziegler, Staff Director, JBC
Eric Kurtz, JBC Analyst
Henry Sobanet, Director, Office of State Planning and Budgeting
Erick Scheminske, Deputy Director, Office of State Planning and Budgeting
Bettina Schneider, Budget Analyst, Office of State Planning and Budgeting
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Susan E. Birch, Executive Director
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Dr. Judy Zerzan, Clinical Services Office Director
Tom Massey, Policy and Communications Office Director
Antoinette Taranto, Client Services Eligibility & Enrollment Office Director
Phil Kalin, Center for Improving Value in Health Care (CIVHC) Director
Mary Kathryn Hurd, Legislative Liaison
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**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FINANCE OFFICE**

REPORT TO THE JOINT BUDGET COMMITTEE

**CENTRALIZED ELIGIBILITY VENDOR CONTRACT PROJECT
FY 2011-12 ANNUAL REPORT**

NOVEMBER 1, 2012

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INTRODUCTION

This report is presented to the Joint Budget Committee (JBC) of the Colorado General Assembly in response to Legislative Request for Information 4, which states:

Department of Health Care Policy and Financing, Executive Director's Office, Information Technology Contracts and Projects, Centralized Eligibility Vendor Contract Project – The Department of Health Care Policy and Financing is requested to submit a report by November 1, 2012, to the Joint Budget Committee providing information on the current contract expenditures and the strategic plan for the centralized eligibility vendor contract project. In the report, the Department is requested to provide the following information:

- (a) a three-year expenditure plan for the contract;*
- (b) information comparing the cost effectiveness of this contract when compared to eligibility performed by the counties;*
- (c) information regarding the number of clients who have eligibility performed by the centralized eligibility vendor but may also be eligible for other state assistance programs with eligibility determined by the counties;*
- (d) information comparing the ability of the contractor to meet federal guidelines for determining eligibility compared to eligibility performed by the counties; and*
- (e) information about the amount of oversight the Governor's Office of Information Technology provides on the contract.*

PROGRAM OVERVIEW

The Child Health Plan Plus (CHP+) statute 25.5-8-102 (6)(c), C.R.S., requires a public-private partnership, and since the program's inception in 1998, has contracted with an outside vendor for eligibility and enrollment services. Through the competitive bid process, the Colorado Department of Health Care Policy and Financing (the Department) signed a contract with MAXIMUS, Inc. to perform eligibility and enrollment for its medical assistance programs. The five-year contract was executed in July of 2010 with enrollment activities beginning in October 2010 and running through June 2015.

The Centralized Eligibility Vendor streamlines navigation through the eligibility process of Medicaid and the Children's Basic Health Plan, creates expedited eligibility for medical only cases, and improves outreach and enrollment in both programs. These changes ensure easier, more reliable, and timely eligibility and enrollment processes, making the programs more efficient and effective in delivering important benefits to clients, providers, and enrollment staff. In addition, the entity modernizes the current eligibility determination process by providing technology that is not currently available in every county, such as an automated customer contact center and an electronic document and workflow management system. This provides a central repository for applications and related documents. The Centralized Eligibility Vendor also provides electronic systems that aid in managing the online application for benefits. This entity enhances and complements the current multiple county-level process.

Funding for this contract was expanded in the FY 2008-09 Long Bill (HB 08-1375) for the implementation and administration of a centralized eligibility vendor model. It was the result of the recommendation by The Blue Ribbon Commission for Health Care Reform (the “208 Commission”) created to study and establish health care reform models for expanding coverage, especially for the underinsured and uninsured, and to decrease health care costs for Colorado residents. Recommendation 10 in the Fifth Proposal suggested creating a single state-level entity for determining Medicaid and Children’s Basic Health Plan eligibility.

The funding in the Department’s budget for the Centralized Eligibility Vendor Contract consists of two distinct funding sources: the Children's Basic Health Plan Administration line item and the Centralized Eligibility Vendor Contract Project line item. The Centralized Eligibility Vendor Contract Project line item provides funding for services for the following expansion populations from HB 09-1293, the “Colorado Health Care Affordability Act”: CHP+ to 250% of the federal poverty level, the Buy-In Programs for Individuals with Disabilities, and Adults without Dependent Children to 100% of the federal poverty level.

RESPONSE TO LEGISLATIVE REQUEST FOR INFORMATION 4

A. Three-year expenditure plan for the contract.

Table 1: FY 2012-13 Expenditure Plan	
Description	State Fiscal Year Total
Child Health Plan Plus Services	\$3,747,444
AwDC and Medicaid Buy-in Populations Services	\$4,252,668
Total Maximum Yearly Amount	\$8,000,112

Table 2: FY 2013-14 Expenditure Plan	
Description	State Fiscal Year Total
Child Health Plan Plus Base Services	\$3,750,000
AwDC and Medicaid Buy-in Populations Services	\$5,226,120
Total Maximum Yearly Amount	\$8,976,120

Table 3: FY 2014-15 Expenditure Plan	
Description	State Fiscal Year Total
Child Health Plan Plus Base Services	\$3,750,000
AwDC and Medicaid Buy-in Populations Services	\$5,297,520
Total Maximum Yearly Amount	\$9,047,520

B. Information comparing the cost effectiveness of this contract when compared to eligibility performed by the counties.

To date, the Colorado Workload Study performed by Deloitte in 2007 is the most recent analysis conducted regarding the cost effectiveness of this contract when compared to eligibility performed by the counties. The results of this analysis can be found on the Department’s

website by going to [Colorado.gov/hcpf](http://colorado.gov/hcpf) > Boards & Committees > Eligibility Modernization Project > Colorado Eligibility Modernization Meeting Schedule > Public Knowledge Report Appendix H, or through following this link:

http://www.colorado.gov/cs/Satellite?c=Document_C&cid=1229948050843&pagename=HCPF%2FDocument_C%2FHCPFAddLink

C. Information regarding the number of clients who have eligibility performed by the centralized eligibility vendor but may also be eligible for other state assistance programs with eligibility determined by the counties.

From July 2011 through June 2012, 165,916 clients had their eligibility performed (either approved or denied) by the Centralized Eligibility Vendor. Of that number, 57,083 were Child Health Plan *Plus* (CHP+) clients, while 108,833 were Family Medical clients.

Based on the calculated federal poverty levels (FPLs) of the CHP+ clients processed, 46.99% may have been eligible for other non-medical state assistance programs, namely Expedited Food stamps and Food Stamps. Of the Family Medical clients processed, 0.11% may have been eligible for other non-medical state assistance programs, namely Expedited Food Stamps or Food Stamps.

The determination was made to use the Food Stamps program as the non-medical representative program because it encompasses the largest volume of clients who may have been eligible for other non-medical state assistance programs.

Please note that these figures represent the percent of all approved and denied applicants. Because all children must be denied eligibility for Family Medical before being determined eligible for CHP+, the reported percent of Family Medical cases that may be eligible for Expedited Food Stamps or Food Stamps is understated. This is a result of including denied applicants in this count, which is done to accurately state the cases for which eligibility is performed.

D. Information comparing the ability of the contractor to meet federal guidelines for determining eligibility compared to eligibility performed by the counties.

Since the last report, the Department has made significant improvements to correct the eligibility system operations to accurately capture timely processing of applications across eligibility sites. The following changes/fixes implemented in December 2011, namely the Case Assignment Issue and the Administratively Pending Issue, have helped to more accurately depict performance across eligibility sites. The third issue listed below does not have an implementation date at this time.

Issue	How it Currently Works	How it Will Work
Case Assignment	<p>CBMS currently assigns cases or applications in conflict with current practice and operations.</p> <p>For example, part of an application can be assigned to a county while the CHP+ part of the same application is assigned to the vendor, regardless of which site is actually processing the application.</p>	<p>The entire application will be assigned to the eligibility site processing the application.</p> <p>This issue was fixed through Project 2349 and implemented on December 18, 2011.</p>
Administratively Pending	<p>CBMS counts a pending application for each program in which the applicant is applying. There are up to six (6) different medical programs that can be determined when an individual applies. Once an individual is determined eligible in one of the medical programs, the remaining medical programs remain pending until an eligibility site closes those pending programs (Administratively Pending).</p> <p>For example, an individual is eligible for the Family Medical program and the CHP+ part of the program continues to pend at the vendor.</p>	<p>Once an individual is determined eligible in one medical program, the other pending medical programs will be closed by CBMS.</p> <p>This issue was corrected through Project 2349 and implemented on December 18, 2011.</p>
Enrollment Fees	<p>Eligibility Sites have 45 days to complete eligibility determinations. Once approved for CHP+, an enrollment letter is sent to the applicant to return within 30 days. If the eligibility is completed within the 45 day requirement, the case remains in pending status for up to 30 days past the eligibility determination and counts as untimely for the vendor, regardless of the site that processes the application.</p>	<p>Since the last report, a solution was identified however there is no projected implementation date at this time.</p>

The data in the table below represents the most current information (for the top ten producing sites by volume) regarding the Timely Processing of Medical Applicant Determinations and reflects applications processed for the monthly period ending September 30, 2012. The total number of cases processed by the State for the month of September 2012 was 30,787, with a timely percentage rate of 89.29%. Please note that this is the most current information at the time of preparation of the report.

Eligibility Site Name	Timely Count	Untimely Count	Total	Percentage of Timely
Adams	2,190	499	2,689	81.44%
Arapahoe	2,773	313	3,086	89.86%
Boulder	1,176	90	1,266	92.89%
Denver	2,130	327	2,457	86.69%
Denver Health	1,366	74	1,440	94.86%
El Paso	1,873	199	2,072	90.40%
Jefferson	1,525	296	1,821	83.75%
Larimer	1,159	63	1,222	94.84%
Maximus	3,813	743	4,556	83.69%
Weld	1,556	135	1,691	92.02%

E. Information about the amount of oversight the Governor's Office of Information Technology provides on the contract.

This Contract is an existing administrative vendor contract and is therefore outside the authority and scope of the Governor's Office of Information Technology (OIT) to oversee.

