



COLORADO
Department of Health Care
Policy & Financing

1570 Grant Street
Denver, CO 80203

FY 2020-21 Budget Agenda

Below is a summary of the Colorado Department of Health Care Policy and Financing's (the Department) discretionary budget requests submitted to the Colorado General Assembly for consideration as part of the Governor's Fiscal Year (FY) 2020-21 budget, which runs from July 1, 2020 – June 30, 2021.

Budget Requests 1-5 are directly related to caseload and cost projections for Medicaid and Child Health Plan *Plus* (CHP+), including physical and behavioral health services, prescription drugs, and services for people with intellectual and developmental disabilities. These budget lines are "trued" each year as actual caseloads and per capita costs are reconciled with projections. The requests below outline other budget requests not related to caseloads. The FY 2020-21 budget requests focus on improving customer service, benefits management, compliance and controlling costs. The requests include strategic investments in technology to support pharmacy benefits and payment reforms.

Each request is summarized below; additional detail and caseload requests are available at Colorado.gov/hcpf. The budget becomes final after it has been passed by the Colorado General Assembly and signed into law by the Governor.

Budget Requests

R6 | Improve Customer Service

Summary: The Department is committed to improving members' experience with Medicaid and the Child Health Plan *Plus* (CHP+). This request is the next phase of incremental improvements to provide members with adequate levels of services needed to obtain important information about their health care coverage and access to their benefits. The request includes funding for increased staff and technology improvements in the Department's Member Contact Center (MCC) to improve call center experience for members, and contractor funding to make recommendations on consolidating the Department's contact points. The request also includes one-time funding to implement member surveys.

FY 2020-21 Budget Impact: \$3,428,079 total funds, including \$1,046,792 General Fund

FY 2021-22 Budget Impact: \$1,337,925 total funds, including \$441,515 General Fund

R7 | Pharmacy Pricing and Technology

Summary: The Department requests funding to support ongoing work on initiatives tied to controlling pharmacy and physician administered drug (PAD) expenditures, and ensuring appropriate utilization of drugs. The request includes: revising the rate setting methodologies for the pharmacy and PAD benefits; incorporating data from the State's prescription drug monitoring program (PDMP) into the



pharmacy claims processing system; trueing up funding for a prescriber tool authorized as part of SB 18-266 "Controlling Cost under Colorado Medical Assistance Act" and adding roll-forward authority for design and development of the tool; and adding administrative resources to facilitate pharmaceutical appeals and Department initiatives to control pharmacy costs.

FY 2019-20 Budget Impact: \$7,135,879 total funds, including \$1,408,842 General Fund

FY 2020-21 Budget Impact: \$4,561,775 total funds, including \$1,152,570 General Fund

FY 2021-22 Budget Impact: \$4,078,936 total funds, including \$1,263,138 General Fund

R8 | Accountability and Compliance Improvement Resources

Summary: The Department requests funding to provide increased stewardship of State resources through the implementation of program oversight measures. The request includes funding to address operational compliance and oversight deficiencies across programs; ensure quality assurance and drive more accountability to the Department's programs; and improve benefit management.

FY 2020-21 Budget Impact: \$3,085,585 total funds, including \$658,086 General Fund

FY 2021-22 Budget Impact: \$3,110,009 total funds, including \$654,588 General Fund

R9 | Bundled Payments

Summary: The Department requests funding to implement a bundled payment methodology for maternity care. In recent years, the General Assembly has authorized the Department to establish modern payment methodologies, including bundled payments. The new methodology will incentivize providers to serve clients in a more cohesive manner and to reduce potentially avoidable complications. The request will fund the additional administrative costs of calculating these payments and allow the Department to investigate other episodes to target for these payments in future years.

FY 2020-21 Budget Impact: \$743,065 total funds, including \$63,224 General Fund

FY 2021-22 Budget Impact: \$65,915 total funds, including a reduction of \$35,320 General Fund

R10 | Provider Rate Adjustments

Summary: The Department requests funding to adjust provider rates across several service categories. The rate adjustments include an increase for personal care and homemaker rates, targeted adjustments based on Department recommendations in the Medicaid Provider Rate Review Recommendation Reports and the Department's rate setting process, and an across-the-board rate increase for providers not otherwise impacted by a targeted rate adjustment.

FY 2020-21 Budget Impact: \$2,090,599 total funds, including \$538,755 General Fund

FY 2021-22 Budget Impact: Reduction of \$12,175,778 total funds, including a reduction of \$6,788,148 General Fund

R11 | SUD Patient Placement and Benefit Implementation

Summary: The Department requests to true up funding related to the expansion of the substance use disorder benefit through HB 18-1136, "Substance Use Disorder Treatment." HB 18-1136 required the Department to extend behavioral health care services to include residential and inpatient substance use disorder (SUD) treatment, pending federal approval. The request includes funding for a patient



placement tool and a reduction in the estimated costs for the first year of the expanded benefit services. There is no change to the service package or benefits being offered. The patient placement tool will help map patients to the correct level of care based on American Society of Addiction Medicine (ASAM) criteria. The limited reduction in funding reflects updated cost projections for the expanded benefit. The original estimate did not account for any ramp-up in implementation and it is likely provider capacity will need to expand over time.

FY 2019-20 Budget Impact: \$80,000 total funds, including \$26,400 General Fund

FY 2020-21 Budget Impact: Reduction of \$85,566,035 total funds, including a reduction of \$16,622,834 General Fund

FY 2021-22 Budget Impact: \$1,368,000 total funds, including \$451,440 General Fund

R12 | Work Number Verification

Summary: The Department is requesting funding to implement a robust income verification process for Medicaid and CHP+ eligibility determinations. The primary eligibility determinants for these programs are total gross household income compared to the Federal Poverty Level (FPL) and the household composition. Income is self-attested by individual members with a requirement of post-eligibility verification. The current verification process does not operate in real time and results in a built-in delay, with members enrolling into Medicaid and CHP+ only to be later determined ineligible. The Department is anticipating savings with this request as the Department will be able to verify an individual's income at the time of enrollment.

FY 2020-21 Budget Impact: Reduction of \$22,577,733 total funds, including a reduction of \$3,791,252 General Fund

FY 2021-22 Budget Impact: Reduction of \$46,239,666 total funds, including a reduction of \$7,739,065 General Fund

R13 | Long-Term Care Utilization Management

Summary: The Department is requesting funding to enhance the scope of work of the Long-Term Care Utilization Management (LTC UM) contract. The enhanced scope would direct utilization management activities of the In-Home Support Services (IHSS) and Consumer Directed Attendant Support Services (CDASS) populations. Utilization Management (UM) is the evaluation of the appropriateness and medical necessity of health care services based on evidence-based guidelines. Determinations of service authorization in IHSS and CDASS are made by case management agency representatives who frequently lack clinical expertise and are not subject to oversight or accountability measures. The additional UM activities will ensure case managers are authorizing the right services for the right people.

FY 2020-21 Budget Impact: \$1,746,531 total funds, including \$431,632 General Fund

FY 2021-22 Budget Impact: \$1,746,531 total funds, including \$431,632 General Fund

R14 | Enhanced Care and Condition Management

Summary: The Department requests funding to provide dedicated Department resources to improve clinical care and condition management for the Department's highest risk and highest cost members. The requested resources will improve case management within the Regional Accountable Entities (RAEs) for these individuals, including contractor funding to address the management of



chronic pain, anxiety and depression. The Department anticipates improved care management will result in better health outcomes and lower utilization of high-cost medical services for these members.

FY 2020-21 Budget Impact: \$433,636 total funds, including \$143,099 General Fund

FY 2021-22 Budget Impact: \$390,324 total funds, including \$128,806 General Fund

R15 | Medicaid Recovery and Third-Party Liability Modernization

Summary: The Department requests funding to increase oversight and modernize operations related to improper payments for medical services. The request includes administrative resources for staff and vendor contracts to work toward decreasing medical costs due to improper payments in three areas: tort and casualty recoveries; identification of third-party insurance; and identification and collection of overpayments.

FY 2020-21 Budget Impact: Reduction of \$12,301,943 total funds, including a reduction of \$3,468,482 General Fund

FY 2021-22 Budget Impact: Reduction of \$32,473,223 total funds, including a reduction of \$9,479,366 General Fund

R16 | Case Management and State-Only Programs Modernization

Summary: The Department seeks to implement the following initiatives to increase programmatic oversight and management, increase funding transparency, and address audit findings:

1. Staffing for the management and oversight of programs for persons with intellectual and developmental disabilities (IDD).
2. Administrative resources to implement and oversee case management redesign.
3. Adjustment funding for federal funds available for IDD eligibility determinations.
4. Collapsing appropriations for Community Centered Boards (CCBs), Single-Entry Points (SEP), the State-Only General Fund programs and Home- and Community-Based Services (HCBS) waiver programs into separate appropriations that are bottom-line funded.

FY 2020-21 Budget Impact: \$402,372 total funds, including a reduction of \$69,366 General Fund

FY 2021-22 Budget Impact: \$397,497 total funds, including a reduction of \$100,135 General Fund

R17 | Program Capacity for Older Adults

Summary: The Department requests funding to make several changes to the Department's administration of programs for older adults. This request includes changes to the nursing facility program, including: technical changes to the current statute related to reimbursement and resources to investigate a new methodology for facilities with a focus on quality of care. The Department's request also includes resources to increase oversight of the Program of All-Inclusive Care for the Elderly (PACE) and its providers to ensure quality care, compliance and the fiscal viability of PACE.

FY 2020-21 Budget Impact: \$558,020 in total funds, including \$184,146 General Fund

FY 2021-22 Budget Impact: \$163,494 total funds, including \$53,953 General Fund

R18 | Public School Health Services Program Expansion

Summary: The Department is requesting to expand the reimbursement of covered services in the public School Health Services (SHS) program. Currently, the program allows school districts access to



federal Medicaid funds for the partial reimbursement of the cost of providing medically-necessary health services to Medicaid-eligible students as prescribed in the student's Individualized Education Program (IEP) or Individualized Family Service Plans (IFSP). The Department is seeking to allow districts participating in the program to receive reimbursement for Medicaid services outside of those listed in an IEP or IFSP. These services include the costs associated with providing care to any student on a formal, school-developed plan. The decision to expand the program is based on guidance from the federal Centers for Medicare and Medicaid Services (CMS).

FY 2020-21 Budget Impact: \$75,000 total funds, including \$0 General Fund

FY 2021-22 Budget Impact: \$26,987,386 total funds, including \$0 General Fund

R19 | Leased Space

Summary: The Department is requesting funding for adjustments in the cost of current commercial leased space. The Department currently utilizes state-owned space and commercial space to accommodate employees. The current appropriation is not sufficient to adequately support leased space expenses. The funding would ensure the Department has appropriate funding, and staff have reasonable work space necessary to provide services to customers.

FY 2019-20 Budget Impact: \$72,035 total funds, including \$29,865 General Fund

FY 2020-21 Budget Impact: \$111,119 total funds, including \$46,070 General Fund

FY 2021-22 Budget Impact: \$203,385 total funds, including \$84,323 General Fund

R20 | Safety Net Provider Payments Adjustment

Summary: The Department is requesting funding for technical adjustments to the Safety Net Provider Payments to align with current timelines and policies. The Safety Net Provider Payments are comprised of Disproportionate Share Hospital (DSH) and Upper Payment Limit (UPL) funding allotments for the Colorado Indigent Care Program (CICP). The CICP is a financial vehicle for providers to recoup some of the costs of providing medical services to low-income Coloradans not eligible for Medicaid or the Child Health Plan *Plus* (CHP+). The requested adjustments would align the Safety Net appropriation to the expected DSH payment allotment and move the UPL portion to the Medicaid Services Premiums appropriation. Overall, there would be no change in expenditures and the change would align appropriations with current practice.

FY 2020-21 Budget Impact: \$0 total funds, including \$0 General Fund

FY 2021-22 Budget Impact: \$0 total funds, including \$0 General Fund

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