

**Updated Schedule 7
Summary of FY 07-08 Change Requests**

Department Name: Health Care Policy and Financing

Submission Date: January 4, 2007

Total Impact of FY 07-08 Change Requests					\$219,191,770	20.80	\$86,842,301	\$8,907	\$19,416,434	\$112,924,128
Schedule 7 Priority	January 4 Priority	November 1 Priority	Title	IT Request?	Total Request (FY 07-08)	FTE	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds
FY 07-08 Decision Items										
1	N/A	DI - 1	Request for FY 07-08 Medical Services Premiums	No	\$149,426,166	0.00	\$53,959,687	(\$38,256)	\$19,753,332	\$75,751,403
2	N/A	DI - 2	Request for FY 07-08 Medicaid Community Mental Health Programs	No	\$10,181,652	0.00	\$5,088,974	\$0	(\$1,857,803)	\$6,950,481
3	N/A	DI - 3	Adjust Children's Basic Health Plan Medical Premium and Dental Costs for Caseload and Rate Changes	No	\$26,150,907	0.00	\$4,481,968	\$47,163	\$7,598,277	\$14,023,499
4	N/A	DI - 4	Implementation of HB 06S-1023 and Deficit Reduction Act of 2005	No	\$3,031,963	3.00	\$979,398	\$0	\$576,871	\$1,475,694
5	BA-1	N/A	Revised Federal Rule for Payment Error Rate Measurement Program (PERM)	Yes	\$1,467,412	1.00	\$530,767	\$0	\$218,551	\$718,094
6	BA-2	DI - 7	Increased Funding for Non-Emergency Medical Transportation (Sum of both BA-2 and DI-7 Requests)	No	\$2,614,139	0.00	\$1,307,069	\$0	\$0	\$1,307,070
7	N/A	DI - 8	Funding to Continue Efforts on Cases Exceeding Processing Guidelines	No	\$152,807	4.00	\$38,737	\$0	\$26,367	\$87,703
8	N/A	DI - 5	Increase Funding for Commercial Leased Space	No	\$222,808	0.00	\$111,404	\$0	\$0	\$111,404
9	N/A	DI - 6	Provider Rate Increases	No	\$14,212,732	0.00	\$7,009,313	\$0	\$138,113	\$7,065,306
10	N/A	DI - 9	Public School Health Services Federal Corrections	No	\$184,520	0.00	\$0	\$0	\$0	\$184,520
11	N/A	DI - 10	Move Administrative Contracts in Medical Services Premiums to the Executive Director's Office Long Bill Group	No	\$0	0.00	\$0	\$0	\$0	\$0
12	N/A	DI - 11	Technical Adjustment to Old Age Pension State Medical Program	No	\$725,468	0.00	\$0	\$0	\$725,468	\$0
13	N/A	DI - 12	Internal Audit of Primary Care Fund	No	\$0	0.00	\$0	\$0	\$0	\$0
14	N/A	DI - 13	Technical Correction to FTE Count	No	\$0	12.80	\$0	\$0	\$0	\$0
Subtotal					\$208,370,574	20.80	\$73,507,317	\$8,907	\$27,179,176	\$107,675,174
FY 07-08 Base Reduction Items										
1	N/A	BRI - 1	Hospital and Federally Qualified Health Center Audits — Funding for Renewed Contract	No	(\$365,797)	0.00	(\$182,898)	\$0	\$0	(\$182,899)
2	N/A	BRI - 2	Decrease Drug Utilization Review Funding	No	(\$84,832)	0.00	(\$18,458)	\$0	\$0	(\$66,374)
Subtotal					(\$450,629)	0.00	(\$201,356)	\$0	\$0	(\$249,273)

**Updated Schedule 7
Summary of FY 07-08 Change Requests**

Department Name: Health Care Policy and Financing

Submission Date: January 4, 2007

Total Impact of FY 07-08 Change Requests					\$219,191,770	20.80	\$86,842,301	\$8,907	\$19,416,434	\$112,924,128
Schedule 7 Priority	January 4 Priority	November 1 Priority	Title	IT Request?	Total Request (FY 07-08)	FTE	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds
FY 07-08 Non-Prioritized Items										
1	N/A	NP - 1	DHS - Regional Centers Staffing Shortfalls	No	\$478,783	0.00	\$239,391	\$0	\$0	\$239,392
2	N/A	NP - 2	DHS - Population Impacts on Contract Placements	No	\$536,314	0.00	\$268,157	\$0	\$0	\$268,157
3	N/A	NP - 3	DHS - Provide Resources to Specific Populations	No	\$3,439,281	0.00	\$1,719,641	\$0	\$0	\$1,719,640
4	N/A	NP - 4	DHS - Facilities Management Operating Funds - Direct Care Facilities	No	\$211,464	0.00	\$105,732	\$0	\$0	\$105,732
5	N/A	NP - 5	DHS - CBMS - EDS Annual Contract Increase	No	\$142,403	0.00	\$66,712	\$0	\$8,519	\$67,172
6	N/A	NP - 6	DHS - Child Welfare Services Block Increases	No	\$383,193	0.00	\$191,597	\$0	\$0	\$191,596
7	N/A	NP - 7	DHS - OITS Disaster Recovery/Business Continuity Support FTE	No	\$3,134	0.00	\$1,567	\$0	\$0	\$1,567
8	N/A	NP - 8	DHS - Provider Rate Increase of 2%	No	\$5,665,754	0.00	\$2,822,367	\$0	\$10,510	\$2,832,877
9	N/A	NP - 9	DPHE - Implementation of HB 06S-1023	No	\$135	0.00	\$68			\$67
10	N/A	NP - 10	DHS - Division of Mental Health TRCCF and PRTF Program Implementation	No	(\$393,696)	0.00	\$0	\$0	(\$196,848)	(\$196,848)
11	N/A	NP - 11	DHS - CBMS Hardware - Disaster Recovery	No	\$195,215	0.00	\$91,452	\$0	\$11,679	\$92,084
12	N/A	NP - 12	DHS - Vehicle Replacement State-wide	No	\$22,223	0.00	\$11,112	\$0	\$0	\$11,111
13	N/A	NP - 13	DHS - Multi-use Network Payment State-wide	No	(\$1,458)	0.00	(\$729)	\$0	\$0	(\$729)
14	N/A	NP - 14	DHS - HIPAA - Security Remediation Maintenance Costs	No	\$44,475	0.00	\$22,238	\$0	\$0	\$22,237
15	N/A	NP - 15	Commission on Family Medicine - Leveraging Federal Matching Funds	No	\$200,000	0.00	\$100,000	\$0	\$0	\$100,000
16	NP - BA1	N/A	Workers' Compensation Common Policy Adjustments	No	(\$20,414)	0.00	(\$10,207)	\$0	\$0	(\$10,207)
17	NP - BA2	N/A	Payments to Risk Management and Property Funds Common Policy Adjustments	No	\$18,436	0.00	\$9,218	\$0	\$0	\$9,218
18	NP - BA3	N/A	Capitol Complex Leased Space Common Policy Adjustments	No	\$28,977	0.00	\$14,488	\$0	\$0	\$14,489
19	NP - BA4	N/A	DPHE - Adjustment to Medicaid State / Federal Funds	No	\$0	0.00	\$128,011	\$0	\$0	(\$128,011)
20	NP - BA5	N/A	DHS - Division of Mental Health TRCCF and PRTF Program Implementation	No	\$23,383	0.00	\$697	\$0	\$11,343	\$11,343
21	NP - BA6	N/A	DHS - Local Match Replaced by State Match of General Fund	No	\$0	0.00	\$7,607,945	\$0	(\$7,607,945)	\$0
22	NP - BA7	N/A	DHS - Mental Health Institute RTC Funding Correction	No	(\$677,770)	0.00	(\$338,885)	\$0	\$0	(\$338,885)
23	NP - BA8	N/A	DHS - Salary Survey Adjustment	No	\$355,444	0.00	\$177,879	\$0	\$0	\$177,565
24	NP - BA9	N/A	DHS - Refinance Developmental Disabilities Medicaid Waiver Transition Costs	No	\$0	0.00	(\$386)	\$0	\$0	\$386
25	NP - BA10	N/A	DHS - Risk Management	No	(\$6,830)	0.00	(\$3,415)	\$0	\$0	(\$3,415)
26	NP - BA1	N/A	DHS - Worker's Compensation	No	\$623,379	0.00	\$311,690	\$0	\$0	\$311,689
Subtotal					\$11,271,825	0.00	\$13,536,340	\$0	(\$7,762,742)	\$5,498,227
GRAND TOTAL FY 07-08					\$219,191,770	20.80	\$86,842,301	\$8,907	\$19,416,434	\$112,924,128

Schedule 8
Summary of FY 07-08 Budget Request Amendments

Department Name: Health Care Policy and Financing

Submission Date: January 4, 2007

Number of Prioritized Budget Amendments: 2

Priority#	Page #	Tab #	Title	IT Request	Total Request (FY 07-08)	FTE	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	
Health Care Policy and Financing FY 07-08 Budget Request Amendments Associated with Supplementals											
BA-1	S.5-1	5	Revised Federal Rule for Payment Error Rate Measurement Program (PERM)	Yes	\$1,467,412	1.00	\$530,767	\$0	\$218,551	\$718,094	
BA-2	S.6-1	6	Increase Funding for Non-Emergency Medical Transportation	No	\$1,149,343	0.00	\$574,671	\$0	\$0	\$574,672	
FY 07-08 Budget Request Amendments Associated with Supplementals Subtotal						\$2,616,755	1.00	\$1,105,438	\$0	\$218,551	\$1,292,766
Health Care Policy and Financing FY 07-08 Non-Prioritized Budget Request Amendments Associated with Supplementals											
NP-BA1	S.12-1	12	Workers' Compensation Common Policy Adjustments	No	(\$20,414)	0.00	(\$10,207)	\$0	\$0	(\$10,207)	
NP-BA2	S.12-2	12	Payments to Risk Management and Property Funds Common Policy Adjustments	No	\$18,436	0.00	\$9,218	\$0	\$0	\$9,218	
NP-BA3	S.12-3	12	Capitol Complex Leased Space Common Policy Adjustments	No	\$28,977	0.00	\$14,488	\$0	\$0	\$14,489	
NP-BA4	S.12-6	12	DPHE - Adjustment to Medicaid State / Federal Funds	No	\$0	0.00	\$128,011	\$0	\$0	(\$128,011)	
NP-BA5	S.12-8	12	DHS - Division of Mental Health TRCCF and PRTF Program	No	\$23,383	0.00	\$697	\$0	\$11,343	\$11,343	
NP-BA6	S.12-9	12	DHS - Local Match Replaced by State Match of General Fund	No	\$0	0.00	\$7,607,945	\$0	(\$7,607,945)	\$0	
NP-BA7	S.12-10	12	DHS - Mental Health Institute RTC Funding Correction	No	(\$677,770)	0.00	(\$338,885)	\$0	\$0	(\$338,885)	
NP-BA8	S.12-11	12	DHS - Salary Survey Adjustment	No	\$355,444	0.00	\$177,879	\$0	\$0	\$177,565	
NP-BA9	S.12-14	12	DHS - Refinance Developmental Disabilities Medicaid Waiver Transition Costs	No	\$0	0.00	(\$386)	\$0	\$0	\$386	
NP-BA10	S.12-16	12	DHS - Risk Management	No	(\$6,830)	0.00	(\$3,415)	\$0	\$0	(\$3,415)	
NP-BA11	S.12-17	12	DHS - Worker's Compensation	No	\$623,379	0.00	\$311,690	\$0	\$0	\$311,689	
FY 07-08 Non-Prioritized Budget Request Amendments Associated with Supplementals						\$344,605	0.00	\$7,897,035	\$0	(\$7,596,602)	\$44,172
GRAND TOTAL FY 07-08 Budget Request Amendments						\$2,961,360	1.00	\$9,002,473	\$0	(\$7,378,051)	\$1,336,938

Schedule 9
Summary of Supplemental Requests for FY 06-07

Department Name:

Health Care Policy and Financing

Submission Date:

January 4, 2007

Number of Prioritized Supplemental Requests:

11

Priority #	Page #	Tab #	Title	IT Request	Total Request (FY 06-07)	FTE	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds		
FY 06-07 Prioritized Supplemental Requests												
S-1	S.1-1	1	Request for FY 06-07 Medical Services Premiums	No	\$15,283,033	0.00	\$8,455,013	(\$38,256)	(\$1,673,643)	\$8,539,919		
S-2	S.2-1	2	Request for FY 06-07 Medicaid Community Mental Health Programs	No	(\$9,968,070)	0.00	(\$422,338)	\$0	(\$9,105,037)	(\$440,695)		
S-3	S.3-1	3	Adjust Children's Basic Health Plan Caseload	Placeholder - Official Request will be submitted February 15, 2007								
S-4	S.4-1	4	Implement HB 06S-1023 and Deficit Reduction Act of 2005	Yes	\$2,941,474	1.50	\$921,872	\$0	\$564,760	\$1,454,842		
S-5	S.5-1	5	Revised Federal Rule for Payment Error Rate Measurement Program (PERM)	Yes	\$546,041	0.08	\$201,711	\$0	\$78,481	\$265,849		
S-6	S.6-1	6	Increase Funding for Non-Emergency Medical Transportation	No	\$1,957,862	0.00	\$978,931	\$0	\$0	\$978,931		
S-7	S.7-1	7	Increased Fixed Price Contract Funding for Medicaid Management Information System Contract	Yes	\$3,454,449	0.00	\$931,454	\$0	\$36,272	\$2,486,723		
S-8	S.8-1	8	Increase Funding for Commercial Leased Space	No	\$330,648	0.00	\$165,324	\$0	\$0	\$165,324		
S-9	S.9-1	9	Increase Funding for HIPAA National Provider Identifier Implementation	Yes	\$1,339,621	0.00	\$29,409	\$0	\$14,066	\$1,296,146		
S-10	S.10-1	10	IT Changes Needed for Implementation of Deficit Reduction Act - Long Term Care	Yes	\$35,404	0.00	\$16,586	\$0	\$2,118	\$16,700		
S-11	S.11-1	11	Public School Health Services Federal Audit Compliance	No	\$184,520	0.00	\$0	\$0	\$0	\$184,520		
FY 06-07 Supplemental Request Subtotal					\$16,104,982	1.58	\$11,277,962	(\$38,256)	(\$10,082,983)	\$14,948,259		

Schedule 9
Summary of Supplemental Requests for FY 06-07

Department Name:

Health Care Policy and Financing

Submission Date:

January 4, 2007

Number of Prioritized Supplemental Requests:

11

Priority #	Page #	Tab #	Title	IT Request	Total Request (FY 06-07)	FTE	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds
FY 06-07 Non-Prioritized Supplemental Requests										
NP-S1	S.12-1	12	Workers' Compensation Common Policy Adjustments	No	(\$17,074)	0.00	(\$8,537)	\$0	\$0	(\$8,537)
NP-S2	S.12-2	12	Payments to Risk Management and Property Funds Common Policy Adjustments	No	\$43,676	0.00	\$21,838	\$0	\$0	\$21,838
NP-S3	S.12-3	12	Capitol Complex Leased Space Common Policy Adjustments	No	\$32,857	0.00	\$16,429	\$0	\$0	\$16,428
NP-S4	S.12-4	12	Purchase of Services from Computer Center Common Policy Adjustment	No	(\$94,815)	0.00	(\$31,173)	\$0	(\$16,235)	(\$47,407)
NP-S5	S.12-5	12	Administrative Law Judge Common Policy Adjustment	No	(\$159,925)	0.00	(\$79,963)	\$0	\$0	(\$79,962)
NP-S6	S.12-6	12	DPHE - Adjustment to Medicaid State / Federal Funds	No	\$0	0.00	\$128,011	\$0	\$0	(\$128,011)
NP-S7	S.12-7	12	DHS - Implement BENDEX Modernization	No	\$61,217	0.00	\$28,678	\$0	\$3,663	\$28,876
NP-S8	S.12-8	12	DHS - Division of Mental Health TRCCF and PRTF Program Implementation	No	(\$261,205)	0.00	\$0	\$0	(\$130,602)	(\$130,603)
NP-S9	S.12-9	12	DHS - Local Match Replaced by State Match of General Fund	No	\$0	0.00	\$7,607,945	\$0	(\$7,607,945)	\$0
NP-S10	S.12-10	12	DHS - Mental Health Institute RTC Funding Correction	No	(\$677,770)	0.00	(\$338,885)	\$0	\$0	(\$338,885)
NP-S11	S.12-11	12	DHS - Salary Survey Adjustment	No	(\$355,444)	0.00	(\$177,879)	\$0	\$0	(\$177,565)
NP-S12	S.12-12	12	DHS - Refinance Developmental Disabilities Medicaid Waiver Transition Costs	No	\$421,765	0.00	\$210,883	\$0	\$0	\$210,882
NP-S13	S.12.13	12	DHS - HLD/STF Shift in Pay Date	No	(\$292,933)	0.00	(\$146,571)	\$0	\$0	(\$146,362)
NP-S14	S.12.14	12	DHS - PASARR contract in error at 50% federal fund, should be 25% federal fund	No	\$0	0.00	(\$386)	\$0	\$0	\$386
NP-S15	S.12.15	12	DHS - Vehicle Reconciliation	No	(\$43,993)	0.00	(\$21,996)	\$0	\$0	(\$21,997)
NP-S16	S.12.16	12	DHS - Risk Management	No	\$52,403	0.00	\$26,202	\$0	\$0	\$26,201
NP-S17	S.12.17	12	DHS - Worker's Compensation	No	\$198,285	0.00	\$99,143	\$0	\$0	\$99,142
NP-S18	S.12.18	12	DHS - GGCC	No	(\$575)	0.00	(\$287)	\$0	\$0	(\$288)
NP-S19	S.12-19	12	DHS - Multi Use Network	No	(\$13,398)	0.00	(\$6,699)	\$0	\$0	(\$6,699)
Non-Prioritized FY 06-07 Supplemental Requests Subtotal					(\$1,106,929)	0.00	\$7,326,753	\$0	(\$7,751,119)	(\$682,563)

Schedule 9
Summary of Supplemental Requests for FY 06-07

Department Name: Health Care Policy and Financing
Submission Date: January 4, 2007
Number of Prioritized Supplemental Requests: 11

Priority #	Page #	Tab #	Title	IT Request	Total Request (FY 06-07)	FTE	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds
Emergency FY 06-07 Supplementals Already Submitted										
Sent to JBC Date				JBC Decision						
20-Jun-06			DHS - Changes to Developmental Disabilities	Approved	(\$7,483,450)	0.00	(\$3,741,725)	\$0	\$0	(\$3,741,725)
20-Sep-06			Cases Exceeding Processing Guidelines	Approved	\$173,407	0.00	\$73,958	\$0	\$0	\$99,449
20-Sep-06			DHS - Division of Mental Health TRCCF and PRTF Program	Approved	(\$393,697)	0.00	\$0	\$0	(\$196,848)	(\$196,849)
6-Dec-06			DHS - CMS and HCPF Required Changes to DD Medicaid Waiver	Approved	(\$3,805,583)	0.00	(\$1,902,792)	\$0	\$0	(\$1,902,791)
Approved Emergency FY 06-07 Supplemental Requests Subtotal					(\$11,509,323)	\$0	(\$5,570,559)	\$0	(\$196,848)	(\$5,741,916)
GRAND TOTAL FY 06-07 Supplemental Requests					\$14,998,053	1.58	\$18,604,715	(\$38,256)	(\$17,834,102)	\$14,265,696

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING - FY 06-07 BUDGET REQUEST

Schedule 6											
Change Request for FY 06-07											
Department:	Health Care Policy and Financing				Dept. Approval by:	John Bartholomew			Date:	January 4, 2007	
Priority Number:	S-1				OSPB Approval:				Date:		
Program:	Medical Assistance Office				Statutory Citation:	25.5-4-104 (1), and 25.5-5-101 (1), C.R.S. (2006)					
Request Title:	Request for FY 06-07 Medical Services Premiums										
		1	2	3	4	5	6	7	8	9	10
		Prior-Year		Supplemental	Total	Base	Decision/	November 1	Budget	Total	Change
		Actual	Appropriation	Request	Revised	Request	Base	Request	Amendment	Revised	in Out Year
	Fund	FY 05-06	FY 06-07	FY 06-07	FY 06-07	FY 07-08	FY 07-08	FY 07-08	FY 07-08	FY 07-08	FY 08-09
Total of All Line Items	Total	1,996,264,308	2,111,287,559	15,283,033	2,126,570,592	2,125,566,186	149,426,166	2,274,992,352	0	2,274,992,352	149,426,166
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	714,906,452	740,721,857	8,455,013	749,176,870	746,875,977	53,959,687	800,835,664	0	983,161,159	53,959,687
	GFE	261,300,000	256,100,000	0	256,100,000	256,100,000	0	256,100,000	0	0	0
	CF	0	76,512	(38,256)	38,256	76,512	(38,256)	38,256	0	76,512	(38,256)
	CFE	23,713,210	55,563,806	(1,673,643)	53,890,163	56,549,000	19,753,332	76,302,332	0	70,828,581	19,753,332
	FF	996,344,645	1,058,825,384	8,539,919	1,067,365,303	1,065,964,697	75,751,403	1,141,716,100	0	1,047,277,523	75,751,403
(2) Medical Services Premiums	Total	1,996,264,308	2,111,287,559	15,283,033	2,126,570,592	2,125,566,186	149,426,166	2,274,992,352	0	2,274,992,352	149,426,166
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	714,906,452	740,721,857	8,455,013	749,176,870	746,875,977	53,959,687	800,835,664	0	983,161,159	53,959,687
	GFE	261,300,000	256,100,000	0	256,100,000	256,100,000	0	256,100,000	0	0	0
	CF	0	76,512	(38,256)	38,256	76,512	(38,256)	38,256	0	76,512	(38,256)
	CFE	23,713,210	55,563,806	(1,673,643)	53,890,163	56,549,000	19,753,332	76,302,332	0	70,828,581	19,753,332
	FF	996,344,645	1,058,825,384	8,539,919	1,067,365,303	1,065,964,697	75,751,403	1,141,716,100	0	1,047,277,523	75,751,403
Letter Notation:											
Cash Fund name/Number, Federal Fund Grant Name:	CF: Provider Fees and Service Fees CFE: Certified Public Expenditures, Breast and Cervical Cancer Prevention and Treatment Fund, Health Expansion Fund, and Prevention, Early Detection, and Treatment Fund (Transferred from the Department of Public Health and Environment). FF: Title XIX										
IT Request:	<input type="radio"/> Yes <input checked="" type="radio"/> No (If yes and request includes more than 500 programming hours, attach IT Project Plan)										
Request Affects Other Departments:	<input type="radio"/> Yes <input checked="" type="radio"/> No (If Yes, List Other Departments Here:)										

**CHANGE REQUEST for FY 06-07
EFFICIENCY AND EFFECTIVENESS ANALYSIS**

SELECT ONE (click on box):

- Decision Item
- Base Reduction Item
- Supplemental Request
- Budget Request Amendment

Criterion: New Data
Criterion:

Priority Number:	S-1
Change Request Title:	Request for FY 06-07 Medical Services Premiums
Long Bill Line Item(s)	Medical Services Premiums
State and Federal Statutory Authority:	25.5-4-104 (1), and 25.5-5-101 (1), C.R.S. (2006)

Summary of Request (Alternative A):

This Request is for the FY 06-07 Medical Services Premiums estimate from the November 1, 2006 Budget Request, less the amount of General Fund needed to support all of the Department’s January 4, 2007 Supplemental Requests. This offset is at the request of the Governor’s Office of State Planning and Budgeting. The table below shows the original November 1, 2006 FY 06-07 estimate for Medical Services Premiums, the General Fund reduction to offset the Department’s other January 4, 2007 prioritized Supplemental Requests (excluding Medicaid Mental Health as it is not an official request), and the revised January 4, 2007 Supplemental estimate.

	Total Funds	General Fund and General Fund Exempt	Cash Funds	Cash Funds Exempt	Federal Funds
November 1, 2006 Estimated FY 06-07 Supplemental	\$21,826,471	\$11,726,732	(\$38,256)	(\$1,673,643)	\$11,811,638
Reduction to General Fund Requested January 2, 2007	(\$6,543,438)	(\$3,271,719)	\$0	\$0	(\$3,271,719)
January 4, 2007 Preliminary FY 06-07 Supplemental	\$15,283,033	\$8,455,013	(\$38,256)	(\$1,673,643)	\$8,539,919

At this time, based on recent caseload decline and the current FY 06-07 appropriation to Medical Services Premiums, the Department believes that the Medical Services Premiums appropriation is overfunded. Therefore, in an effort to reduce the General Fund impact of the Department’s January 4, 2007 Supplemental Requests, this Supplemental includes a reduction of \$3,271,719 General Fund, with a corresponding decrease in federal funds. While the Department believes that this amount is not a complete reflection of anticipated reductions to this appropriation based on a revised caseload projection, the Department is not yet prepared to submit its final Medical Services Premiums FY 06-07 Supplemental request until the normal February 15, 2007 Supplemental process to reflect official reductions.

Priority Number	Supplemental Title	General Fund
S-4	Implement HB 06S-1023 and Deficit Reduction Act of 2005	\$948,304
S-5	Revised Federal Rule for Payment Error Rate Measurement Program (PERM)	\$201,711
S-6	Increase Funding for Non-Emergency Medical Transportation	\$978,931
S-7	Increased Fixed Price Contract Funding for Medicaid Management Information System Contract	\$931,454
S-8	Increase Funding for Commercial Leased Space	\$165,324
S-9	Increase Funding for HIPAA National Provider Identifier Implementation	\$29,409
S-10	IT Changes Needed for Implementation of Deficit Reduction Act - Long Term Care	\$16,586
S-11	Public School Health Services Federal Audit Compliance	\$0
Grand Total of General Fund Need for Supplementals		\$3,271,719

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING - FY 06-07 BUDGET REQUEST

Schedule 6											
Change Request for FY 06-07											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	S-2			OSPB Approval:				Date:			
Program:	Behavioral Health Benefits			Statutory Citation:	25.5-5-308, C.R.S. (2006); 25.5-5-408, C.R.S. (2006);						
Request Title:	Request for FY 06-07 Medicaid Community Mental Health Programs			25.5-5-411, C.R.S. (2006);							
		1	2	3	4	5	6	7	8	9	10
		Prior-Year		Supplemental	Total	Base	Decision/	November 1	Budget	Total	Change
		Actual	Appropriation	Request	Revised	Request	Base	Request	Amendment	Revised	from Base
	Fund	FY 05-06	FY 06-07	FY 06-07	FY 06-07	FY 07-08	Reduction	Request	FY 07-08	FY 07-08	in Out Year
							FY 07-08				FY 08-09
Total of All Line Items	Total	205,064,728	223,825,281	(9,968,070)	213,857,211	223,825,281	10,181,852	234,006,933	0	234,006,933	10,181,652
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	88,888,902	93,941,318	(422,338)	93,518,980	93,941,318	5,088,974	99,030,292	0	99,030,292	5,088,974
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	27,190,916	33,783,245	(9,105,037)	24,678,208	33,783,245	(1,857,803)	31,925,442	0	31,925,442	(1,857,803)
	FF	88,984,910	96,100,718	(440,695)	95,660,023	96,100,718	6,950,481	103,051,199	0	103,051,199	6,950,481
(3) Medicaid Mental Health Community Programs, (A) Mental Health Capitation Payments	Total	164,839,222	178,184,177	11,481,730	189,665,907	178,184,177	26,167,116	204,351,293	0	204,351,293	26,167,116
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	82,328,858	86,935,767	5,763,671	92,699,438	86,935,767	11,229,312	98,165,079	0	98,165,079	11,229,312
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	85,498	2,153,241	(27,254)	2,125,987	2,153,241	1,846,986	4,000,227	0	4,000,227	1,846,986
	FF	82,424,866	89,095,169	5,745,313	94,840,482	89,095,169	13,090,818	102,185,987	0	102,185,987	13,090,818
(3) Medicaid Mental Health Community Programs, (B) Other Medicaid Mental Health Payments, Medicaid Mental Health Fee for Service Payments	Total	1,231,390	1,736,019	(96,936)	1,639,083	1,736,019	(5,594)	1,730,425	0	1,730,425	(5,594)
	FTE	0.00	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00
	GF	615,695	868,010	(48,468)	819,542	868,010	(2,797)	865,213	0	865,213	(2,797)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	615,695	868,009	(48,468)	819,541	868,009	(2,797)	865,212	0	865,212	(2,797)

Schedule 6											
Change Request for FY 06-07											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	S-2			OSPB Approval:				Date:			
Program:	Behavioral Health Benefits			Statutory Citation:	25.5-5-308, C.R.S. (2006); 25.5-5-408, C.R.S. (2006);						
Request Title:	Request for FY 06-07 Medicaid Community Mental Health Programs			25.5-5-411, C.R.S. (2006);							
		1	2	3	4	5	6	7	8	9	10
		Prior-Year			Total		Decision/			Total	Change
		Actual	Appropriation	Supplemental	Revised	Base	Base	November 1	Budget	Revised	from Base
	Fund	FY 05-06	FY 06-07	Request	Request	Request	Reduction	Request	Amendment	Request	in Out Year
				FY 06-07	FY 06-07	FY 07-08	FY 07-08	FY 07-08	FY 07-08	FY 07-08	FY 08-09
(3) Medicaid Mental Health Community Programs, (B) Other Medicaid Mental Health Payments, Medicaid Anti-Psychotic Pharmaceuticals	Total	27,105,418	31,630,004	(9,077,783)	22,552,221	31,630,004	(3,704,789)	27,925,215	0	27,925,215	(3,704,789)
	FTE	0.00	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00
	GF	0	0	0	0	0	0	0	0	0	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	27,105,418	31,630,004	(9,077,783)	22,552,221	31,630,004	(3,704,789)	27,925,215	0	27,925,215	(3,704,789)
	FF	0	0	0	0	0	0	0	0	0	0
(6) Department of Human Services – Medicaid Funded Programs, (F) Mental Health and Alcohol and Drug Abuse Services – Medicaid Funding, Mental Health Community Programs, Goebel Lawsuit Settlement	Total	11,888,698	12,275,081	(12,275,081)	0	12,275,081	(12,275,081)	0	0	0	(12,275,081)
	FTE	0.00	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00
	GF	5,944,349	6,137,541	(6,137,541)	0	6,137,541	(6,137,541)	0	0	0	(6,137,541)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	5,944,349	6,137,540	(6,137,540)	0	6,137,540	(6,137,540)	0	0	0	(6,137,540)
* Supplemental Request includes approved 1331 Supplemental from September 20, 2006 transferring all spending authority from the Department of Human Services Goebel Lawsuit Settlement transfer line item in Long Bill group 6 to the Department's Medicaid Mental Health Capitation Payments line item in Long Bill group 3. Estimated FY 06-07 expenditures reflect the Department's November 1, 2006 Budget Request included in Volume 1, Exhibit F.BB-1.											
Letter Notation:											
Cash Fund name/number, Federal Fund Grant name:				CFE: Breast and Cervical Cancer Prevention and Treatment Fund - Fund 15D; Health Care Expansion Fund - Fund 18K; Transfers from the Department of Public Health and Environment, FF: Title XIX							
IT Request: Yes: No: X		(If yes and request includes more than 500 programming hours, attach IT Project Plan)									
Request Affects Other Departments: Yes: X No:		(If Yes, List Other Departments Here:) Department of Human Services									

This page is intentionally left blank. An official Supplemental Request with corresponding Budget Amendment will be submitted with the Department's February 15, 2007 Budget Request.

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING - FY 06-07 BUDGET REQUEST

Schedule 6											
Change Request for FY 06-07											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	S-4			OSP B Approval:				Date:			
Program:	Operations and Finance			Statutory Citation:	HB 06S-1023 (24-76.5-101 through 24-76.5-103); SB 06-219; Pub. L. 109-171, Sec. 6036 (42 U.S.C. 1396b); and Pub. L. 104-193 (8 U.S.C. 1612).						
Request Title:	Implementation of HB 06S-1023 and Deficit Reduction Act of 2005										
		1	2	3	4	5	6	7	8	9	10
		Prior-Year		Supplemental	Total	Base	Decision/	November 1	Budget	Total	Change
		Actual	Appropriation	Request	Revised	Request	Base	Request	Amendment	Revised	from Base
	Fund	FY 05-06	FY 06-07	FY 06-07	FY 06-07	FY 07-08	FY 07-08	FY 07-08	FY 07-08	FY 07-08	in Out Year
											FY 08-09
Total of All Line Items	Total	2,047,480,424	2,182,597,144	2,941,474	2,185,538,618	2,196,736,204	0	2,196,736,204	0	2,196,736,204	0
	FTE	194.35	226.70	0.75	227.45	226.90	0.00	226.90	0.00	226.90	0.00
	GF	731,287,650	762,209,886	921,872	763,131,758	768,595,910	0	768,595,910	0	768,595,910	0
	GFE	261,488,704	256,100,000	0	256,100,000	256,100,000	0	256,100,000	0	256,100,000	0
	CF	0	76,512	0	76,512	76,512	0	76,512	0	76,512	0
	CFE	25,690,312	63,470,744	564,760	64,035,504	64,426,569	0	64,426,569	0	64,426,569	0
	FF	1,029,013,758	1,100,740,002	1,454,842	1,102,194,844	1,107,537,213	0	1,107,537,213	0	1,107,537,213	0
(1) Executive Director's Office, Personal Services	Total	13,785,054	15,362,691	37,385	15,400,076	15,821,148	0	15,821,148	0	15,821,148	0
	FTE	194.35	226.70	0.75	227.45	226.90	0.00	226.90	0.00	226.90	0.00
	GF	6,280,279	6,493,748	18,693	6,512,441	6,931,815	0	6,931,815	0	6,931,815	0
	GFE	281	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	507,578	506,203	0	506,203	517,572	0	517,572	0	517,572	0
	FF	6,996,916	8,362,740	18,692	8,381,432	8,371,761	0	8,371,761	0	8,371,761	0
(1) Executive Director's Office, Operating Expenses	Total	978,207	1,020,609	9,666	1,030,275	997,797	0	997,797	0	997,797	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	446,865	493,252	4,833	498,085	482,848	0	482,848	0	482,848	0
	GFE	25,366	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	14,076	14,393	0	14,393	12,905	0	12,905	0	12,905	0
	FF	491,900	512,964	4,833	517,797	502,044	0	502,044	0	502,044	0

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING - FY 06-07 BUDGET REQUEST

Schedule 6											
Change Request for FY 06-07											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	S-4			OSP B Approval:				Date:			
Program:	Operations and Finance			Statutory Citation:	HB 06S-1023 (24-76.5-101 through 24-76.5-103); SB 06-219; Pub. L. 109-171, Sec. 6036 (42 U.S.C. 1396b); and Pub. L. 104-193 (8 U.S.C. 1612).						
Request Title:	Implementation of HB 06S-1023 and Deficit Reduction Act of 2005										
		1	2	3	4	5	6	7	8	9	10
		Prior-Year		Supplemental	Total	Base	Decision/	November 1	Budget	Total	Change
		Actual	Appropriation	Request	Revised	Request	Base	Request	Amendment	Revised	from Base
	Fund	FY 05-06	FY 06-07	FY 06-07	FY 06-07	FY 07-08	FY 07-08	FY 07-08	FY 07-08	FY 07-08	in Out Year
											FY 08-09
(1) Executive Director's Office, Medicaid Management Information System Contract	Total	21,737,076	23,185,837	1,020	23,186,857	22,937,942	0	22,937,942	0	22,937,942	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	5,214,619	5,486,108	510	5,486,618	5,442,455	0	5,442,455	0	5,442,455	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	435,293	629,859	0	629,859	611,540	0	611,540	0	611,540	0
	FF	16,087,164	17,069,870	510	17,070,380	16,883,947	0	16,883,947	0	16,883,947	0
(1) Executive Director's Office, Health Insurance Portability and Accountability Act of 1996 (HIPAA) Web Portal Maintenance	Total	314,345	312,900	1,900	314,800	312,900	0	312,900	0	312,900	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	74,307	78,225	475	78,700	78,225	0	78,225	0	78,225	0
	GFE	5,213	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	234,825	234,675	1,425	236,100	234,675	0	234,675	0	234,675	0
(1) Executive Director's Office, County Administration	Total	0	18,306,628	2,808,505	21,115,133	18,306,628	0	18,306,628	0	18,306,628	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	0	5,435,396	867,441	6,302,837	5,435,396	0	5,435,396	0	5,435,396	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	3,717,918	554,590	4,272,508	3,717,918	0	3,717,918	0	3,717,918	0
	FF	0	9,153,314	1,386,474	10,539,788	9,153,314	0	9,153,314	0	9,153,314	0

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING - FY 06-07 BUDGET REQUEST

Schedule 6											
Change Request for FY 06-07											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	S-4			OSPB Approval:				Date:			
Program:	Operations and Finance			Statutory Citation:	HB 06S-1023 (24-76.5-101 through 24-76.5-103); SB 06-219; Pub. L. 109-171, Sec. 6036 (42 U.S.C. 1396b); and Pub. L. 104-193 (8 U.S.C. 1612).						
Request Title:	Implementation of HB 06S-1023 and Deficit Reduction Act of 2005										
		1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 05-06	Appropriation FY 06-07	Supplemental Request FY 06-07	Total Revised Request FY 06-07	Base Request FY 07-08	Decision/ Base Reduction FY 07-08	November 1 Request FY 07-08	Budget Amendment FY 07-08	Total Revised Request FY 07-08	Change from Base in Out Year FY 08-09
	Fund										
(2) Medical Services Premiums	Total	1,996,264,308	2,111,287,559	8,268	2,111,295,827	2,125,566,186	0	2,125,566,186	0	2,125,566,186	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	714,906,453	740,721,857	1,236	740,723,093	746,875,977	0	746,875,977	0	746,875,977	0
	GFE	261,300,000	256,100,000	0	256,100,000	256,100,000	0	256,100,000	0	256,100,000	0
	CF	0	76,512	0	76,512	76,512	0	76,512	0	76,512	0
	CFE	23,713,210	55,563,806	0	55,563,806	56,549,000	0	56,549,000	0	56,549,000	0
	FF	996,344,645	1,058,825,384	7,032	1,058,832,416	1,065,964,697	0	1,065,964,697	0	1,065,964,697	0
(4) Indigent Care Program, Children's Basic Health Plan Administration	Total	5,273,572	5,521,207	13,501	5,534,708	5,521,207	0	5,521,207	0	5,521,207	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	0	0	0	0	0	0	0	0	0	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	747,996	2,465,634	6,507	2,472,141	2,465,634	0	2,465,634	0	2,465,634	0
	FF	4,525,576	3,055,573	6,994	3,062,567	3,055,573	0	3,055,573	0	3,055,573	0
(6) Department of Human Services Medicaid-Funded Programs (B) Office of Information Technology Services - Medicaid Funding, Colorado Benefits Management System	Total	9,127,862	7,599,713	61,229	7,660,942	7,272,396	0	7,272,396	0	7,272,396	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	4,365,127	3,501,300	28,684	3,529,984	3,349,194	0	3,349,194	0	3,349,194	0
	GFE	157,844	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	272,159	572,931	3,663	576,594	552,000	0	552,000	0	552,000	0
	FF	4,332,732	3,525,482	28,882	3,554,364	3,371,202	0	3,371,202	0	3,371,202	0
Letter Notation:											
Cash Fund name/number, Federal Fund Grant name:	CFE: Children's Basic Health Plan Trust; Health Care Expansion Fund; Local County Share; Old Age Pension Fund; FF: Title XIX and Title XXI										
IT Request: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	(If yes and request includes more than 500 programming hours, attach IT Project Plan)										
Request Affects Other Departments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If Yes, List Other Departments Here: Department of Human Services										

CHANGE REQUEST for FY 06-07
EFFICIENCY AND EFFECTIVENESS ANALYSIS

SELECT ONE (click on box):

- Decision Item
- Base Reduction Item
- Supplemental Request
- Budget Request Amendment

Criterion: Unforeseen Contingency

Criterion:

Priority Number:	S-4
Change Request Title:	Implementation of HB 06S-1023 and Deficit Reduction Act of 2005
Long Bill Line Item(s)	(1) Executive Director’s Office, Personal Services; Operating Expenses; Medicaid Management Information System Contract; Health Insurance Portability and Accountability Act of 1996 (HIPAA) Web Portal Maintenance; County Administration; (2) Medical Services Premiums; (4) Indigent Care Program, Children’s Basic Health Plan Administration; and (6) Department of Human Services Medicaid-Funded Programs (B) Office of Information Technology Services - Medicaid Funding, Colorado Benefits Management System
State and Federal Statutory Authority:	HB 06S-1023 (24-76.5-101 through 24-76.5-103); SB 06-219; Pub. L. 109–171, Sec. 6036 (42 U.S.C. 1396b); and Pub. L. 104-193 (8 U.S.C. 1612)

Summary of Request (Alternative A):

This Decision Item is for \$2,941,474 in FY 06-07 to implement the requirements of two immigration laws that became effective in 2006: Section 6036 of the federal Deficit Reduction Act of 2005 (Pub. L. 109-171, Section 6036) and Colorado HB 06S-1023. Both of these acts require the Department to implement new procedures to verify the identity and legal presence of applicants for public benefits. The Deficit Reduction Act of 2005 prohibits the State from receiving federal reimbursement for non-emergency medical assistance provided under Medicaid to an individual declaring to be a U.S citizen or national who has not produced satisfactory documentary evidence of citizenship or nationality. HB 06S-1023 requires the Department to verify identity and obtain affidavits

of lawful presence for applicants of public benefits (regardless of citizenship) under all of its programs (not just Medicaid) who are natural persons 18 years of age or older.

Clarification is also provided in this Decision Item about the role and interaction of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, P.L. 104-193, which applies only to non-citizens, and requires verification of identity and lawful presence for Medicaid eligibility. Even though PRWORA bears no additional fiscal impact to the Department in FY 06-07, it is important to understand the roles of all three immigration acts in order to clarify the assumptions for calculations used below to estimate the additional funding needed for the Department to implement the Deficit Reduction Act of 2005 and HB 06S-1023 in FY 06-07.

Alternative A {Recommended alternative}:

Problem or Opportunity Description:

The Deficit Reduction Act of 2005 was signed into law on February 8, 2006 and the provisions requiring evidence of identity and citizenship status became effective July 1, 2006. Section 6036 of this legislation requires the Department to screen Medicaid clients to verify identity and U.S. citizenship prior to providing services. The State is prohibited under this Act from receiving federal reimbursement for non-emergency medical assistance provided to an individual who declares to be a U.S. citizen or national but has not produced satisfactory documentary evidence. Section 6036 applies only to state medical assistance programs under Title XIX of the Social Security Act; i.e., only to Medicaid, not to the Department's state-only programs or Children's Basic Health Plan which operates under Title XXI of the Social Security Act. Exempt from the Act's documentation requirements are Medicaid applicants who are:

- Eligible for Medicaid and entitled to or enrolled for Medicare benefits (dual eligibles);
- Eligible for Medicaid on the basis of receiving Supplemental Security Income benefits; or

- Eligible for Medicaid on another basis specified by the U.S. Secretary of Health and Human Services.

Colorado HB 06S-1023 has similar provisions to Section 6036 of the Deficit Reduction Act of 2005. HB 06S-1023 was enacted July 31, 2006 with an effective date of August 1, 2006. It requires the Department to verify the identity of all applicants for benefits (including clients, contractors, providers and grantees) who are natural persons age 18 and older, and obtain from them a signed affidavit of lawful presence. Affidavits from lawfully present non-citizens must be verified through the federal Systematic Alien Verification of Entitlement (SAVE) program. Client populations exempt from HB 06S-1023 include those exempted by federal law (such as those covered under the Deficit Reduction Act of 2005) and applicants for prenatal care or emergency care not related to an organ transplant.

Most Medicaid populations exempt from the Deficit Reduction Act of 2005 may not be subject to HB 06S-1023. Populations exempt from the Deficit Reduction Act of 2005, listed by Department client category, are: dual eligibles, Supplemental Security Income recipients, Foster Care recipients, and needy newborns. Of these, all but those in the Foster Care category are assumed exempt from the requirements of HB 06S-1023 because:

- Dual eligible and Supplemental Security Income clients may not be subject to any additional citizenship or identification requirements already required for federal programs, as the Deficit Reduction Act describes this as an intent of Congress; and
- Needy newborns do not meet the age requirement.

Foster Care applicants age 18 and older are assumed subject to HB 06S-1023 because until determined eligible for Foster Care under Title IV-E of the Social Security Act, they are not automatically eligible for Medicaid. In addition, the Centers for Medicare and Medicaid Services requires the Department to keep copies of documentation proving identity and lawful presence in its Medicaid files for Foster Care clients. Foster care applicants consist of three groups relevant to this Decision Item: (1) those eligible for

Foster Care under Title IV-E age 18 and older; (2) Title IV-E eligibles under age 18; and (3) all non-IV-E Foster Care eligibles. Those in the first group, Title IV-E eligibles 18 and older, are assumed subject to HB 06S-1023. Those in the second group are exempt from both acts, and those in the third group are assumed subject to the Deficit Reduction Act of 2005. At this time, the Department is unable to distinguish between IV-E eligible Foster Care clients and non-IV-E eligible Foster Care clients in all of the relevant aid categories within the Foster Care eligibility type. In addition, a class action lawsuit including plaintiffs whose Medicaid eligibility is derived from their Foster Care eligibility under Title IV-E has been filed in the U.S. District Court for the Northern District of Illinois. This lawsuit claims that the Secretary of the U.S. Department of Health and Human Services violated Section 6036 of the Deficit Reduction Act of 2005 in regulations passed to implement Section 6036 (*Bell, et al. vs. Michael Leavitt, Secretary of the U.S. Department of Health and Human Services, U.S. District Court for the Northern District of Illinois, Case # 06 C 3520*). Therefore, the Department has not included the non-IV-E eligibles in its calculations of fiscal impact under the Deficit Reduction Act of 2005.

Although the Department has not yet confirmed that IV-E Foster Care eligibles age 18 and older are subject to HB 06S-1023, the Department will assume that they are unless or until it learns otherwise. Also, due to the Department's current inability to determine the number of non-IV-E eligibles in its Foster Care client category, it assumes no fiscal impact for these clients in FY 06-07 under the Deficit Reduction Act of 2005.

PRWORA also established strict requirements for verification of identity and lawful presence for Medicaid eligibility. However, PRWORA applies only to non-citizens under Medicaid, and like HB 06S-1023, it requires the Department to confirm lawful immigration status through the SAVE program which the Department is currently doing. Through the process of researching the impacts of all three immigration acts, the Department discovered improvements that could be made to its application procedures, to the Colorado Benefits Management System, and to its Medical Services Board rules for implementing PRWORA most efficiently. The costs for making these improvements can be absorbed within the

Department's existing resources and components of this request, and since the Department is already following the requirements of PRWORA, this Act requires no additional funding.

Both the Deficit Reduction Act of 2005 and HB 06S-1023 require the Department to follow new procedures which have increased costs since July 2006 related to: processing applications, revising application materials, making changes to computer systems, instituting temporary compliance procedures before automated methods could be employed, conducting audits to ensure compliance, and providing training to those responsible for processing applications. To comply with the Deficit Reduction Act of 2005, the Department promulgated more stringent rules effective July 1, 2006 requiring specific documentary evidence of citizenship or nationality for Medicaid (10 CCR 2505-10, Section 8.100.53 A2). This was an unfunded federal mandate, and unbudgeted State resources have been applied to meet the Act's requirements, including systems changes, staff analysis and reporting, and new procedures for staff at the county departments of social services and medical assistance sites. Since the Deficit Reduction Act of 2005 applies only to U.S. citizens applying for Medicaid, it does not overlap with PRWORA requirements for non-citizens. HB 06S-1023, however, overlaps with both PRWORA and the Deficit Reduction Act of 2005 since it applies to *all* applicants 18 years of age or older who are natural persons. Since the Department is directed by State law to comply with federal requirements to qualify for federal funds under Title XIX of the Social Security Act, wherever PRWORA or the Deficit Reduction Act of 2005 intersect with HB 06S-1023, the applicable federal law is assumed to control.

PRWORA intersects with HB 06S-1023 for all non-citizens who apply for Medicaid (except Foster Care applicants, described above); therefore, PRWORA applies to non-citizen Medicaid applicants instead of HB 06S-1023.

To summarize the information above, Medicaid applicants for whom the Department must apply the requirements of the Deficit Reduction Act of 2005 include:

- Non-Dual Eligible and non-SSI Medicaid Adults 65 and Older (OAP-A)
- Non-Dual Eligible and non-SSI Disabled Adults 60 to 64 (OAP-B)

- Non-Dual Eligible and non-SSI Disabled Individuals to 59 (AND/AB)
- Categorically Eligible Low-Income Adults (AFDC-A)
- Health Care Expansion Fund Low-Income Adults
- Breast and Cervical Cancer Program
- Eligible Children (AFDC-C/BC)
- Baby Care Program-Adults
- Medicaid non-Title IV-E Foster Care

Applicants subject to HB 06S-1023 include clients age 18 and older applying for benefits under the following programs:

- Old Age Pension State Medical Program
- Medicaid Title IV-E Foster Care
- Children's Basic Health Plan
- Colorado Indigent Care Program
- Comprehensive Primary and Preventive Care Program

Other applicants subject to HB 06S-1023 include:

- Medicaid Providers
- non-Medicaid Providers
- Primary Care Fund Providers
- Contractors
- Grantees applying for funding or benefits under any of the Department's programs

The following applicants are exempt from the Deficit Reduction Act of 2005 and HB 06S-1023:

- Dual Eligible Clients (clients with Medicare and Medicaid)
- Supplemental Security Income clients

General Description of Alternative:

This request is for \$2,941,474 in FY 06-07 to implement the identity and citizenship verification requirements of the Deficit Reduction Act of 2005 and HB 06S-1023. The

Department began complying with these acts upon their effective dates in FY 06-07 by revising and passing emergency Medical Services Board rules; issuing new policies and procedures to staff, counties and medical assistance sites; and communicating relevant information to all interested parties. Both acts require additional changes to the Colorado Benefits Management System, Medicaid Management Information System, application forms, and guidelines for eligibility determinations. These changes will also contribute to increased efficiency in implementing the requirements of PRWORA, as the Department's legal research for the implementation of the Deficit Reduction Act of 2005 and HB 06S-1023 resulted in the identification of system changes necessary for PRWORA as well. In addition, the Department will need to hire 0.75 FTE in three sections (Eligibility Operations, Audits, and Information Technology Support) by March 1, 2007. Until then, the Department expects it can continue to absorb costs related to FTE and operating expenses. Since counties and medical assistance sites will require additional time to process applications and make eligibility determinations, additional funding is needed for County Administration and Children's Basic Health Plan Administration. Additional funding is also needed for Medical Services Premiums (which funds SAVE transaction costs) and for Web portal maintenance to accommodate the Department's additional SAVE users.

If approval is not received for additional funding for changes to the Colorado Benefits Management System, Medicaid Management Information System and web portal, other system changes that have been previously planned may need to be postponed.

A detailed description of the estimated funding needed for FY 06-07 is provided below.

(1) Executive Director's Office, Personal Services and Operating Expenses

The Department began using existing staff and operating resources to implement the Deficit Reduction Act of 2005 and HB 06S-1023 in July and August of 2006, respectively, when each act became effective. Personnel in various sections of the Department's Executive Director's Office, Medical Assistance Office, and Operations and Finance Office have worked to develop internal policies, procedures, and

implementation plans; pass emergency Medical Services Board rules; instruct and coordinate with counties and medical assistance sites; respond to requests for information from the public; and establish interim compliance systems for both acts. Interim systems, including manual verification procedures, were needed immediately so the Department could begin verifying the identification and lawful presence of all required applicants.

As stated previously, the Department plans to hire 0.75 additional FTE by March 1, 2007 to ensure that its programs continue to operate efficiently while complying with the requirements of both the Deficit Reduction Act of 2005 and HB 06S-1023. Total funds of \$37,385 are requested for these 0.75 FTE in FY 06-07. Although these positions are estimated to begin March 1, 2007, only three months of Personal Services and Operating Expenses were calculated for FY 06-07 due to the pay date shift. The FTE are needed for the following positions:

- **0.25 FTE (General Professional IV)** is needed in the Eligibility Operations Section to serve as the Department's lead for ensuring compliance with PWORA, the Deficit Reduction Act of 2005 and HB 06S-1023 identification and citizenship requirements. This position would define operational requirements pertaining to the new eligibility criteria and coordinate changes to the Colorado Benefits Management System. The position would be considered the Department authority on identification and citizenship operational issues, including identification and verification of legal presence requirements and training. Other duties of this position would include providing customer service support to and monitoring of counties, medical assistance sites, applicants, and clients.
- **0.25 FTE (General Professional III)** is needed in the Audit Section to audit counties, medical assistance sites, and Colorado Indigent Care Program providers to ensure they are meeting the new federal and state requirements. This position would ensure compliance by auditing a sample of case files and client information for Medicaid, Children's Basic Health Plan, Colorado Indigent Care Program, and the Old Age Pension State Medical Program. The position would report findings and identify best practices and areas of concern, and recommend areas for further

emphasis and training. If mandated requirements were not being fully met, this position would be responsible for following-up and ensuring corrective action is taken.

- **0.25 FTE (General Professional II)** is needed in the Information Technology Support Section to serve as Security Administrator to oversee the large volume of additional SAVE system users needed to comply with HB 06S-1023. (A complete description of the SAVE system requirements is provided below, under the subheading “2) Medical Services Premiums, Federal Systematic Alien Verification of Entitlement (SAVE) Program.”) All additional SAVE system users would be licensed for access by the Department of Human Services, however, the Department would need to ensure all new users are monitored and supported. This position would therefore be responsible for administering user access and system security, and for conducting end-user support, training, and reporting functions.

The additional SAVE system users who will need Department monitoring and support from the 0.25 FTE (General Professional II) in Information Technology Support are estimated as follows: There are approximately 145 health care providers who participate in the Colorado Indigent Care Program and the Comprehensive Primary and Preventive Care Fund. To comply with HB 06S-1023, each provider will need access to the SAVE system to verify the legal presence of immigrant clients, and each provider is estimated to need two sets of user identification codes and passwords, resulting in an estimated 290 new SAVE system users. An estimated five additional users will be needed at the office of the Department’s fiscal agent, Affiliated Computer Services (ACS), to verify the legal presence of medical providers age 18 and older who are natural persons applying for direct reimbursement through the Medicaid Management Information System. In addition, the Department estimates it will need one additional user on staff to periodically access the SAVE system to verify the legal presence of a small number of contractors and non-Medicaid providers who are sole proprietors, or to verify the legal presence of temporary staff not hired in the usual manner through the State-certified staffing agency. Since the majority of the Department’s contracted staff are hired through a staffing agency

certified by the Colorado Department of Personnel and Administration as complying with the requirements of HB 06S-1023, very few SAVE verifications will need to be made per year for this purpose.

A total of \$9,666 in Operating Expenses is requested to support the 0.75 FTE described above in FY 06-07.

(1) Executive Director's Office, Medicaid Management Information System Contract

The Department will need an additional \$1,020 for its Medicaid Management Information System fiscal agent to send revised applications and affidavit forms to health care providers who applied as sole proprietors after August 1, 2006, before the revised application form became available. All provider applications received using the old form were placed in pending status until new application packets could be sent to these providers. Other changes that need to be made by the fiscal agent, such as revising provider applications and supporting documentation, training, and call center support, are included in the Department's current fiscal agent contract, and therefore, can be completed at no additional expense.

(1) Executive Director's Office, Health Insurance Portability and Accountability Act of 1996 (HIPAA) Web Portal Maintenance

Changes to the Department's Web Portal, estimated to cost \$1,900, will enable access to the SAVE system by providers, the Department's fiscal agent, and Department staff. These enhancements include creating a new user group, providing necessary security for the services, and developing the link to the U.S. Department of Homeland Security SAVE system. This line item receives 75% federal financial participation.

(1) Executive Director's Office, County Administration

Additional funding in the amount of \$2,808,505 is requested for County Administration in FY 06-07 due to the extra time it will take technicians to process applications due to the identification and citizenship verification requirements of both acts. Prior to passage of the new legislation, it took an average of 47.4 minutes to research and complete eligibility determinations for all client eligibility types (Source: the Department's March 23, 2006 fiscal note for the revised version of HB 06-1186 with L.004 amendments). The Department assumes it will take an additional 5 minutes per application to comply with the provisions of the Deficit Reduction Act of 2005 and HB 06S-1023, or 10.55% longer than it took previously. This is consistent with the federal guidance for implementing the Deficit Reduction Act of 2005: "We estimate it will take each State 5 minutes to obtain acceptable documentation, verify citizenship and maintain current records on each individual" (71 Fed. Reg. 39220, July 12, 2006). This 5 minutes is meant to account for all county costs including copying, staff time, additional calls, and storage. The counties have expressed valid concerns about storage requirements and complications.

Application Processing Costs for Medical Assistance Sites

In addition to counties, the Department has two medical assistance sites that process applications for eligibility under its programs: ACS and Denver Health Medical Center. ACS processes approximately 50% of Children's Basic Health Plan applications (see Table 3); these processing costs are funded through the "Children's Basic Health Plan Administration" appropriation under Long Bill group (4) Indigent Care Program. ACS costs are described beneath this section heading below.

Denver Health Medical Center application processing costs are reimbursed as part of its overall medical assistance site-related activities, via outstationing payments made by the Department. Outstationing payments are based on final, audited cost reports from Denver Health Medical Center for a prior year. The activities itemized in the cost reports do not provide specific detail to determine which costs are related to processing applications or

accessing the SAVE system. Because of the recent Decision Item and Supplemental funded for Outstationing (“Denver Health Medical Center Medicaid Outstationing Alternative Financing Plan,” DI-10, November 15, 2005 and S-10, January 3, 2006), Denver Health Medical Center is now at the maximum it can draw for outstationing and that methodology will continue into the future.

(2) Medical Services Premiums

Federal Systematic Alien Verification of Entitlement (SAVE) Program

The Department’s Medical Services Premiums appropriation currently funds all SAVE transaction costs incurred by counties and medical assistance sites that access SAVE. This access is provided via federal license to the Department of Human Services, which invoices the Department for transaction costs attributed to Medicaid clients. The Department pays for these costs out of its Medical Services Premiums appropriation using 100% federal funds as a Cash Funds Exempt transfer to the Department of Human Services. Since funding for SAVE verifications for Medicaid eligibility determinations is already built into the Department’s base budget for Medical Services Premiums, the Department can absorb any additional SAVE transaction costs incurred to comply with the Deficit Reduction Act of 2005; this Decision Item only requests additional funding for SAVE transactions needed to comply with HB 06S-1023. Paragraph (7) of section 24-76.5-103 of HB 06S-1023 requires the Department to use the SAVE system, operated by the U.S. Department of Homeland Security, to verify the lawful presence of all applicants (including clients, contractors, temporary staff not hired through the State-certified staffing agency, providers and grantees) who submit signed affidavits indicating they are legal immigrants. These cost estimates are described below.

Estimated SAVE Transaction Costs in FY 06-07 to Comply with HB 06S-1023

Costs incurred for access to the SAVE system are based on a per transaction charge of \$0.26 for the first verification, and \$0.48 for second or subsequent verifications of the same applicant. There is no cost to the Department other than the FTE requested above

for generating user identifications and passwords so that its providers and other required users can access SAVE.

The number of SAVE transactions conducted by counties and medical assistance sites will increase for Title IV-E Foster Care, Old Age Pension State Medical Program, and Children's Basic Health Plan applicants under HB 06S-1023. In addition, providers who participate in the Colorado Indigent Care Program will need access to the SAVE system, via license from the Department of Human Services, to verify the legal presence of aliens applying for benefits. The Department's fiscal agent also will need access to the SAVE system to verify the legal presence of providers applying for direct payment through the Medicaid Management Information System.

For applicants to the Department's Comprehensive Primary and Preventive Care grants; contractors who are sole proprietors indicating they are legal immigrants; and temporary staff not hired through the State-certified staffing agency, SAVE verifications will be conducted by Department staff. This applies also to an estimated five contractors per year who apply as sole proprietors and indicate they are legal immigrants. The Department will conduct these SAVE verifications internally, and can absorb the additional SAVE transaction cost.

The Department's additional SAVE transaction costs would be paid for using the Department's existing arrangement with the Department of Human Services, as described above. The Department would receive 100% federal financial participation for these costs except for verifications conducted for the Old Age Pension State Medical Program, which would be paid for using 100% General Fund. The total estimated additional costs needed for SAVE transactions under the Medical Services Premiums appropriation in FY 06-07 are \$8,268 (see Table 8).

(4) Indigent Care Program, Children's Basic Health Plan Administration

Approximately half of all applicants for Children's Basic Health Plan begin their eligibility determinations at the counties, where the application process is funded through the County Administration line item described above. Funding for applicants not processed by counties, but instead processed by ACS, occurs through the line item "Children's Basic Health Plan Administration" in Long Bill group (4) Indigent Care Program. Additional application processing costs for ACS are estimated to total \$13,501 with \$6,507 in cash funds exempt from the Children's Basic Health Plan Trust and \$6,994 in federal funds. These costs are calculated and described in Table 6 (Row 15) and Table 7 (Row 4). This line item receives federal financial participation at both the Medicaid rate of 50% and the Children's Basic Health Plan rate of 65%. The blend is based on the weights determined in the Children's Basic Health Plan cost allocation study.

(6) Department of Human Services Medicaid-Funded Programs (B) Office of Information Technology Services - Medicaid Funding, Colorado Benefits Management System

Modifications are needed to the Colorado Benefits Management System to upgrade decision tables for the Children's Basic Health Plan and Old Age Pension State Medical Program to deny eligibility if affidavit or identification information is not entered. In addition, changes are needed to the demographics window and reference tables, and post-development testing and requirements analysis must be completed. The total estimated cost for these modifications is \$176,400. Costs for changes to the Colorado Benefits Management System are shared between the Department and the Department of Human Services. The Department's share is calculated at 34.71% of the total, or \$61,229, as shown in Table 9.

Implementation Schedule:

Task	Month/Year
First phase of Deficit Reduction Act Medical Services Board Emergency Rules Passed	March 10, 2006
Counties and Medical Assistance Sites Informed of Interim Procedures for Deficit Reduction Act of 2005	July 2006
Department Policy Direction Implemented	July 25, 2006
Emergency Meeting of the Medical Services Board for CICP, OAPSMP, CBHP Emergency Rules for HB 06S-1023 Passed ¹	July 31, 2006
Temporary Identification and Affidavit Verification Procedures Implemented for HB 06S-1023	August 1, 2006
Second phase of Deficit Reduction Act Medical Services Board Emergency Rules Passed	August 11, 2006
CBMS Modifications begin ²	November 2006
FTE Hired	March 2007
CBMS Modifications complete ²	April 2007
MMIS provider letters produced and mailed ²	April 2007

¹ Colorado Indigent Care Program (CICP), Old Age Pension State Medical Program (OAPSMP), and Children's Basic Health Plan (CBHP).

² If approval is not received for these system changes, other system changes which may have been previously planned may need to be postponed.

Calculations for Alternative's Funding:

Table 1 - Summary of Request FY 06-07 - Matches Schedule 6, Column 3 and Recommended Request				
	Total Funds	General Fund	Cash Funds Exempt	Federal Funds
Total Request	\$2,941,474	\$921,872	\$564,760	\$1,454,842
Executive Director's Office, Personal Services	\$37,385	\$18,693	\$0	\$18,692
Executive Director's Office, Operating Expenses	\$9,666	\$4,833	\$0	\$4,833
Executive Director's Office, Medicaid Management Information System Contract	\$1,020	\$510	\$0	\$510
Executive Director's Office, Health Insurance Portability and Accountability Act of 1996 (HIPAA) Web Portal Maintenance	\$1,900	\$475	\$0	\$1,425
Executive Director's Office, County Administration	\$2,808,505	\$867,441	\$554,590	\$1,386,474
Medical Services Premiums	\$8,268	\$1,236	\$0	\$7,032
Indigent Care Program, Children's Basic Health Plan Administration	\$13,501	\$0	\$6,507	\$6,994
Department of Human Services Medicaid-Funded Programs, Colorado Benefits Management System	\$61,229	\$28,684	\$3,663	\$28,882

Table 2 - Personal Services and Operating Expenses for FY 06-07					
		General Professional IV (Eligibility Operations)	General Professional III (Audits)	General Professional II (Information Technology Support)	GRAND TOTAL
PERSONAL SERVICES					
Number of PERSONS / class title		1.00	1.00	1.00	
Calculated FTE per classification		0.25	0.25	0.25	0.75
Annual base salary (monthly * 12)		\$52,524	\$43,224	\$37,356	
Number months working in FY 06-07		3	3	3	
Salary		\$13,131	\$10,806	\$9,339	\$33,276
PERA	10.15%	\$1,333	\$1,097	\$948	\$3,378
FICA	1.45%	\$190	\$157	\$135	\$482
AED	0.75%	\$98	\$81	\$70	\$249
Subtotal Personal Services		\$14,752	\$12,141	\$10,492	\$37,385
OPERATING					
Supplies @ \$500/\$500	\$500	\$125	\$125	\$125	\$375
Computer @ \$959/\$0	\$690	\$690	\$690	\$690	\$2,070
Office Suite Software @ \$300/\$0	\$294	\$294	\$294	\$294	\$882
Office Equipment @ \$2,021 /\$0	\$2,021	\$2,021	\$2,021	\$2,021	\$6,063
Telephone Base (Annual)	\$370	\$92	\$92	\$92	\$276
Subtotal Operating		\$3,222	\$3,222	\$3,222	\$9,666
GRAND TOTAL ALL COSTS		\$17,974	\$15,363	\$13,714	\$47,051

Table 3 - Total FY 05-06 Medicaid and Children's Basic Health Plan Clients Processed*						
	Column >	A	B	C	D	E
Row >		Medicaid Only	Medicaid and Children's Basic Health Plan	Children's Basic Health Plan Only	Total	Notes/ Formula
1	Total Application Cases	71,256	88,115	6,750	166,121	Count of unique case IDs
2	Total Application Clients	102,821	208,764	16,334	327,919	Count of unique client IDs
3	Client Approvals	58,377	-	5,515	-	Count of unique client IDs approved
4	Denial/ Non-Complete Rate	43.22%	-	66.24%	-	(Row 2 minus Row 3) divided by Row 2
5	Clients Per Case (Applications)	1.44	2.37	2.42	-	Row 2 divided by Row 1
6	Redetermination Cases	124,737	1,037	8,475	134,249	Count of unique case IDs
7	Redetermination Clients	179,621	2,457	20,510	202,588	Row 6 multiplied by Row 5
8	Total Clients Processed	282,442	211,221	36,844	530,507	Row 2 plus Row 7
9	New Applications Processed by ACS	21,518	28,191	3,040	52,749	Count of unique client IDs
10	Redetermination Cases Processed by ACS	399	387	6,286	7,072	Count of unique case IDs
11	Redetermination Clients Processed by ACS	575	917	15,212	16,704	Row 10 multiplied by Row 5
12	Total Clients Processed by ACS	22,093	29,108	18,252	69,453	Row 9 plus Row 11
13	Percent Processed by ACS	7.82%	13.78%	49.54%	13.09%	Row 12 divided by Row 8

*Detailed assumptions for the calculations in this table are described on pages 26-29.

Table 4 - Assumed Ratios and Growth Rates for Calculations*					
	Column >	A	B	C	D
Row >		Medicaid Only	Children's Basic Health Plan Only	Medicaid and Children's Basic Health Plan Blended	Old Age Pension State Medical Program
1	FY 05-06 Unique Client Ratios	1.18-2.38	1.45	-	1.22
2	FY 05-06 Denial/ Non-complete Rates	43.22%	66.24%	-	43.22%
3	FY 06-07 Growth Rate	7.06%	6.23%	6.97%	9.18%

*See the Assumptions for Calculations section on page 29 for details on how these figures were derived and applied.

Table 5 - Affected Number of Clients from FY 06-07 Estimated Caseload, Adjusted for Distinct Clients and Application Denial¹													
	Column >	A	B	C	D	E	F	G	H	I	L	M	N
Row >	Item	Medicaid Adults 65 and Older (OAP-A)	Disabled Adults 60 to 64 (OAP-B)	Disabled Individuals to 59 (AND/AB)	Categorically Eligible Low-Income Adults (AFDC-A)	Health Care Expansion Fund Low-Income Adults	Breast and Cervical Cancer Program	Eligible Children (AFDC-C/BC)	Foster Care age 18+	Baby Care Program-Adults	Old Age Pension State Medical Program	CHP+ age 18+	Total
1	Deficit Reduction Act	6,439	2,016	11,797	143,432	7,495	508	496,453	-	18,689	-	-	686,829
2	HB 06S-1023 ²	-	-	-	-	-	-	-	1,363	-	9,673	7,415	18,451

¹ Estimated caseload is from FY 07-08 Budget Request, November 1, 2006, Volume I, exhibit B.

² Since the total number of affected clients from all relevant eligibility categories is needed to estimate the cost of implementing HB 06S-1023, data describing the Old Age Pension State Medical Program and Children's Basic Health Plan are included in the same table as data describing Medicaid. The other populations subject to HB 06S-1023, i.e., Colorado Indigent Care Program applicants 18 years of age or older; and Comprehensive Primary and Preventive Care Program applicants 18 years of age or older are not included in Table 5 because their applications are neither processed by counties nor medical assistance sites, nor are these populations included in the Department's regular caseload categories.

Table 6 - Additional Application Processing Costs			
ROW >	Item	Total	Notes/Formula
1	FY 06-07 Executive Director's Office, County Administration	\$18,306,628	HB06-1385 Long Bill Appropriation
2	FY 06-07 Children's Basic Health Plan Administration	\$3,638,229	November 1, 2006 CBHP Change Request, DI-3, Table F, Attachment 1, Page 7.
3	Total 06-07 Administration Funding	\$21,944,857	Row 1 plus Row 2
4a	FY 05-06 Unique Applicants Processed for Medicaid and Children's Basic Health Plan	530,507	New Applicants and Redeterminations. See Table 3, Column D, Row 8.
4b	FY 06-07 Unique Applicants Processed for Medicaid and Children's Basic Health Plan	567,483	Row 4a multiplied by FY 06-07 Medicaid and Children's Basic Health Plan blended growth rate. See Table 4.
5	FY 05-06 Old Age Pension State Medical Program Clients	5,076	The Department's November 1, 2006 Budget Request, Page M-234.
6a	FY 05-06 Unique Old Age Pension State Medical Program Applicants	8,869	Row 5 multiplied by distinct client ratio and Medicaid denial/incomplete rate. See Table 4.
6b	FY 06-07 Unique Old Age Pension State Medical Program Applicants ¹	9,683	Row 6a multiplied by FY 06-07 Old Age Pension State Medical Program growth rate. See Table 4.
7	Total FY 06-07 Processed Applicants	577,166	Row 4b plus Row 6b.
8	Per Applicant County Administration Cost	\$38.02	Row 3 divided by Row 7.
9	Average Processing Time per Application (minutes) ²	47.4	Weighted average amount of time for eligibility determinations for all client types.
10	Additional Time to Process Application (Minutes) ³	5	Time for county technicians to process additional documentation requirements.
11	Percent of Additional time	10.55%	Row 10 divided by Row 9.
12	Additional Per Application Administration Cost	\$4.01	Row 8 multiplied by Row 11.

Table 6 - Additional Application Processing Costs			
13a	FY 06-07 Projected Applicants Affected by Deficit Reduction Act of 2005	686,829	See Table 5, Column N, Row 1.
13b	FY 06-07 Projected Applicants Affected by HB 06S-1023	18,451	See Table 5, Column N, Row 2.
14	Children's Basic Health Plan Applicants Processed by ACS	3,673	Table 3, Column C, Row 13 multiplied by Table 5, Column M, Row 2.
15	Additional ACS Cost (Applies Only to HB 06S-1023) for 11 months in FY 06-07.	\$13,501	Row 12 multiplied by Row 14 multiplied by 11/12ths.
16a	Additional County Administration Cost for Applicants Affected by Deficit Reduction Act of 2005	\$2,754,184	Row 13a multiplied by Row 12.
16b	Additional County Administration Cost for Applicants Affected by HB 06S-1023 for 11 months in FY 06-07.	\$54,321	Row 13b minus Row 14 multiplied by Row 12 multiplied by 11/12ths.
17	Total Costs to Process Documentation from Both Acts	\$2,822,006	Row 15 plus Row 16a plus Row 16b.
¹ This number of unique applicants (9,683) differs from the number of affected clients in Table 5, Column L, Row 2 (9,673) because the latter is a distinct client count.			
² From the Department's revised Fiscal Note for HB 06-1186 with L. 004 amendments, March 23, 2006.			
³ The federal guidance for implementing the Deficit Reduction Act of 2005 (71 Fed. Reg. 39220, July 12, 2006) estimated it would "take each State 5 minutes to obtain acceptable documentation, verify citizenship and maintain current records on each individual."			

Row >	Item	Total	Notes/Formula
1	Total Additional Cost	\$2,822,006	Table 6, Row 17.
2	Old Age Pension State Medical Program (Applies Only to HB 06S-1023) for 11 months in FY 06-07. ¹	\$35,556	Table 6, Row 12 multiplied by 9,673 Old Age Pension State Medical Program clients (see Table 5, Column L, Row 2) multiplied by 11/12ths.
3	County Portion (20% Local Match/30% GF/50% FF):	\$2,772,949	Table 6, Row 16a and 16b minus Table 7, Row 2.
4	ACS Portion (Blend of 50% GF/50% FF + 35% GF/65% FF):	\$13,501	Table 6, Row 15.

Item	Foster Care	Old Age Pension State Medical Program ¹	Children’s Basic Health Plan	Colorado Indigent Care Program	Medicaid Management Information System Providers	Totals
Affected Number of Clients/Providers in FY 06-07	1,363	9,673	7,415	194,075	1,988	214,514
Percent Immigrant Clients/Providers	0.25%	35.89%	1.35%	10.00%	12.50%	-
Number Immigrant Clients/Providers	3	3,472	100	19,408	249	23,232
Initial Verification @ \$0.26 each	\$1	\$903	\$23	\$5,046	\$65	\$6,038
Estimated Number requiring 2nd verification (20%)	1	694	20	3,882	50	4,647
2nd verifications @ \$0.48 each	\$0	\$333	\$10	\$1,863	\$24	\$2,230
Total cost for verifications	\$1	\$1,236	\$33	\$6,909	\$89	\$8,268

¹ All costs incurred for the Old Age Pension State Medical Program are funded with 100% State only funds.

Table 9 - Information Technology Systems Cost	
Upgrade decision tables for Children’s Basic Health Plan and Old Age Pension State Medical Program to deny eligibility if affidavit or identification information not entered.	\$11,200
Testing	\$8,000
Requirements analysis	\$7,200
Upgrade demographics window and reference tables	\$150,000
Total Colorado Benefits Management System Costs	\$176,400
Percent Allocated to Department of Health Care Policy and Financing Based on Colorado Benefits Management System Calculator	34.71%
Total Funds needed in Health Care Policy and Financing Budget	\$61,229
Medicaid Management Information System	
Fiscal agent postage (send providers revised applications)	\$1,020
Total Medicaid Management Information System Costs	\$1,020
Web Portal - Health Insurance Portability and Accountability Act of 1996	
Portal changes	\$1,400
Department of Human Services interface	\$500
Total Web Portal Costs	\$1,900

Assumptions for Calculations:

Assumptions for calculations are described below for Tables 3-9 (Tables 1-2 are designed to be self explanatory).

Table 3

Table 3 derives the total number of applicants processed annually by counties and ACS to estimate their additional administrative costs to implement the Deficit Reduction Act of 2005 and HB 06S-1023. To calculate the number of unique applicants in Medicaid and the Children’s Basic Health Plan programs, the Department used case and client level

data from the Colorado Benefits Management System for FY 05-06, where clients are processed as either a new applicant or a redetermination for benefits. The Department assumes that once an individual provides satisfactory identification, they will not be required to do so again if their initial application is denied and they reapply.

As Table 3 illustrates, the applications are separated into three categories: Medicaid only, Medicaid and Children's Basic Health Plan, and Children's Basic Health Plan only. This is necessary to accurately count the applications, as a child can apply for both Medicaid and Children's Basic Health Plan benefits on the same application, and the Children's Basic Health Plan application will be denied if the child is determined Medicaid eligible. Application totals in Table 3 are counts of unique case or client IDs.

Applications received through State Data Exchange are for applicants receiving Supplemental Security Income benefits, so these were omitted from the analysis. Once a client is approved for benefits, a corresponding record is created for a redetermination. There is a direct correspondence between redetermination data and newly approved clients for Medicaid, and a near one-to-one correspondence for Children's Basic Health Plan clients. These newly approved cases are retained in the application data and omitted from the redetermination data in order to prevent double counting.

In the application data, a count of the number of unique clients per case is calculated (see Table 3: Row 5 = Row 2 / Row 1). The redetermination data is at the case level, so the Department assumes that the client per case ratio is equal to that from the application data. The number of redetermination clients is equal to the redetermination cases multiplied by this client per case ratio (Row 7 = Row 6 x Row 5). The total number of Medicaid and Children's Basic Health Plan clients processed is 530,507 (Table 3, Column D, Row 8), and is the new applications plus redeterminations (Row 8 = Row 2 + Row 7).

The new application and redetermination data also includes information on where the application originated. To ensure that counties and ACS receive funds according to their share of clients processed, the number of new applicants originating at ACS was counted

(Table 3, Row 9). The number of redetermination cases originating at ACS (Row 10) is multiplied by the clients per case ratio from the application data (Row 5) to estimate the redetermination clients processed by ACS (Row 11). The total number of clients processed by ACS (Row 12) is equal to the number of new applicants (Row 9) plus the redetermination clients (Row 11). It follows that the percentage of clients processed at ACS (Row 13) is the number of clients originating at ACS (Row 12) divided by the total clients processed (Row 8). This percentage is assumed to be constant through FY 06-07, and is used to estimate the additional funding needed for County Administration and ACS for additional application processing time.

Other assumptions used in Table 3 include:

- The “Total Application Clients” data reported in Row 2 were calculated using unique client identification numbers from the Colorado Benefits Management System FY 05-06 “Application and Applicants” file. The Medicaid and Children’s Basic Health Plan category includes cases which included applications for Medicaid only, or for both Medicaid and Children’s Basic Health Plan. The Children’s Basic Health Plan Only category includes individuals applying for Children’s Basic Health Plan that did not have an application in the system for Medicaid. Clients who apply for both programs and are Medicaid eligible are denied Children’s Basic Health Plan eligibility, which artificially inflates the denial rates. In addition, applicants who receive Supplemental Security Income benefits are omitted as they are not processed for eligibility determinations.
- All new Medicaid approvals are reported in the Colorado Benefits Management System FY 05-06 “Redetermination” file; only some Children’s Basic Health Plan clients have redetermination records. These clients were omitted from the redetermination count to avoid double counting.
- The Redetermination file is reported at the case level, rather than the client level. The average number of clients per case for new applications is assumed to equal the number of clients per case for redeterminations.
- Data from the Colorado Benefits Management System FY 05-06 “Applications and Applicants” are reported in Row 9 to show the number of new applicants originally processed at the Department’s medical assistance site, ACS, rather than the county.

In addition, data from the “Redetermination” file shows the total number of Redeterminations processed by ACS. The total number of clients processed by ACS was calculated assuming the same ratio of clients per case as for Colorado Benefits Management System applications.

Table 4

Table 4 shows ratios and growth rates that are used in the analysis for this supplemental request. Row 1 displays distinct client ratios, which were calculated by comparing FY 05-06 unique client identification numbers to caseload. Ratios within the range listed in Column A, Row 1 are categorically specific for Medicaid, and are applied to corresponding FY 06-07 projected caseload to estimate distinct clients in each eligibility category. Row 2 displays denial/ non-complete rates calculated in Table 3. The denial/ non-complete ratio for the Old Age Pension State Medical Program is assumed to be equal to that for Medicaid. Row 3 includes the growth rate for FY 06-07. The Medicaid and Children’s Basic Health Plan blended growth rate is calculated according to the respective caseload shares. The growth rate for Old Age Pension State Medical Program is estimated using average annual growth for FY 04-05 and FY 05-06. This trend is assumed to stay constant for FY 06-07.

Table 5

Table 5 applies the information from Tables 3 and 4, i.e., number of distinct clients per case, denial/non-complete rates, and redetermination cases to FY 06-07 appropriated caseload figures. This table is used to show the total projected number of affected clients by the Deficit Reduction Act of 2005 and HB 06S-1023. Assumptions used in Table 5 include:

- FY 06-07 estimated Medicaid caseload is from the Department’s FY 07-08 Budget Request, November 1, 2006, Volume I, exhibit B. Children’s Basic Health Plan estimated caseload is from the FY 07-08 Budget Request, November 1, 2006, Volume I, DI-3 “Adjust Children’s Basic Health Plan Medical Premium and Dental Costs for

Caseload and Rate Changes.” The Old Age Pension State Medical Program caseload is from the FY 07-08 Budget Request, November 1, 2006, Volume II, page M-234.

- Dual eligibles (clients receiving both Medicare and Medicaid) are not included in Table 5 because they are exempt from both acts since they provide proof of identification when determined eligible for Medicare.
- In FY 05-06, 11.58% of distinct Eligible Children were “Needy Newborns,” defined as children up to age 1 born to mothers who were Medicaid eligible at the time of birth (25,854 Needy Newborns / 223,304 Eligible Children = 11.58%). The Eligible Children caseload is deflated by this percent to exclude these clients, as they are not subject to either act. (Source: BOA query 8/16/06.)
- All projections were inflated to adjust for denials, incomplete applications, and distinct clients per application (see Tables 3 and 4).
- Distinct client ratios were calculated by comparing FY 05-06 unique client identification numbers to caseload. This ratio is categorically specific for Medicaid (see Table 4).
- Foster Care is not inflated for denied/incomplete applications as this group is “automatically entitled” to Medicaid.
- Old Age Pension State Medical Program denial/incomplete rate is assumed to be equal to that for Medicaid.

Table 6

Table 6 calculates the additional estimated cost to counties and to ACS to implement the provisions of each act based on the total number of projected applicants from Table 5 (Column N, Rows 1 and 2) multiplied by the “Additional Per Application Administration Cost” in Table 6 (Row 12).

Table 7

Table 7 shows the funding splits between General Fund and federal funds for the additional application processing costs. All costs for the Old Age Pension State Medical

Program must be paid using 100% General Fund, as shown in Row 2. All other county administration costs receive 20% local county share, 30% General Fund and 50% federal financial participation. ACS application processing costs are paid out of the Children's Basic Health Plan Administration appropriation, and receive a blend of federal financial participation as allocated under Titles XIX and XXI of the Social Security Act: 12% of total funds spent on eligibility and enrollment functions receive 35% General Fund and 65% federal financial participation under Title XXI; and 88% of total funds spent on eligibility and enrollment functions receive 50% General Fund and 50% federal financial participation under Title XIX (November 1, 2006 FY 07-08 Budget Request, DI-3 "Adjust Children's Basic Health Plan Medical Premium and Dental Costs for Caseload and Rate Changes," Table F).

Table 8

Table 8 calculates the transaction costs that will be incurred for SAVE verifications under both acts. Assumptions used in Table 8 include:

- As with the County Administration costs described above, since all costs for the Old Age Pension State Medical Program must be funded with 100% State only funds, this applies to the SAVE transaction costs for this program as well. These are included in the Medical Services Premiums line item in the amount of \$1,236.
- The time required to verify the legal presence of aliens using the federal SAVE system is included in the 5-minute additional processing time per application estimated above.
- For the Colorado Indigent Care Program, of the estimated 194,075 new clients, the Department estimates 10% will require first level SAVE verifications and an even smaller number may require second and third level verifications resulting in an annual cost of approximately \$6,909. With respect to the Comprehensive Primary and Preventive Care Fund, the Department will need to revise its grant application form and application instructions to incorporate the requirements of these acts. This can be done with existing staff and operating resources, however, as there is only one application form and set of instructions to revise. Also, due to the limited number of

grantees in the program (approximately 8 or 9 per year), the Department can absorb any mailing, printing, or photocopying costs incurred to comply with the legislation.

Table 9

Table 9 shows the funding needed for modifications to the Colorado Benefits Management System, Medicaid Management Information System, and Web Portal. Costs for modifications to the Colorado Benefits Management System are shared between the Department and the Department of Human Services. Each Department's cost allocation was determined using the Colorado Benefits Management System calculator. The portion to be funded by the Department equals 34.71%, or \$61,229, of the total estimated cost of \$176,400.

Impact on Other Areas of Government:

This alternative will require additional funding to the Department of Human Services for SAVE transaction costs in Cash Funds Exempt from the Department's Medical Services Premiums appropriation. The Department of Human Services has an appropriation for "Systematic Alien Verification for Eligibility" in the 2006 Long Bill, HB 06-1385, under the Department of Human Services (7) Office of Self Sufficiency (C) Special Purpose Welfare Programs (8) Systematic Alien Verification for Eligibility. Footnote K to this line item indicates that \$28,620 is a Cash Funds Exempt transfer from the Department of Health Care Policy and Financing in FY 06-07. The Department requests this footnote be changed to reflect an increase in funding of \$8,268 in FY 06-07 for a total of \$36,888 as a Cash Funds Exempt transfer from the Department of Health Care Policy and Financing.

There is also a need for additional funding to the Department of Human Services for modifications to the Colorado Benefits Management System in FY 06-07 totaling \$176,400. Of this total, \$61,229 is allocated from the Department's budget via cash funds exempt transfer, and \$115,171 is allocated from the Department of Human Services' budget, as provided in the table below.

Department of Human Services' Budget, (2) Office of Information Technology Services, Colorado Benefits Management System (CBMS)	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds
FY 06-07 Total Need	\$21,839,781	\$3,407,265	\$1,742,122	\$7,660,943	\$9,029,451
FY 06-07 Supplemental Request	\$176,400	\$27,687	\$14,156	\$61,229	\$73,328
FY 06-07 Long Bill	\$21,663,381	\$3,379,578	\$1,727,966	\$7,599,714	\$8,956,123

(6) DHS Medicaid Funded Programs, (B) Office of Information Technology Services, Colorado Benefits Management System	Total Funds	General Fund	Cash Funds Exempt	Federal Funds
FY 06-07 Total Need	\$7,660,942	\$3,529,984	\$576,594	\$3,554,364
FY 06-07 Supplemental Request	\$61,229	\$28,684	\$3,663	\$28,882
FY 06-07 Appropriation	\$7,599,713	\$3,501,300	\$572,931	\$3,525,482

Concerns or Uncertainties of Alternative: Calculations within this request are based on assumptions that specific populations are subject to either the Deficit Reduction Act of 2005 or HB 06S-1023; or that they are subject to neither. To the extent any of these assumptions change, the fiscal impact to the Department for implementing these acts may also change.

Alternative B {Status quo; no change in funding; not recommended}:

General Description of Alternative: Alternative B would result in no increase in funding for the Department to implement the Deficit Reduction Act of 2005 and HB 06S-1023. It is likely that without the funding requested in Alternative A, a disproportionate share of the financial burden will fall on counties, medical assistance sites, and Colorado Indigent Care Program providers in order to comply with these acts. Without the requested FTE, the Department would not be able to assist counties, medical assistance sites, providers, applicants or clients in following the new requirements without creating additional backlog in existing customer service

areas. The Department would also not be able to feasibly ensure that entities responsible for eligibility determination are in compliance with these laws. In addition, Department supervisory and management staff in various Department divisions would be required to postpone other responsibilities in order to monitor and ensure compliance with the Deficit Reduction Act of 2005 and HB 06S-1023. Also, if increased funding is not received for SAVE verifications of legal immigrants, the Department of Human Services would likely be required to absorb the majority of additional transaction costs.

Calculations for Alternative's Funding: No change in funding with this alternative.

Concerns or Uncertainties of Alternative: It is possible that eligibility determinations will not be made in a timely manner due to increased workload on counties without an increase in funding. In addition, since the Department plans to begin making modifications to the Colorado Benefits Management System in November 2006 and hire FTE by March 2007, staff layoffs may be needed and system changes which have already been planned may need to be postponed. Furthermore, contracts with medical providers, contract workers for Departmental personal services or other services, and grantees receiving grants from the various Departmental programs could be delayed or invalidated if adequate provisions for checking citizenship of the providers, contractors, and grantees are not available. Delays in approving applications for medical assistance eligibility or incorrect approvals of medical assistance applications might occur. Such delays could cause a hardship for people who do qualify for medical assistance, while incorrect approvals would waste state funding and, perhaps, cause a need to recoup payment for services provided to clients not really eligible to receive the services. As a result, the Department could be subject to lawsuits, penalties or fines, or could lose federal financial participation from the Centers for Medicare and Medicaid Services for all of its federally-matched programs (not just the programs affected by the Deficit Reduction Act of 2005 and HB 06S-1023). Therefore, Alternative B is not recommended.

Supporting Documentation

Analytical Technique: Considering return of investment analysis can show how an administrative investment can save additional costs at a later time.

Total Investment	Cost Avoidance
\$2,941,474	Potential litigation costs if sued by any group claiming Department incorrectly provided services to non-eligible clients: estimated \$500,000
	Delays in awarding Departmental administrative contracts or contracts invalidated by lack of proof of citizenship: estimated \$8,727,841 (\$87,278,411 in Budget Long Bill Group for Executive Director’s Office x 10%)
	Failure to comply with HB 06S-1023 would also be failure to comply with similar provisions in federal Deficit Reduction Act of 2005, with potential to cause loss of total federal financial participation for the Department: \$1,622,333,441 or more (total amount of federal funds in FY 06-07 Long Bill HB 06-1385)
	Shifting costs of \$2,941,474 to counties, medical assistance sites, and indigent care provider sites could lead to requests for increases in budget for county administration line items, thus, not saving the costs but simply moving to different line items in the budget.

Quantitative Evaluation of Performance: Alternative A requests an additional \$2,941,474 in total funds to implement HB 06S-1023 and the Deficit Reduction Act of 2005, with \$921,872 coming from General Fund. The cost avoidance is many times over the implementation costs. The Department would be using the least expensive alternative by investing in compliance.

Statutory and Federal Authority: HB 06S-1023, section 24-76.5-103 (1) Verification of lawful presence - ... *on and after August 1, 2006, each agency or political subdivision of the state shall verify the lawful presence in the United States of each natural person eighteen years of age or older who applies for state or local public benefits or for federal public benefits for the applicant.*

HB 06S-1023, section 24-76.5-103 (4) ... *an agency or a political subdivision shall verify the lawful presence in the United States of each applicant eighteen years of age or older for federal public benefits or state or local public benefits by requiring the applicant to: (a) produce: ... a valid ... [i]dentification card...; and (b) execute an affidavit stating: (i) that he or she is a United States citizen or legal permanent resident; or (ii) that he or she is otherwise lawfully present in the United States pursuant to federal law.*

SB 06-219, Section 122. Appropriation - adjustments to 2006 long bill - (1) ... *there is hereby appropriated, to the department of health care policy and financing, executive director's office, for county administration, the sum of eighteen million three hundred six thousand six hundred twenty-eight dollars (\$18,306,628), or so much thereof as may be necessary, for the implementation of this act.*

Pub. L. 109-171, Sec. 6036 (42 U.S.C. 1396b) Improved Enforcement of Documentation Requirements - (a) ... *Section 1903 of the Social Security Act (42 U.S.C. 1396b) is amended ... (C) by inserting after paragraph (21) the following new paragraph: "(22) with respect to amounts expended for medical assistance for an individual who declares under section 1137(d)(1)(A) to be a citizen or national of the United States for purposes of establishing eligibility for benefits under this title, unless the requirement of subsection (x) is met."; and (2) by adding at the end the following new subsection: "(x)(1) For purposes of subsection (i)(23), the requirement of this subsection is, with respect to an individual declaring to be a citizen or national of the United States, that, subject to paragraph (2), there is presented satisfactory documentary evidence of citizenship or nationality (as defined in paragraph (3)) of the individual. "(2) The requirement of paragraph (1) shall not apply to an alien who is eligible for medical assistance under this title— "(A) and is entitled to or enrolled for benefits under any part of title XVIII; "(B) on the basis of receiving supplemental security income benefits under title XVI; or "(C) on such other basis as the Secretary may specify under which satisfactory documentary evidence of citizenship or nationality had been previously presented. (b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to determinations of initial eligibility for medical assistance made on or after July 1, 2006, and to redeterminations*

of eligibility made on or after such date in the case of individuals for whom the requirement of section 1903(z) of the Social Security Act, as added by such amendments, was not previously met.

Pub. L. 104-193 (8 U.S.C. 1612), Subtitle A, Eligibility for Federal Benefits SEC. 401 - Aliens Who Are Not Qualified Aliens Ineligible for Federal Public Benefits. (a) ... *Notwithstanding any other provision of law and except as provided in subsection (b), an alien who is not a qualified alien (as defined in section 431) is not eligible for any Federal public benefit (as defined in subsection (c)). (b) EXCEPTIONS.— (1) Subsection (a) shall not apply with respect to the following Federal public benefits: (A) Medical assistance under title XIX of the Social Security Act (or any successor program to such title) for care and services that are necessary for the treatment of an emergency medical condition (as defined in section 1903(v)(3) of such Act) of the alien involved and are not related to an organ transplant procedure, if the alien involved otherwise meets the eligibility requirements for medical assistance under the State plan approved under such title (other than the requirement of the receipt of aid or assistance under title IV of such Act, supplemental security income benefits under title XVI of such Act, or a State supplementary payment).*

Department Objectives Met if Approved:

- 1.2 To support timely and accurate client eligibility determination.

- 1.5 To accurately project, report, and manage budgetary requirements to affect Executive and Legislative intent with program and budget development and operations. To accurately record and monitor expenditures for programs managed by the Department so there may be accurate financial reporting at all times.

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING - FY 06-07 AND FY 07-08 BUDGET REQUEST

Schedule 6											
Change Request for FY 06-07 and FY 07-08											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	S-5, BA-1			OSPB Approval:				Date:			
Program:	Audits			Statutory Citation:	25.5-4-105, C.R.S., (2006)						
Request Title:	Revised Federal Rule for Payment Error Rate Measurement Program										
		1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 05-06	Appropriation FY 06-07	Supplemental Request FY 06-07	Total Revised Request FY 06-07	Base Request FY 07-08	Decision/ Base Reduction FY 07-08	November 1 Request FY 07-08	Budget Amendment FY 07-08	Total Revised Request FY 07-08	Change from Base in Out Year FY 08-09
	Fund										
Total of All Line Items	Total	75,059,256	47,360,922	546,041	47,906,963	47,221,679	0	47,221,679	1,467,412	48,689,091	1,467,412
	FTE	194.35	226.70	0.08	226.78	226.90	0.00	226.90	1.00	227.90	1.00
	GF	18,306,890	15,974,408	201,711	16,176,119	16,206,312	0	16,206,312	530,767	16,737,079	530,767
	GFE	183,491	0	0	0	0	0	0	0	0	0
	CF	191,726	192,072	0	192,072	192,396	0	192,396	0	192,396	0
	CFE	28,468,437	1,723,386	78,481	1,801,867	1,694,017	0	1,694,017	218,551	1,912,568	218,551
	FF	27,908,712	29,471,056	265,849	29,736,905	29,128,954	0	29,128,954	718,094	29,847,048	718,094
(f) Executive Director's Office, Personal Services	Total	13,785,054	15,362,691	4,722	15,367,413	15,821,148	0	15,821,148	59,011	15,880,159	59,011
	FTE	194.35	226.70	0.08	226.78	226.90	0.00	226.90	1.00	227.90	1.00
	GF	6,280,279	6,493,748	1,181	6,494,929	6,931,815	0	6,931,815	14,753	6,946,568	14,753
	GFE	281	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	507,578	506,203	826	507,029	517,572	0	517,572	10,327	527,899	10,327
	FF	6,996,916	8,362,740	2,715	8,365,455	8,371,761	0	8,371,761	33,931	8,405,692	33,931
(f) Executive Director's Office, Operating Expenses	Total	978,207	1,020,609	3,081	1,023,690	997,797	0	997,797	950	998,747	950
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	446,865	493,252	770	494,022	482,848	0	482,848	238	483,086	238
	GFE	25,366	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	14,076	14,393	539	14,932	12,905	0	12,905	166	13,071	166
	FF	491,900	512,964	1,772	514,736	502,044	0	502,044	546	502,590	546
(f) Executive Director's Office, Medicaid Management Information System Contract	Total	21,737,076	23,185,837	37,800	23,223,637	22,937,942	0	22,937,942	10,080	22,948,022	10,080
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	5,214,619	5,486,108	9,450	5,495,558	5,442,455	0	5,442,455	2,520	5,444,975	2,520
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	435,293	629,859	6,615	636,474	611,540	0	611,540	1,764	613,304	1,764
	FF	16,087,164	17,069,870	21,735	17,091,605	16,883,947	0	16,883,947	5,796	16,889,743	5,796

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING - FY 06-07 AND FY 07-08 BUDGET REQUEST

Schedule 6											
Change Request for FY 06-07 and FY 07-08											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	S-5, BA-1			OSPB Approval:				Date:			
Program:	Audits			Statutory Citation:	25.5-4-105, C.R.S., (2006)						
Request Title:	Revised Federal Rule for Payment Error Rate Measurement Program										
		1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 05-06	Appropriation FY 06-07	Supplemental Request FY 06-07	Total Revised Request FY 06-07	Base Request FY 07-08	Decision/ Base Reduction FY 07-08	November 1 Request FY 07-08	Budget Amendment FY 07-08	Total Revised Request FY 07-08	Change from Base in Out Year FY 08-09
	Fund										
(1) Executive Director's Office, Payment Error Rate Measurement - Eligibility Reviews Contract [new line item]	Total	0	0	392,940	392,940	0	0	0	1,178,820	1,178,820	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	0	0	98,235	98,235	0	0	0	294,705	294,705	294,705
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	68,765	68,765	0	0	0	206,294	206,294	206,294
	FF	0	0	225,940	225,940	0	0	0	677,821	677,821	677,821
(4) Indigent Care Program, HB 97-1304 Children's Basic Health Plan Trust Fund	Total	29,431,057	192,072	78,481	270,553	192,396	0	192,396	218,551	410,947	218,551
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	2,000,000	0	78,481	78,481	0	0	0	218,551	218,551	218,551
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	191,726	192,072	0	192,072	192,396	0	192,396	0	192,396	0
	CFE	27,239,331	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(6) Department of Human Services Medicaid-Funded Programs (B) Office of Information Technology Services - Medicaid Funding, Colorado Benefits Management System	Total	9,127,862	7,599,713	29,017	7,628,730	7,272,396	0	7,272,396	0	7,272,396	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	4,365,127	3,501,300	13,594	3,514,894	3,349,194	0	3,349,194	0	3,349,194	0
	GFE	157,844	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	272,159	572,931	1,736	574,667	552,000	0	552,000	0	552,000	0
	FF	4,332,732	3,525,482	13,687	3,539,169	3,371,202	0	3,371,202	0	3,371,202	0
Letter Notation:											
Cash Fund name/number, Federal Fund Grant name:	HB 97-1304 Children's Basic Health Plan Trust Fund										
IT Request: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	(If yes and request includes more than 500 programming hours, attach IT Project Plan)										
Request Affects Other Departments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If Yes, List Other Departments Here: Department of Human Services										

**CHANGE REQUEST for FY 06-07 and FY 07-08
EFFICIENCY AND EFFECTIVENESS ANALYSIS**

SELECT ONE (click on box):

- Decision Item
- Base Reduction Item
- Supplemental Request
- Budget Request Amendment

Criterion: New Data
Criterion: New Data

Priority Number:	S-5, BA-1
Change Request Title:	Revised Federal Rule for Payment Error Rate Measurement Program
Long Bill Line Item(s)	(1) Executive Director’s Office: Personal Services; Operating Expenses; Medicaid Management Information System Contract; Payment Error Rate Measurement - Eligibility Reviews Contract (new line item); (4) Indigent Care Program, HB 97-1304 Children’s Basic Health Plan Trust; (6) Department of Human Services Medicaid-Funded Programs (B) Office of Information Technology Services - Medicaid Funding Colorado Benefits Management System
State and Federal Statutory Authority:	25.5-4-105, C.R.S., (2006); Section 1902 (a) (27) of the Social Security Act; Title 42 of the Code of Federal Regulations, Section 431.107 (42 CFR 431.107); and Public Law 107-300 (11-26-02) 31 USC 3321 Improper Payments Information Act of 2002 Sec 2 (b), Interim Final Rule (08-28-06) § 431.950 to § 431.1002 and § 457.720 in Title 42 of the Code of Federal Regulations

Summary of Request (Alternative A):

This request is for \$546,041 in FY 06-07 and \$1,467,412 in FY 07-08, total funds to implement the August 28, 2006 interim final rule of the Centers for Medicare and Medicaid Services, which requires the Department to conduct a Payment Error Rate Measurement program. For both Medicaid and the Children’s Basic Health Plan, the interim final rule requires the Department to conduct eligibility reviews to measure associated error rates and overpayments; and participate in a national contracting strategy for measuring medical claims payment errors in fee-for-service and managed care plans under Titles XIX and XXI of the Social Security Act.

Alternative A {Recommended alternative}:

Problem or Opportunity Description:

The Improper Payments Information Act of 2002 (IPIA), Public Law 107-300, enacted on November 26, 2002, requires the Centers for Medicare and Medicaid Services to annually review Medicaid and State Children's Health Insurance Programs to estimate the amount of improper payments made, report those estimates to Congress, and submit a report on actions each state agency is taking to reduce erroneous expenditures. To implement the requirements of the IPIA, the Centers for Medicare and Medicaid Services developed the Payment Error Rate Measurement program, which began as a series of three pilot projects called Payment Accuracy Measurement (PAM) projects. In FFY 2004, Colorado participated in the third PAM project; and for FFY 2005 received a federal grant to participate in a fourth pilot testing of the project which was renamed the Payment Error Rate Measurement program.

On January 1, 2006, the Department reported to the Joint Budget Committee on the status of the Payment Error Rate Measurement pilot project conducted in 2005, pursuant to Footnote 33 of SB 05-209. This report summarized preliminary results of the project, and the final report, "Colorado Payment Error Rate Measurement Project 2005" was completed on January 6, 2006. The final report indicated a total of 309 medical claims were reviewed (159 from Medicaid and 150 from Children's Basic Health Plan). A sub-sample of 50 eligibility cases from the Medicaid sample and 50 eligibility cases from the Children's Basic Health Plan sample were selected also for eligibility review. The report identified 10 Medicaid claims payment errors (nine in fee-for-service and one in managed care which was an underpayment) totaling approximately \$5,000 in overpayments.

In FFY 2006, the Department was scheduled to implement the first full Payment Error Rate Measurement program (with State match instead of federal grant funding) for medical claim payment errors under a federal draft rule published August 27, 2004 (69 Fed. Reg. 52620). The Department requested funding to implement the Payment Error Rate Measurement program on January 24, 2005, in Budget Amendment #4, "Federally

Required Payment Error Rate Measurement Project” and an appropriation was provided for this purpose in SB 05-209 (FY 05-06 Long Bill). However, on October 5, 2005, the Centers for Medicare and Medicaid Services revised the August 27, 2004 draft rule, published an interim final rule (70 Fed. Reg. 58260), and postponed implementation of the Payment Error Rate Measurement program.

The October 5, 2005 interim final rule was substantially different than the August 27, 2004 draft rule. Instead of requiring states to measure medical claim payment errors, the interim final rule specified that federal contractors would be hired to conduct claims reviews. The October 5, 2005 rule required a Payment Error Rate Measurement program once every three years, with Colorado scheduled to participate in FFY 2007, beginning October 1, 2006. The rule mandated reviews of Medicaid claims only; it did not require reviews of eligibility determinations, managed care claims, or claims paid under Children’s Basic Health Plan.

In response to the changes in the October 5, 2005 rule, the Department requested removal of funding for a contractor appropriated in FY 05-06 to conduct the Payment Error Rate Measurement project, and requested funding be retained in FY 06-07 for Personal Services and Operating Expenses. The requested 0.8 FTE (General Professional IV) was needed in FY 06-07 to provide administrative support to the federal contractors beginning October 1, 2006 (January 3, 2006, S-8; BA-6, “Remove Contract Funding for Federally Required Payment Error Rate Measurement Project”). These budget change requests for FY 05-06 and FY 06-07 were approved, and 0.8 FTE was appropriated for Personal Services in FY 06-07 under HB 06-1385 (FY 06-07 Long Bill).

After further analysis of its October 5, 2005 rule, on August 28, 2006, the Centers for Medicare and Medicaid Services issued a second interim final rule (71 Fed. Reg. 51010). The August 28, 2006 rule is similar to the October 5, 2005 rule, except it requires states to conduct eligibility reviews and measure eligibility error rates for both Medicaid and Children’s Basic Health Plan. As in the previous rule, federal contractors would conduct the claims reviews in fee-for-service and managed care, and measure claims errors for Medicaid and Children’s Basic Health Plan. Under the August 28, 2006 rule, Colorado

must implement the Payment Error Rate Measurement program for eligibility in FFY 2007, beginning October 1, 2006, and repeat the program every three years. The results of the state reviews will be used by Centers for Medicare and Medicaid Services to produce national program error rates as required under the Improper Payments Information Act of 2002, Public Law 107-300. For any overpayments identified, the Department will seek recovery in accordance with existing governing statutes in section 1903(d)(2) of the Social Security Act; 42 CFR part 433, subpart F; and 42 CFR part 457, subparts B and F.

General Description of Alternative:

This alternative requests additional funding for Personal Services and Operating Expenses, and requests funding to procure a contractor to conduct eligibility reviews and measure associated error rates for Colorado. Funding for the new contractor is requested under a new line item in the Department's budget titled "Payment Error Rate Measurement – Eligibility Reviews Contract." Also, modifications are needed to the Colorado Benefits Management System and Medicaid Management Information System to enable the Department to report eligibility and claims data according to specific requirements in the sampling plan. Because the Payment Error Rate Measurement program is for both Medicaid and Children's Basic Health Plan, a portion of the costs for reviewing eligibility and payment errors under Children's Basic Health Plan are requested to be paid from the Children's Basic Health Plan Trust Fund.

Because it is not known for certain if the program will result in savings due to recoveries of overpayments, the Department has not estimated any savings to offset the costs of implementing this federally required program. If savings are identified for FY 06-07 or FY 07-08 once the results of the Payment Error Rate Measurement program are better known, a separate budget action will be submitted. The Children's Basic Health Plan is currently funded at 35% Cash Funds Exempt and 65% federal funds, and Medicaid is funded at 50% General Fund and 50% federal funds. Therefore, since the sample size for both the Children's Basic Health Plan and Medicaid will be the same size (see Table 1), the funding for this program will be 25% General Fund, 17.5% Cash Funds Exempt and 57.5% federal funds.

The Centers for Medicare and Medicaid Services estimates that each state's production cycle, scheduled every three years, will take approximately 23 months to complete (71 Fed. Reg. 51054, August 28, 2006). This cycle includes conducting the eligibility and claims reviews for Medicaid and Children's Basic Health Plan, measuring error rates, and reporting findings.

However, this production cycle is the minimum necessary to complete the requirements for the Centers for Medicare and Medicaid Services; it does not include additional duties that the State employee will need to perform. The eligibility reviews contract manager will need to facilitate communication when issues arise between the counties and the contractor. Additionally, the manager will need to determine the source cause of any problems identified by the contractor. The manager will need to determine if it is a systems related issue, or a result of a communications breakdown, and if the problem is location specific or systemic in nature.

In addition, the Department will need to integrate the results of the project into future planning documents, implement the findings and resolve any issues identified that require corrective action. The Department estimates these activities will comprise 30% of the total project timeline. Given these conditions the Department estimates that following-up on the results of the Payment Error Rate Measurement program, implementing action plans to reduce errors, and preparing for the next production cycle will take an additional fiscal year. Therefore, funding is requested on a continuing basis beginning in FY 06-07 to implement the Payment Error Rate Measurement program. A detailed description of the funding requested for FY 06-07 and FY 07-08 is provided below.

Personal Services and Operating Expenses

Reduced funding of 0.25 FTE is requested in FY 06-07 for the Payment Error Rate Measurement Program Contract Manager, since this position is scheduled to be hired effective January 1, 2007, three months later than appropriated in HB 06-1385 (FY 06-07 Long Bill). The delay in filling this position is due to a lack of qualified applicants among those who responded to the initial open position announcement. The Payment

Error Rate Measurement program contract manager will ensure that the federal contractors receive the data and administrative support needed to conduct the Department's claims reviews, measure error rates, and identify overpayments. Since this position was appropriated as 0.75 FTE in HB 06-1385, the Department requests a three-month reduction in Personal Services and Operating Expenses to 0.50 FTE in FY 06-07. Continuation funding as 1.0 FTE was requested for this position in the Department's November 1, 2006 Base Budget Request for FY 07-08.

In addition to the position appropriated and described above, the Department will need to hire an additional 0.33 FTE (General Professional IV) in its Audits Section for FY 06-07 beginning March 2007. This position is needed to serve as the eligibility reviews contract manager and point of contact for all medical assistance programs regarding eligibility determinations for the Payment Error Rate Measurement program. In addition, this position is needed to review verification documents and interpret data entered into and reported through the Colorado Benefits Management System. This position would use findings of the Payment Error Rate Measurement program so that the Department could investigate operational issues and recommend changes to its medical programs and the Colorado Benefits Management System. Continuation funding for FY 07-08 of 1.0 FTE is requested for this position.

Medicaid Management Information System Contract

The Department estimates that the required changes to the Medicaid Management Information System will have an initial cost of \$37,800 in FY 06-07 and ongoing annual maintenance costs of \$10,080. The initial costs will be to conduct system requirements work for the necessary changes to the system. Coding changes to allow for a random sample feature, strata and inclusion/exclusion criteria, and finally, testing and documentation of the changes. Ongoing maintenance costs will be needed to obtain fresh samples on a quarterly basis from the system.

Payment Error Rate Measurement – Eligibility Reviews Contract (new line item)

The Department estimates the costs will be \$1,571,760 (see Table 2) based on the required nine month review period and associated follow-up, however due to the delay in implementing the program in FY 06-07, the Department estimates that one quarter of the costs, or \$392,940 will be incurred in FY 06-07 and three quarters or \$1,178,820 will be incurred in FY 07-08.

The contractor will be required to determine a protocol for verifying the provided documentation is accurate, and create and populate a database to review. There are many steps to tracking and obtaining eligibility cases from the counties and the medical assistance sites. The contractor must first determine the location of the case file. The Colorado Benefits Management System has many features and functions that are used to track case file changes. To locate the file, these functions need to be accessed to determine the location of the information that was present at the time of determination and authorization. The time required to locate the information can be lengthy if the case has different users initiating changes, as the case manager could get re-assigned to other duties, or if applicants move from one county to another, and the associated case has been transferred also. To determine the user and that user's location requires additional research. Once this has been determined, the agency believed to have the case files is sent a letter with instructions and information needed for the review. There are situations where a second request is required when the agency responds that the current case is not in their office or if the case was not sent. All cases must be located, received and logged into the database before the eligibility review can begin. Once the process of calculating error rates and reporting findings has been completed, the Department would respond as needed to reduce error rates and implement action plans.

This request for funds focuses on preparing and selecting data to test as a part of the project. This request does not include costs associated with program processes or system changes once the errors are identified. The Department will request necessary funding for these processes or system changes when they are identified and quantified.

Children's Basic Health Plan Trust Fund

General Fund for the Children's Basic Health Plan Trust Fund is requested due to the FY 06-07 allocation from the Trust Fund being fully utilized.

Colorado Benefits Management System

The Department estimates that changes to the Colorado Benefits Management System will also be necessary. The Department has devised a temporary solution that will create the data extracts for active and negative cases (negative cases are when the applicant is denied eligibility) from Medicaid and the Children's Basic Health Plan that can be implemented in time for the first data extract in February 2007. HCPF and the Office of CBMS have devised a temporary, labor-intensive process to extract the information from CBMS to support the PERM Audit starting in mid-February, 2007. This process involves taking a "snapshot" of all Medicaid and CHP+ clients at the end of each month, and comparing the current end-of-month snapshot to the prior month's snapshot to determine which clients are to appear in the Active Case Universe or the Negative Case Universe and to stratify the cases per PERM Audit requirements. This process can be implemented using existing OCBMS maintenance funds. The Department believes the temporary solution can be completed using existing Departmental resources.

However, to implement a permanent solution that minimizes the disk space and manual processes required by the temporary solution, the Department will need to make changes to the Colorado Benefits Management System that involve upgrades to the authorization module that will stratify and flag new authorizations according to the audit requirements as well as upgrades to the extract programs.

This solution is estimated to cost \$83,600 in FY 06-07. This estimate includes 640 hours of a software developer's time at \$65/hour and 280 hours of the CBMS vendor's time at \$150/hour. However, as the Colorado Benefits Management System is jointly funded by the Department (34.71%) and the Department of Human Services (65.29%) the amount required by the Department for these changes will be \$29,017. Please note, to comply

with federal requirements, the Department will need to initiate system changes prior to receiving legislative authorization to meet the data sampling deadlines in the federal interim final rule.

Implementation Schedule:

Task	Month/Year
Interim final rule effective	October 1, 2006
Internal research/planning period	October 2006 - December 2006
Submit sampling plan to CMS	November 15, 2006
Colorado Benefits Management System changes initiated ¹	December 18, 2006
FTE hired (existing appropriation for GP IV, Claims Reviews Contract Manager)	January 1, 2007
RFP issued for eligibility reviews	February 1, 2007
Draft contract written for eligibility reviews	February 1, 2007
Approval of sampling plan by CMS	February 1, 2007
Begin extracting data samples for eligibility reviews	February 15, 2007
Begin conducting eligibility reviews ¹	March 15, 2007
Medicaid Management Information System changes begin ^{1,2}	March 15, 2007
Colorado Benefits Management System temporary solution changes completed ¹	February, 2007
Colorado Benefits Management System permanent solution changes completed ¹	June, 2007
Contract awarded and signed for eligibility reviews	March 15, 2007
FTE Hired (General Professional IV, Eligibility Reviews Contract Manager) ²	March 2007
Medicaid Management Information System changes completed ^{1,2}	June 30, 2007
Complete calculation of error rates and compile findings	June 2008
Submit error rates and findings to CMS	July 1, 2008

¹ To meet the data sampling deadlines in the federal interim final rule, the Department will need to begin making system changes prior to receiving an appropriation. Therefore, if authorization is not received, system changes which have already been authorized may need to be postponed. In addition, due to the federal requirement that data for eligibility reviews be extracted beginning February 2007, some data may need to be extracted, analyzed, and reported manually until system changes have been completed.

² Implementation plan assumes the Department's FY 06-07 supplemental bill is signed and effective in March 2007.

Calculations for Alternative's Funding:

Summary of Request FY 06-07 Matches Schedule 6 and Recommended Request	Total Funds	General Fund	Cash Funds Exempt	Federal Funds
Total Request, Matches Column 3	\$546,041	\$201,711	\$78,481	\$265,849
(1) Executive Director's Office: Personal Services	\$4,722	\$1,181	\$826	\$2,715
(1) Executive Director's Office: Operating Expenses	\$3,081	\$770	\$539	\$1,772
(1) Executive Director's Office: Medicaid Management Information System	\$37,800	\$9,450	\$6,615	\$21,735
(1) Executive Director's Office, Payment Error Rate Measurement - Eligibility Reviews Contract [new line item]	\$392,940	\$98,235	\$68,765	\$225,940
(4) Indigent Care Program, HB 97-1304 Children's Basic Health Plan Trust	\$78,481	\$78,481	\$0	\$0
(6) Department of Human Services Medicaid-Funded Programs (B) Office of Information Technology Services - Medicaid Funding Colorado Benefits Management System	\$29,017	\$13,594	\$1,736	\$13,687

Summary of Request FY 07-08 Matches Schedule 6 and Recommended Request	Total Funds	General Fund	Cash Funds Exempt	Federal Funds
Total Request, Matches Column 8	\$1,467,412	\$533,767	\$218,551	\$718,094
(1) Executive Director's Office: Personal Services	\$59,011	\$14,753	\$10,327	\$33,931
(1) Executive Director's Office: Operating Expenses	\$950	\$238	\$166	\$546
(1) Executive Director's Office: Medicaid Management Information System	\$10,080	\$2,520	\$1,764	\$5,796
(1) Executive Director's Office, Payment Error Rate Measurement - Eligibility Reviews Contract [new line item]	\$1,178,820	\$294,705	\$206,294	\$677,821
(4) Indigent Care Program, HB 97-1304 Children's Basic Health Plan Trust	\$218,551	\$218,551	\$0	\$0

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING - FY 06-07 AND FY 07-08 BUDGET REQUEST

FTE and Operating Costs										GRAND TOTAL		
Fiscal Year(s) of Request		FY 06-07 Original	FY 06-07 Revised	FY 06-07 NET	FY 07-08 Original	FY 07-08 Revised	FY 07-08 NET	FY 06-07	FY 07-08	FY 06-07 TOTAL	FY 07-08	
PERSONAL SERVICES	Title:	General Professional IV (Contract MGR)						General Professional IV (Audits)	To two decimal points			
Number of PERSONS / class title		1.00	1.00	1.00	1.00	1.00	0.00	1.00	1.00			
Calculated FTE per classification		0.75	0.50	(0.25)	1.00	1.00	0.00	0.33	1.00	0.08	1.00	
Annual base salary (monthly * 12)	\$	52,524						52,524				
Number months working in FY 06-07 and FY 07-08		9	6	(3)	12	12	0	4	12			
Salary		\$39,393	\$26,262	(\$13,131)	\$52,524	\$52,524	\$0	\$17,333	\$52,524	\$4,202	\$52,524	
PERA	10.15%	\$3,998	\$2,666	(\$1,332)	\$5,331	\$5,331	\$0	\$1,759	\$5,331	\$427	\$5,331	
AED	0.75%	\$295	\$197	(\$98)	\$394	\$394	\$0	\$130	\$394	\$32	\$394	
FICA	1.45%	\$571	\$381	(\$190)	\$762	\$762	\$0	\$251	\$762	\$61	\$762	
Subtotal Personal Services		\$44,257	\$29,506	(\$14,751)	\$59,011	\$59,011	\$0	\$19,473	\$59,011	\$4,722	\$59,011	
OPERATING												
Supplies @ \$500/\$500 each year	\$500	\$375	\$250	(\$125)	\$500	\$500	\$0	\$165	\$500	\$40	\$500	
Computer @ \$690/\$0 Yr1/Yr2	\$690	\$690	\$690	\$0	\$0	\$0	\$0	\$690	\$0	\$690	\$0	
Laptop Computer @ \$1,500/\$0 Yr1/Yr2		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Office Suite Software @ \$294/\$0 Yr1/Yr2	\$294	\$294	\$294	\$0	\$0	\$0	\$0	\$294	\$0	\$294	\$0	
Office Equipment @ \$2,021 /\$0 Yr1/Yr2	\$2,021	\$2,021	\$2,021	\$0	\$0	\$0	\$0	\$2,021	\$0	\$2,021	\$0	
Telephone Base (Annual)	\$450.0	\$338	\$225	(\$113)	\$450	\$450	\$0	\$149	\$450	\$36	\$450	
Subtotal Operating	\$3,955	\$3,718	\$3,480	(\$238)	\$950	\$950	\$0	\$3,319	\$950	\$3,081	\$950	
GRAND TOTAL ALL COSTS		\$47,975	\$32,986	(\$14,989)	\$59,961	\$59,961	\$0	\$22,792	\$59,961	\$7,803	\$59,961	

Table 1 - Number of Eligibility Reviews - Federal Fiscal Year 2007			
	Medicaid	CBHP	Combined Total
Active Cases	504	504	
Negative Cases	204	204	
Total Annual Cases	708	708	1,416
<i>*Per CMS sampling requirements, samples will be drawn for 9 out of 12 months each federal fiscal year (January through September).</i>			

Table 2 - Estimated Annual Contract Cost for Eligibility Reviews							
Average Hours Per Project, Per Case	Hourly Rate	Project			Average Cost Per Case	Cases Reviewed Per Year	Estimated Annual Cost
4.5	\$180.00	Locate and acquire physical case file for review (from local/county health department)			\$810.00	1,416	\$1,146,960
2	\$150.00	Review case file and CBMS data reports for eligibility; contact beneficiaries if necessary; track and report findings			\$300.00	1,416	\$424,800
Total Estimated Cost					\$1,110		\$1,571,760

In 2004, CMS estimated the average cost per eligibility case review would be \$570 (69 Fed. Reg. 52628, August 27, 2004). This estimate was based on the Lewin Group's cost efficiency study of six states that conducted eligibility reviews in year-two of the federal PAM pilot projects. The \$570 estimate represented the mean cost per review, which ranged from \$228 to \$1,296. The Department's estimate of \$1,110 per review is from a contractor with experience acquiring and reviewing Colorado Medicaid eligibility files, and analyzing data reports from the Colorado Benefits Management System for the 2005 Payment Error Rate Measurement pilot project.

Impact on Other Areas of Government: This request affects the Department of Human Services, (B) Office of Information Technology Services - Medicaid Funding, Colorado Benefits Management System

Department of Human Services				
Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds
\$83,600	\$13,121	\$6,709	\$29,018	\$34,752

Assumptions for Calculations:

The FTE Calculation for FY 06-07 reflects the delay in hiring of the Payment Error Rate Measurement Contract Manager by three months due to the lack of qualified applicants, and the hiring of the Eligibility Reviews Contract Manager for four months in FY 06-07 caused by the new requirements of the August 28, 2006, second interim final rule. The net affect of this change is an increase of 0.08 FTE required for FY 06-07. As the Payment Error Rate Measurement Contract Manager position was already appropriated in HB 06-1385, the net increase for FY 07-08 is 1.0 FTE for the Eligibility Reviews Contract Manager position.

Table One is based on the Centers for Medicare and Medicaid Services, Payment Error Rate Measurement Eligibility Review requirements issued October 26, 2006, requiring each program (Medicaid and the Children's Basic Health Plan) to sample 504 active cases and 204 negative cases.

The Department's estimate of \$1,110 contained in Table Two is based on information provided by a contractor with experience acquiring and reviewing Colorado Medicaid eligibility files, and analyzing data reports from the Colorado Benefits Management System for the 2005 Payment Error Rate Measurement pilot project.

Concerns or Uncertainties of Alternative:

The Centers for Medicare and Medicaid Services has not yet finalized its guidance to states regarding many details of the eligibility review process. For example, the Department does not yet know what types of reports will be required or how certain types of data are to be stratified within the monthly samples extracted from the Colorado Benefits Management System. In order to estimate the costs for Alternative A, the Department made assumptions as to what the federal authority is likely to require, and each of these assumptions play a significant role in determining the number, complexity, and costs of necessary systems changes. In addition, the Department is unable to define the scope of work that will be required after the error rates have been determined, as the Department will use the results of the program to implement any necessary action plans. It is also possible that the Centers for Medicare and Medicaid Services could further

revise its interim final rule, resulting in additional changes to the Department's requirements for conducting the Payment Error Rate Measurement program.

Alternative B {Status quo; no change in funding; not recommended}:

General Description of Alternative: This alternative would not provide additional funding for the Payment Error Rate Measurement Program above the amount provided in HB 06-1385.

Calculations for Alternative's Funding: No change in funding with this alternative.

Concerns or Uncertainties of Alternative: The August 28, 2006 interim final rule includes new responsibilities regarding eligibility reviews requiring the Department to obtain samples and calculate Colorado's specific eligibility error rates that was not stipulated in previously issued rules. Without funding, the Department would not have the resources to perform the federally mandated eligibility review requirement and therefore be out of compliance with federal regulations, thus jeopardizing continued Medicaid and Children's Basic Health Plan funding.

Supporting Documentation

Analytical Technique: A cost avoidance analysis is used to show how an administrative investment can save additional costs at a later time.

Alternative	Total Investment	Cost Avoidance
A	\$546,041	Failure to comply with the federally mandated Payment Error Rate Measurement Program could jeopardize continued federal financial participation for the Department: \$1,622,333,441 or more (total amount of federal funds in FY 06-07 Long Bill HB 06-1385).

Quantitative Evaluation of Performance –

Compare all Alternatives:

Alternative A costs \$546,041 in FY 06-07 but insures continued federal participation in the State's programs. Alternative B, while not costing anything, potentially jeopardizes at least \$1,622,333,441 in federal funding. Alternative A is the recommended alternative.

Statutory and Federal Authority:

25.5-4-105. C.R.S. (2006) Federal requirements under Title XIX. *Nothing in this article...shall prevent the state department from complying with federal requirements for a program of medical assistance in order for the state of Colorado to qualify for federal funds under Title XIX of the social security act and to maintain a program within the limits of available appropriations.*

431.107 Required provider agreement...*This section sets forth State plan requirements, based on sections 1902(a)(4), 1902(a)(27), 1902(a)(57), and 1902(a)(58) of the Act, that relate to the keeping of records and the furnishing of information by all providers of services (including individual practitioners and groups of practitioners)...A State plan must provide for an agreement between the Medicaid agency and each provider or organization furnishing services under the plan in which the provider or organization agrees to: (1) Keep any records necessary to disclose the extent of services the provider furnishes to recipients; (2) On request, furnish to the Medicaid agency, the Secretary, or the State Medicaid fraud control unit (if such a unit has been approved by the Secretary under § 455.300 of this chapter), any information maintained under paragraph (b)(1) of this section and any information regarding payments claimed by the provider for furnishing services under the plan; (3) Comply with the disclosure requirements specified in part 455, subpart B of this chapter; and (4) Comply with the advance directives requirements for hospitals, nursing facilities, providers of home health care and personal care services, hospices, and HMOs specified in part 489, subpart I, and § 417.436(d) of this chapter.*

Public Law 107–300, SEC. 2. ESTIMATES OF IMPROPER PAYMENTS AND REPORTS ON ACTIONS TO REDUCE THEM. (a) IDENTIFICATION OF SUSCEPTIBLE PROGRAMS AND ACTIVITIES.—*The head of each agency shall, in*

accordance with guidance prescribed by the Director of the Office of Management and Budget, annually review all programs and activities that it administers and identify all such programs and activities that may be susceptible to significant improper payments.

(b) ESTIMATION OF IMPROPER PAYMENT.—With respect to each program and activity identified under subsection (a), the head of the agency concerned shall— (1) estimate the annual amount of improper payments; and (2) submit those estimates to Congress before March 31 of the following applicable year, with all agencies using the same method of reporting, as determined by the Director of the Office of Management and Budget.

(c) REPORTS ON ACTIONS TO REDUCE IMPROPER PAYMENTS.—With respect to any program or activity of an agency with estimated improper payments under subsection (b) that exceed \$10,000,000, the head of the agency shall provide with the estimate under subsection (b) a report on what actions the agency is taking to reduce the improper payments, including— (1) a discussion of the causes of the improper payments identified, actions taken to correct those causes, and results of the actions taken to address those causes; (2) a statement of whether the agency has the information systems and other infrastructure it needs in order to reduce improper payments to minimal cost-effective levels; (3) if the agency does not have such systems and infrastructure, a description of the resources the agency has requested in its budget submission to obtain the necessary information systems and infrastructure; and (4) a description of the steps the agency has taken to ensure that agency managers (including the agency head) are held accountable for reducing improper payments...GUIDANCE BY THE OFFICE OF MANAGEMENT AND BUDGET.— Not later than 6 months after the date of enactment of this Act, the Director of the Office of Management and Budget shall prescribe guidance to implement the requirements of this section.

431.950 Purpose. This subpart requires States and providers to submit information necessary to enable the Secretary to produce national improper payment estimates for Medicaid and the State Children’s Health Insurance Program (SCHIP).

431.1002 Recoveries. (a) Medicaid. States must return to CMS the Federal share of overpayments based on medical and processing errors in accordance with section 1903(d)(2) of the Act and related regulations at part 433, subpart F of this chapter.

Payments based on erroneous Medicaid eligibility determinations are addressed under section 1903(u) of the Act and related regulations at part 431, subpart P of this chapter. (b) SCHIP. Quarterly Federal payments to the States under Title XXI of the Act must be reduced in accordance with section 2105(e) of the Act and related regulations at part 457, subpart B of this chapter.

457.720 State plan requirement: State assurance regarding data collection, records, and reports. A State plan must include an assurance that the State collects data, maintains records, and furnishes reports to the Secretary, at the times and in the standardized format the Secretary may require to enable the Secretary to monitor State program administration and compliance and to evaluate and compare the effectiveness of State plans under Title XXI of the Act. This includes collection of data and reporting as required under 431.970 of this chapter.

Department Objectives Met if Approved:

1.3 To assure payments in support of the programs are accurate and timely, and to procure an effective fiscal agent.

1.5 To accurately project, report, and manage budgetary requirements to effect Executive and Legislative intent with program and budget development and operations. To accurately record and monitor expenditures for programs managed by the Department so there may be accurate financial reporting at all times.

2.3 To audit expenditures for fraud, abuse, client eligibility, and accuracy in third party payments both internally and with the use of contingency contractors.

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING – FY 06-07 and FY 07-08 CHANGE REQUEST

Schedule 6											
Change Request for FY 06-07 and FY 07-08											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	S-6, BA-2			OSPB Approval:				Date:			
Program:	Acute Care Benefits			Statutory Citation:	25.5-5-202 (1) (s) (2), C.R.S. (2006)						
Request Title:	Increased Funding for Non-Emergency Medical Transportation										
		1	2	3	4	5	6	7	8	9	10
		Prior-Year		Supplemental	Total		Decision/		Budget	Total	Change
		Actual	Appropriation	Request	Revised	Base	Base	November 1	Amendment	Revised	from Base
	Fund	FY 05-06	FY 06-07	FY 06-07	FY 06-07	FY 07-08	Reduction	Request	FY 07-08	FY 07-08	in Out Year
		FY 05-06	FY 06-07	FY 06-07	FY 06-07	FY 07-08	FY 07-08	FY 07-08	FY 07-08	FY 07-08	FY 08-09
Total of All Line Items	Total	5,577,485	5,068,722	1,957,862	7,026,584	4,575,163	1,464,796	6,039,959	1,149,343	7,189,302	2,614,139
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	2,788,743	2,534,361	978,931	3,513,292	2,287,582	732,398	3,019,980	574,671	3,594,651	1,307,069
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	2,788,742	2,534,361	978,931	3,513,292	2,287,581	732,398	3,019,979	574,672	3,594,651	1,307,070
(1) Executive Director's Office, Non-Emergency Transportation Services	Total	5,577,485	5,068,722	1,957,862	7,026,584	4,575,163	1,464,796	6,039,959	1,149,343	7,189,302	2,614,139
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	2,788,743	2,534,361	978,931	3,513,292	2,287,582	732,398	3,019,980	574,671	3,594,651	1,307,069
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	2,788,742	2,534,361	978,931	3,513,292	2,287,581	732,398	3,019,979	574,672	3,594,651	1,307,070
Letter Notation:											
Cash Fund name/number, Federal Fund Grant name:	FF: Title XIX										
IT Request:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (If yes and request includes more than 500 programming hours, attach IT Project Plan)										
Request Affects Other Departments:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, List Other Departments Here:										

**CHANGE REQUEST for FY 06-07 and FY 07-08
EFFICIENCY AND EFFECTIVENESS ANALYSIS**

SELECT ONE (click on box):

- Decision Item
- Base Reduction Item
- Supplemental Request Criterion: New Data
- Budget Request Amendment Criterion: New Data

Priority Number:	S – 6, BA – 2
Change Request Title:	Increased Funding for Non-Emergency Medical Transportation Services
Long Bill Line Item(s)	(1) Executive Director’s Office, Non-Emergency Transportation Services
State and Federal Statutory Authority:	25.5-5-202 (1) (s) (2), C.R.S. (2006) and 42 C.F.R. Section 431.53

Summary of Request (Alternative A):

This Request seeks additional funding of \$1,957,862 in FY 06-07 and \$1,149,343 in FY 07-08 for the Executive Director’s Office, Non-Emergency Transportation Services line item due to increases in contractor and county costs to administer non-emergency medical transportation. In addition, this Request seeks a technical correction to SB 06-165 (Telemedicine Bill), to account for the \$277,627 in anticipated savings in the Executive Director’s Office, Non-Emergency Transportation Services line item rather than Medical Services Premiums for FY 06-07 only. This Request does not include a corresponding increase to the Medical Services Premiums appropriation at this time. Such an adjustment will be made within the Department’s February 15, 2007 Supplemental Request.

Alternative A {Recommended alternative}:

Problem or Opportunity Description:

The Department of Health Care Policy and Financing provides non-emergency transportation to and from medically necessary services covered by the Colorado Medical Assistance Program for clients who have no other means of transportation throughout all sixty-four counties in Colorado. Section 25.5-5-202 (1) (s) (2), C.R.S. (2006) and 42

C.F.R. Section 431.53 requires the Department to provide non-emergency medical transportation to eligible clients under the state Medical Assistance Program. The type of transportation authorized is determined by the distance to be traveled and treatment facilities available, and the physical condition and welfare of the client. Non-emergency medical transportation services include transportation between the client's home and Medicaid covered benefits, and when applicable, the cost of lodging and food when an overnight stay is necessary for an escort. There are also administrative costs related to non-emergency medical transportation including, but not limited to, the intake of client calls, determining eligibility, and authorizing and arranging transportation.

History

Prior to FY 03-04, funding for non-emergent medical transportation, approximated to be \$12,041,460, was contained in the Medical Services Premiums line within the Department's Budget. However, due to difficult economic conditions in FY 02-03, the General Assembly reduced this funding by \$7,640,682 in an effort to reduce General Fund expenditures (FY 03-04 Figure Setting, March 11, 2002, pages 110-111).

In FY 03-04, the Department received legislative authority via HB 04-1220 to administer non-emergency medical transportation as an administrative program rather than an optional Medicaid service in an effort to maintain cost savings. As a result of this action, \$4,400,778 was transferred from the Department's Medical Services Premiums Long Bill group and created a new line item under the Executive Director's Office Long Bill group titled "Non-Emergency Medical Transportation".

The Department currently employs two mechanisms to meet non-emergency medical transportation needs for Medicaid clients. In 56 counties within the State, the county departments of social services are responsible for authorizing and arranging the transportation. In eight front-range counties, the Department contracts directly for the necessary services and administration with a broker.

Contractor Costs

On June 20, 2006, the Department requested and received FY 05-06 1331 Emergency Supplemental of \$1,121,497 for increases in contract costs. Due to a failed request for proposals, the Department entered into an emergency nine month contract with the existing contractor, which included an administrative increase of \$30,000 per month, until a new request for proposals could be completed. As a result of this request for proposals, the existing contractor, LogistiCare, was awarded the winning bid for a fixed price contract beginning June 1, 2006. This fixed price contract was negotiated for \$446,992 per month, or \$5,363,904 per fiscal year.

Remaining 56 Counties

Increased utilization and caseload in the non-Front Range counties have required a greater portion of the total appropriation to be allocated for non-contractor costs.

From July 2005 to June 2006, monthly expenditures for counties outside of the eight Front Range counties have increased by a total of 40%. Changes in utilization are anticipated to be the result of increased focus on non-emergent medical transportation from the Centers for Medicare and Medicaid Services, individual client complaints, recent training by the Department on State Plan services, and increased awareness by Department of Human Services program administrators.

New Data

Recent data indicates that not all counties in the State are billing Medicaid non-emergent medical transportation. Ultimately, fourteen of the fifty-six counties outside of the eight Front Range counties, and therefore outside of the fixed price contract, have not billed for non-emergent medical transportation services during the past 16 months.

In addition, medical transportation for many clients with cases managed by the Community Centered Boards has not been billed as part of State Plan services. Rather, transportation for these clients has been included as part of the waiver payments made to host homes housing clients with developmental disabilities. As the Department submitted a Supplemental Request on January 5, 2005 in response to the Centers for

Medicare and Medicaid Services requirements to separate State Plan services and waived services, a portion of these transportation costs should be billed to the Non-Emergency Medical Transportation Services appropriation.

SB 06-165 – Telemedicine Bill

The FY 06-07 appropriation for non-emergency medical transportation is \$5,068,722 based on the FY 06-07 Long Bill (HB 06-1385). This amount does not include any savings anticipated from SB 06-165 for increased telemedicine efforts. With the passage of SB 06-165 on June 2, 2006, the Department is now required to research ways to implement a telemedicine pilot program in FY 06-07 and carry out the actual implementation of the telemedicine pilot program beginning FY 07-08. As a result of this implementation, the fiscal note denoted anticipated saving in non-emergency medical transportation costs equal to \$277,627 for FY 06-07 and \$493,599 for FY 07-08. The appropriations clause in SB 06-165 attributed savings for non-emergency medical transportation in Medical Services Premiums, and not in Executive Director's Office, Non-Emergency Medical Transportation line item.

General Description of Alternative:

FY 06-07 Request

This Request for FY 06-07 is for \$1,957,862 for Executive Director's Office, Non-Emergency Transportation Services line item. The amount requested for Executive Director's Office, Non-Emergency Transportation Services includes a reduction for SB 06-165. In addition, the out-year impact of new data increases the Department's November 1, 2006 FY 07-08 Budget Request \$1,149,343.

56 Counties Need

Based on data for the most recent 16 months ending October 2006, the Department calculates that \$1,940,307 is needed to pay for services for the 56 non-Front Range counties. However, due to SB 06-165, this amount should be reduced by \$73,749 due to increased efforts in telemedicine; therefore, the Department calculates that \$1,866,558 is needed for FY 06-07 for these counties. The Department believes that utilization and caseload are drivers for these expenditures; and therefore, have increased demand on this

appropriation. In addition, this Request includes an increase to current data to estimate the need for the 14 counties that are not currently billing for these services.

Additionally, the Department assumes there will be an increase in non-emergency medical transportation costs to accommodate Community Centered Board clients' trips for the remainder of FY 06-07 (January – June 30, 2007). Clients served by Community Centered Boards include the developmentally disabled waiver clients and clients in supported living services who require non-emergency medical transportation.

The Department is in the process of issuing an Agency letter and conducting individual follow-up calls to remind counties of the need to assure non-emergent medical transportation for Medicaid clients. It is anticipated that these county outreach activities will increase utilization of non-emergent medical transportation in the 56 counties. In total, the Department estimates that the 56 non-Front Range counties will need \$1,866,558 for these services (see tables in Calculations for Alternative's Funding for development of this amount).

Contractor Need

Based on the fixed price contract of \$446,992 per month, \$5,363,904 is required for LogistiCare contract purposes. However, this needs to be adjusted for the anticipated savings estimated from SB 06-165, calculated at \$203,878. Therefore, the Department calculates a final contractor need for FY 06-07 at \$5,160,026. This calculation does not guarantee that the Department would be successful in renegotiating the fixed price contract.

Summary

Based on the amounts outlined above for both contractor and the 56 non-Front Range counties, the Department has calculated a total need of \$7,026,584 in FY 06-07. This amount includes the anticipated savings from SB 06-165 in the Executive Director's Office, Non-Emergency Transportation Services line item. As such, the Department has calculated that a shortfall of \$1,957,862 (\$7,026,584 – \$5,068,722) exists for FY 06-07 in this line item.

FY 07-08 Request

This Request is also for \$1,149,343 for Executive Director's Office, Non-Emergency Transportation Services in FY 07-08, and is in addition to the amount requested in the Department's FY 07-08 November 1, 2006 Budget Request in Decision Item #7.

56 Counties Need

Based on data for the most recent 16 month ending October 2006, the Department projects that \$2,170,009 is needed to pay for services for the 56 non-Front Range counties in FY 07-08. This includes the \$1,464,796 requested in Decision Item #7 submitted with the Department's FY 07-08 Budget Request on November 1, 2006. This increase includes greater utilization and an increase for the 14 counties that have not been billing for the last 16 months, and the anticipated additional costs from Community Centered Board clients that is expected from additional outreach by the Department.

Contractor Need

Total contractor need in FY 07-08 assumes level monthly levels from the current fixed price contract of \$446,992 per month in FY 06-07; however, this amount is reduced based on the out-year savings anticipated from SB 06-165. As a result, the revised contractor need is less than FY 06-07 need, and is equal to \$5,019,292.

Summary

Based on the amounts outlined above for both contractor and the 56 non-Front Range counties, the Department has calculated a total need of \$7,189,301 in FY 07-08. This amount includes the anticipated savings from SB 06-165 in the Executive Director's Office, Non-Emergency Transportation Services line item. As such, the Department has calculated a shortfall of \$1,149,343 exists from the November 1, 2006 Budget Request Decision Item (\$7,189,301 - \$6,039,959). There is no change needed for SB 06-165 to Medical Services Premiums in FY 07-08 as the Department's FY 07-08 Base Request accurately applied the savings for non-emergent transportation to the Non-Emergency Transportation Services line item, and not to Medical Services Premiums.

Calculations for Alternative's Funding:

Summary of Request for FY 06-07			
	Total Funds	General Fund	Federal Funds
(1) Executive Director's Office, Non-Emergency Medical Transportation Services (Matches Column 3 on Schedule 6)	\$1,957,862	\$978,931	\$978,931

Summary of Request for FY 07-08			
	Total Funds	General Fund	Federal Funds
FY 07-08 Revised Total Request (Sum of Budget Amendment and Decision Item #7 Below)	\$2,614,139	\$1,307,070	\$1,307,069
(1) Executive Director's Office, Non-Emergency Medical Transportation Services – Budget Amendment (Matches Column 8 on Schedule 6)	\$1,149,343	\$574,672	\$574,671
(1) Executive Director's Office, Non-Emergency Medical Transportation Services – Decision Item #7, November 1, 2006 Budget Request (Matches Column 6 on Schedule 6)	\$1,464,796	\$732,398	\$732,398

Table 1. Summary of Estimates for FY 06-07 and FY 07-08 Request for		
(1) Executive Director’s Office, Non-Emergency Medical Transportation Services		
	FY 06-07	FY 07-08
42 Counties Currently Billing	\$1,754,039	\$1,946,460
14 Counties Not Currently Billing	\$58,124	\$116,248
Community Centered Boards	\$128,144	\$256,288
Total 56 County Need Pre SB 06-165	\$1,940,307	\$2,318,996
Savings Anticipated from SB 06-165 to Apply to 56 County Need	(\$73,749)	(\$148,987)
Total 56 County Need Post SB 06-165	\$1,866,558	\$2,170,009
Monthly Fixed Price	\$446,992	\$446,992
Total Contractor Need Pre SB 06-165	\$5,363,904	\$5,363,904
Savings Anticipated from SB 06-165 to Apply to Contractor Need	(\$203,878)	(\$344,612)
Total Contractor Need Post SB 06-165	\$5,160,026	\$5,019,292
Total Non-Emergency Transportation Services Need Pre SB 06-165	\$7,304,211	\$7,682,900
Savings Anticipated from SB 06-165	(\$277,627)	(\$493,599)
Total Non-Emergency Transportation Services Need Post SB 06-165	\$7,026,584	\$7,189,301
Appropriation / Base Request	\$5,068,722	\$4,575,162
Additional Funding Requested in Decision Item #7 - November 1, 2006 Budget Request	N/A	\$1,464,796
Revised Appropriation / Request	\$5,068,722	\$6,039,958
Total Need	\$7,026,584	\$7,189,301
Estimated Shortfall	(\$1,957,862)	(\$1,149,343)

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING – FY 06-07 and FY 07-08 CHANGE REQUEST

Table 2. Actual Cost for FY 05-06 for the 42 non-Front Range Counties													
	MONTH OF PAYMENT	MONTH OF SERVICE											
		2005						2006					
		July	August	September	October	November	December	January	February	March	April	May	June
2005	July	\$20,406											
	August	\$42,612	\$28,219										
	September	\$8,759	\$41,621	\$28,890									
	October	\$18,896	\$10,682	\$45,574	\$25,242								
	November	\$5,098	\$24,198	\$29,357	\$59,323	\$45,537							
	December	\$115	\$880	\$3,058	\$5,217	\$37,070	\$34,223						
2006	January	\$78	\$291	\$841	\$5,775	\$13,687	\$53,171	\$46,896					
	February		\$157	\$235	\$1,247	\$3,953	\$5,513	\$39,880	\$46,313				
	March	\$157	\$78	\$314	\$313	\$1,652	\$3,864	\$10,936	\$43,075	\$48,106			
	April	\$78		\$157	\$78	\$97	\$504	\$4,460	\$7,469	\$50,824	\$28,027		
	May					\$73	\$211	\$732	\$4,227	\$9,726	\$63,857	\$56,205	
	June		\$78		\$157	\$78	\$78	\$83	\$915	\$1,730	\$11,704	\$57,243	\$41,887
	July							\$78	\$192	\$1,025	\$3,777	\$9,661	\$61,562
	August			(\$15)	\$78	\$78			\$235	\$1,943	\$2,446	\$4,824	\$27,608
	September				(\$78)				\$252	\$48	\$126	\$1,089	\$2,802
	October		\$78		\$78		\$78			\$78		\$79	\$1,194
First 60 Days of Claims		\$63,017	\$69,841	\$74,465	\$84,565	\$82,607	\$87,395	\$86,776	\$89,388	\$98,930	\$91,884	\$113,448	\$103,449
Total Claims Per Month		\$96,199	\$106,284	\$108,410	\$97,430	\$102,226	\$97,642	\$103,066	\$102,678	\$113,480	\$109,937	\$129,101	\$135,053
1st 60 Days as Percent of Total		66%	66%	69%	87%	81%	90%	84%	87%	87%	84%	88%	77%
Average Annual Percent for First 60 Days													80%

Table 3. Estimated Cost for FY 06-07 for the 42 non-Front Range Counties												
FY 06-07	2006						2007					
	July	August	September	October	November	December	January	February	March	April	May	June
42 Counties - First 60 Days	\$107,099	\$116,460	\$117,967	\$117,967	\$117,967	\$117,967	\$117,967	\$117,967	\$117,967	\$117,967	\$117,967	\$117,967
42 Counties - Divide by 80%	\$133,874	\$145,575	\$147,459	\$147,459	\$147,459	\$147,459	\$147,459	\$147,459	\$147,459	\$147,459	\$147,459	\$147,459
FY 06-07 Total for 42 Counties												\$1,754,039

Table 4. Estimated Cost for FY 07-08 for the 42 non-Front Range Counties												
FY 07-08	2007						2008					
	July	August	September	October	November	December	January	February	March	April	May	June
42 Counties - Total By Month	\$162,205	\$162,205	\$162,205	\$162,205	\$162,205	\$162,205	\$162,205	\$162,205	\$162,205	\$162,205	\$162,205	\$162,205
FY 07-08 Total for 42 Counties												\$1,946,460

Table 5. Calculations for FY 06-07 and FY 07-08 for Community Centered Boards and the Additional 14 Counties	
Community Centered Board Clients	
Number of Supported Living Services and Developmentally Disabled Clients	7,019
Assumed Percentage that will Need Transportation	12%
Number of Additional Clients Needing Non-Emergent Transportation	842
Average Cost per Client (Based on 42 Counties' Actuals from July 2006 - October 2006)	\$152.19
Calculated Total Need for Community Centered Boards in FY 06-07 (Pro-rated for 6 Months)	\$128,144
Calculated Total Need for Community Centered Boards FY 07-08 (Full Year)	\$256,288
Remaining 14 Counties	
Total Population for All 42 Counties Currently Billing for Non-Emergent Transportation	1,677,850
Average Monthly Cost for Non-Emergent Transportation in All 42 Counties (July 2006 - October 2006)	\$126,163
Total Cost for Non-Emergent Transportation as a Percent of the Total Population	7.5%
Total Population in 14 Counties Currently Not Billing for Non-Emergent Transportation	128,832
Calculated Total Need for Remaining 14 Counties in FY 06-07 (Pro-rated for 6 Months)	\$58,124
Calculated Total Need for Remaining 14 Counties in FY 07-08 (Full Year)	\$116,248

Assumptions for Calculations:

FY 06-07 Request

56 Counties

As mentioned above, claims data in the Medicaid Management Information System represents the 42 counties that actually billed for non-emergency medical transportation during FY 05-06.

Because counties have 120 days to file claims for transportation services, with additional lag for claims that are in dispute, the Department must wait for run out to capture the full cost of services attributable to that month. Therefore, the Department took expenditures in the first 60 days for a billing month as a percent of the total expenditures per month, and found that the average annual amount per month billed in the first 60 days was equal to 80% of the total monthly expenditures. Using this percentage, the Department calculated the anticipated monthly amount for the 42 counties assuming no increase for caseload and utilization. Since the Department did not have the first 60 days for months after September 2006, the initial monthly amount remains level following this period. See Table 3.

For the remaining 14 counties, the Department estimated expenditures in these counties based on the average percentage cost of services provided in the 42 billing counties to the total population for the 42 counties. Using this calculated percent of 7.5%, the Department took the total population of the 14 counties currently not billing for services (equal to 128,832) and multiplied it by the 7.5%, to come up with an estimate cost for the remaining 6 months of FY 06-07 equal to \$58,124. This methodology was used to estimate costs for the 14 counties. See Table 5.

Lastly, the Department calculated the need for the Community Centered Boards. This calculation was based on the number of slots available under the enrollment cap for the Home and Community Based Services' Supported Living Services and Developmental Disabilities waiver clients, equal to 3,012 and 4,007 respectively. The Department assumed that 12% of these clients are not billing for non-emergency transportation as a

State Plan service, therefore, the number of clients calculated to utilize additional services for non-emergent transportation was determined to equal 842. This client count was then multiplied by the average cost per client per month based on actual claims submitted by the 42 counties, equal to \$152.19.

The net need for the 56 counties, including all items above, was determined to equal \$1,940,307. This amount was then adjusted to include anticipated savings from SB 06-165. The impact of SB 06-165 was assumed to follow the same pattern as the current allocation of needed funding between the 56 counties and the eight Front Range counties prior to this legislation. Therefore, the final need for the 56 counties after applied savings from SB 06-165 is equal to \$1,866,558.

Contractor

For the eight metropolitan counties managed by LogistiCare, the fixed-price contract is \$446,992 per month. This flat amount is a full risk agreement with the contractor, and includes both the administration of non-emergent medical transportation for all 64 counties in the State and the actual transportation services for clients in the eight Front Range counties. The total need for FY 06-07 is \$5,363,904 ($\$446,992 * 12$). This was then adjusted for anticipated savings from SB 06-165 based on the amount not allocated to the 56 counties ($\$277,627 - \$73,749$ for 56 counties = $\$203,878$), to yield a final need of \$5,160,026. Please note, this calculation cannot guarantee that the Department would be successful in renegotiating the fixed price contract rate.

FY 07-08 Request

56 Counties

For the 42 counties that have been billing through the Medicaid Management Information System, the Department assumed that projected expenditures for beginning in FY 07-08, on average, expenditures in FY 07-08 would be roughly 10% higher than the final month in FY 06-07. This estimation assumes a greater utilization of services by counties based on continued awareness efforts by the Department and counties.

The remaining costs for the 14 counties not billing for non-emergency transportation services and the Community Centered Board clients assumes a leveling off of caseload and utilization growth, and are double the amounts estimate for FY 06-07.

Contractor

The Department has assumed that the fixed price contract agreement from FY 06-07 will continue for FY 07-08. The only change to both the contractor allocation and the 56 counties allocation of the total appropriation includes a revised allocation of anticipated savings from the out-year impact of SB 06-165.

Concerns or Uncertainties of Alternative:

The Department has estimated potential costs for the remaining 56 counties, which are billed fee-for-service under accrual accounting. If the actual costs, including services provided prior to June 30 but billed after the fiscal year are different than estimated for the 56 counties, the Department will need to find ways to manage to the appropriation. In addition, the estimated expenditures of the additional 14 counties is based on the assumption that they are similar to the 42 other counties. If this is not the case, the estimates may not accurately project the additional counties expenditures. The estimate for the Community Centered Boards is based on the best available data, but the actual expenditures will depend on the level of usage by the clients, and the results of Department outreach and trainings.

Additionally, the contractor for the eight Front Range counties might not accept the renegotiated fixed price contract based on the anticipated savings from SB 06-165.

Alternative B {Status quo; no change in funding; not recommended}:

General Description of Alternative:

Funding for non-emergency medical transportation would remain at \$5,068,722 in FY 06-07 and \$6,039,959 in FY 07-08 for (1) Executive Director’s Office, Non-Emergency Medical Transportation.

Calculations for Alternative’s Funding:

No change in funding with this alternative.

Concerns or Uncertainties of Alternative:

Contractor obligations alone are anticipated to exceed the current FY 06-07 and FY 07-08 appropriation and Base Request amounts. If no additional funding is appropriated for both FY 06-07 and FY 07-08, the Department would not be able to continue the current contractor, and would need to stop providing non-emergency medical transportation benefits to Medicaid clients through the contractor. As this appropriation is dependent on caseload growth and utilization, the Department is limited in what it can do to control expenditures to a large degree. In addition, per 25.5-5-202 (1) (s) (2), C.R.S. (2006) and 42 C.F.R. section 431.53, the Department is required to provide non-emergency medical transportation and would be in violation of both State and federal law. Should there need to be any restriction or termination of services due to lack of funding, the Department could lose federal funding.

Supporting Documentation

Analytical Technique:

For this Emergency Supplemental Request, a Risk/Benefit Analysis was used. Scoring for this analysis was based on the following: 1 = risks are more prevalent causing negative implications to the State, 2 = no risks or benefits are realized by the State, 3 = benefits are greater than risks.

Description of Risks/Benefits	Alternative A	Alternative B
<p>Benefit: The Department would be able to pay all of its providers for the administration and transportation costs associated with the State’s eligible Medicaid clients. Risk: If there is a funding shortfall, transportation services for Medicaid clients to get to appointments might not be available, leaving some clients without a means for obtaining their assessments or to be seen by their physician for a routine check-up. These missed medical treatments may lead to sicker clients; and therefore, increase Medicaid medical costs in the future.</p>	3	1
<p>Benefit: The Department would be in compliance with all State and federal citations regarding the provision of this transportation benefit. Risk: Loss of federal matching funds for this appropriation could be withheld by the federal Centers for Medicare and Medicaid Services.</p>	3	1

Quantitative Evaluation of Performance - Compare all Alternatives:

Alternative A requires \$978,931 General Fund in FY 06-07 and \$574,671 General Fund in FY 07-08 to allow the Department to pay contractor obligations within (1) Executive Director’s Office, Non-Emergency Medical Transportation Services. Alternative B does not require any General Fund, but would not allow for services to continue through the end of the fiscal year. Alternative A is the preferred alternative.

Statutory and Federal Authority:

25.5-5-202, (1) (s) (2) C.R.S. (2006). Basic services for the categorically needy – optional services. (1) Subject to the provisions of subsection (2) of this section, the following are services for which federal financial participation is available and which Colorado has selected to provide as optional services under the medical assistance program: (s) (2) In addition to the services described in subsection (1) of this section and subject to continued federal financial participation, Colorado has selected to provide transportation services as an administrative cost.

42 C.F.R. Section 431.53. Assurance of transportation. A State Plan must--(a) Specify that the Medicaid agency will ensure necessary transportation for recipients to and from providers; and (b) Describe the methods that the agency will use to meet this requirement. (Sec. 1902(a)(4) of the Act)

Department Objectives Met if Approved:

1.4. To assure delivery of appropriate, high quality care. To design programs that result in improved health status for clients served and to improve health outcomes. To ensure that the Department's programs are responsive to the service needs of enrolled clients in a cost-effective manner.

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING - FY 06-07 BUDGET REQUEST

Schedule 6											
Change Request for FY 06-07											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	S-7			OSPB Approval:				Date:			
Program:	Information Technology Contract Monitoring			Statutory Citation:	25.5-4-401 (1) (c), C.R.S. (2006), 25-5-4-204 (3) (b), C.R.S. (2006), 25.5-5-308 (8) (a), C.R.S. (2006)						
Request Title:	Increased Funding for Medicaid Management Information System Contract										
		1	2	3	4	5	6	7	8	9	10
		Prior-Year			Total		Decision/			Total	Change
		Actual	Appropriation	Supplemental	Revised	Base	Base	November 1	Budget	Revised	from Base
	Fund	FY 05-06	FY 06-07	Request	Request	Request	Reduction	Request	Amendment	Request	in Out Year
				FY 06-07	FY 06-07	FY 07-08	FY 07-08	FY 07-08	FY 07-08	FY 07-08	FY 08-09
Total of All Line Items	Total	21,737,076	23,185,837	3,454,449	26,640,286	22,937,942	0	22,937,942	0	22,937,942	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	5,214,619	5,486,108	931,454	6,417,562	5,442,455	0	5,442,455	0	5,442,455	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	435,293	629,859	36,272	666,131	611,540	0	611,540	0	611,540	0
	FF	16,087,164	17,069,870	2,486,723	19,556,593	16,883,947	0	16,883,947	0	16,883,947	0
(1) Executive Director's Office, Medicaid Management Information System Contract	Total	21,737,076	23,185,837	3,454,449	26,640,286	22,937,942	0	22,937,942	0	22,937,942	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	5,214,619	5,486,108	931,454	6,417,562	5,442,455	0	5,442,455	0	5,442,455	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	435,293	629,859	36,272	666,131	611,540	0	611,540	0	611,540	0
	FF	16,087,164	17,069,870	2,486,723	19,556,593	16,883,947	0	16,883,947	0	16,883,947	0
Letter Notation:											
Cash Fund name/number, Federal Fund Grant name:	FF: Title XIX, Title XXI, CFE: Children's Basic Health Plan Fund, Old Age Pension Health and Medical Care Fund, Health Care Expansion Fund, Autism Treatment Fund, Breast and Cervical Cancer Prevention and Treatment Fund, and transfers from the Department of Public Health and Environment										
IT Request: Yes: X No:	(If yes and request includes more than 500 programming hours, attach IT Project Plan)										
Request Affects Other Departments: Yes: No: X											

**CHANGE REQUEST for FY 06-07
EFFICIENCY AND EFFECTIVENESS ANALYSIS**

SELECT ONE (click on box):

- Decision Item
- Base Reduction Item
- Supplemental Request
- Budget Request Amendment

Criterion: New Data
Criterion:

Priority Number:	S-7
Change Request Title:	Increased Funding for Medicaid Management Information System Contract
Long Bill Line Item(s)	(1) Executive Director's Office, Medicaid Management Information System Contract
State and Federal Statutory Authority:	25.5-4-401 (1) (c), C.R.S. (2006); 25.5-4-204 (3) (b), C.R.S. (2006); 25.5-5-308 (8) (a), C.R.S. (2006); §1903 (a) of the Social Security Act [42 S.S.C. 1396b]; 42 C.F.R. §433.119 (c)

Summary of Request (Alternative A):

This Request seeks \$3,454,449 additional funds in the Medicaid Management Information System Contract line item to reflect: an increase of \$627,735 for negotiated increases to the vendor's fixed price contract, an adjustment to the federal financial participation rate from 75% to 50% for the Drug Rebate Analysis and Management System based on feedback from the Centers for Medicare and Medicaid Services, and \$2,826,714 to fund the winning bid for the first year of the new fiscal agent contract (FY 06-07).

In order to meet the required timelines associated with the re-bid of the Medicaid Management Information System, the Department intends to utilize existing operations funding for the MMIS prior to approval of this Supplemental Request.

Alternative A {Recommended alternative}:

Problem or Opportunity Description:

The Medicaid Management Information System is nationally recognized as an automated claim, capitation processing and reporting system. In Colorado, the Medicaid Management Information System processes or adjudicates claims and capitations based on edits that determine payment or payment denial. Warrants are produced by the State based on the information electronically transmitted from the Medicaid Management Information System.

Beginning March 1, 2004, the Medicaid Management Information System contract was converted to a fixed price contract. Faced with increasing medical claims costs, the Department reduced the amount of additional funds needed each year to pay claims by moving to a fixed price contract. For one fixed amount, the contract covers all claims processing, provider enrollment and notification, and many prior authorization reviews and system changes.

Drug Rebate Analysis and Management System

The Drug Rebate Analysis and Management System (DRAMS) was first requested in the Department's November 15, 2005 submission of the FY 06-07 Budget Request with Base Reduction Item #4. This Base Reduction Item was approved and appropriated in the Long Bill (HB 06-1385) for FY 06-07. The DRAMS subsystem will improve the drug rebate accounting system, track rebate amounts invoiced and/or disputed, compute interest on unpaid balances, and properly track pricing and rebate per unit charges. In Base Reduction Item #4, the Department requested funding at a 25% General Fund, 75% federal fund allocation, as the Centers for Medicare and Medicaid Services often pay for development costs at an enhanced match rate. The Centers for Medicare and Medicaid Services denied the Department's funding request at 75% federal financial participation and has only approved a 50% federal match rate. This subsystem is anticipated to be in place January 1, 2007.

Fixed Price Contract for Medicaid Management Information System

The Medicaid Management Information System Contract line item covers costs for running claims through the processing system and for certain administrative functions contracted to the fiscal agent. The dollars paid to providers of health services are appropriated separately in the Medical Services Premiums Long Bill group. Monies for claims processing are paid under a fixed price arrangement and include:

- General Fund for regular Medicaid claims;
- Cash Funds Exempt for Old Age Pension State Medical Program claims;
- Cash Funds Exempt for Breast and Cervical Cancer Prevention and Treatment claims with funds from the Tobacco Litigation Settlement Fund;
- Nurse Home Visitor Program claims (as Cash Funds Exempt transferred from the Department of Public Health and Environment which are from the Tobacco Litigation Settlement Fund);
- Children's Basic Health Plan funding as Cash Funds Exempt to assist in support of the fixed price contract;
- Cash Funds Exempt from the Colorado Autism Treatment Fund;
- Cash Funds Exempt from the Health Care Expansion Fund authorized by HB 05-1262; and,
- Matching federal funds.

For FY 06-07, items which are not considered as part of the fixed price portion of the contract included: the Drug Rebate Analysis and Management System, unspecified pharmacy prior authorization reviews which have always been outside of fixed price, pharmacy prior authorization review increases as a result of implementing HB 05-1262 in FY 05-06, postage, and any development costs.

Fixed price contracting in this appropriation began with the last four months of FY 03-04, and was for \$1,629,250 per month. This monthly amount continued into the first five months of FY 04-05, until the first agreed upon contract increase went into effect, raising the monthly amount to \$1,698,743. There were two subsequent increases at the same

time in the next two fiscal years as well, bringing the total monthly amounts to \$1,755,600 and \$1,806,319, respectively. All increases mentioned above were agreed to at the time fixed price originally began in March 2004. The following table shows the total fixed price portion of the contract amount by fiscal year since inception.

Fiscal Year	Fixed Price Amount
FY 03-04	\$6,517,000
FY 04-05	\$20,037,478
FY 05-06*	\$20,782,913
FY 06-07*	\$21,422,235

*This amount excludes additional funding from HB 05-1262

In addition to the FY 05-06 and FY 06-07 fixed price amounts listed in the above table, with the passage of HB 05-1262, fixed price in the Medicaid Management Information System Contract line item was further increased by tobacco tax funding from the Health Care Expansion Fund. This added funding was for anticipated increases in processing medical claims for expansion populations and for disk storage upgrades and maintenance (both of which are functions covered under fixed price). Additional funding from HB 05-1262 was also appropriated for increased pharmacy prior authorization reviews; however, this function falls outside of the fixed price part of the contract.

Costs as a part of Reprourement

The current contract for the Medicaid Management Information System operation and fiscal agent services with Affiliated Computer Services, Inc. was originally to span August 1996 to November 30, 2006, but was extended to June 30, 2007 to align with the anticipated reprourement schedule. The contract extension was approved by the Centers for Medicare and Medicaid Services in a letter dated January 13, 2006.

The reprourement of the Medicaid Management Information System contract is required to maintain certification by the federal Centers for Medicare and Medicaid Services, and allow for continual enhanced federal financial participation (75% or 90%) for either operations or enhancements.

The closing date for receiving proposals from prospective fiscal agents was August 9, 2006. The Department evaluated the results of the proposals and reselected the current fiscal agent to continue with a new contract. This new contract has gone through the approval process with Departmental administrators, the State Attorney General's Office, the State Controller's Office, the fiscal agent, and the Centers for Medicare and Medicaid Services.

General Description of Alternative:

This Request is for \$3,454,449 in additional funds for performing the requirements necessary in the first year of the competitive bid for operating the Medicaid Management Information System and correcting the federal financial participation rate for the last year of the current contract.

Reduce Federal Financial Participation Rate for DRAMS

The Centers for Medicare and Medicaid Services responded to the Department's request for work to begin on this project in a letter dated December 15, 2005. In this letter, the Centers for Medicare and Medicaid Services approved the implementation costs of DRAMS at a 50% federal financial participation rate. As the Department had requested and received an appropriation for this work assuming a 75% federal financial participation rate, this Request seeks to revise fund splits for this purpose to reflect new federal funding. The total funding needed remains at \$375,000, but 25% of the total funding needs to shift from federal funds to General Fund, to result in 50% General Fund and 50% federal financial participation.

Fixed Price Contract Increase

The current portion of the contract that is fixed price encompasses two different monthly fixed price amounts: for July 2006 through November 2006, the monthly "rate" is \$1,755,600, for December 2006 through June 2007, the monthly "rate" is \$1,806,319. Due to the anticipated increase in claims volume and needed storage space from Medicaid expansion, the annual fixed price agreement was increased by \$1,027,842 with the passage of HB 05-1262. Therefore, the full amount for fixed price in FY 06-07 is equal to the sum of the above mentioned pieces, or \$22,450,078.

The appropriation in the Long Bill (HB 06-1385) which totals \$23,185,837, includes \$21,822,343 for fixed price obligations. The remaining \$1,363,494 in funding was appropriated for the Drug Rebate Analysis and Management System, pharmacy prior authorization reviews, postage and development costs. Based on the current funding available, the Department is requesting \$627,735 to cover the current shortfall that exists.

The above mentioned shortfall was not identified until just recently, due to a misperception between the Department's Information Technology Division and the Budget Division, and how funds from HB 05-1262 could be treated. As such, at the time of the Department's November 15, 2005 Budget Request for FY 06-07, the Department did not identify that the funds from HB 05-1262 could not be used to absorb the negotiated fixed price contractual increase in FY 06-07. As HB 05-1262 funding was for work above and beyond existing fixed price obligations of the contractor, tobacco tax funding was amended into the FY 05-06 and FY 06-07 contracts with the fiscal agent, to be in addition to negotiated fixed price contract funding for these years. Therefore, the \$627,735 in negotiated fixed price contract increases remains unfunded.

Costs for Reprourement Contract

The first fiscal year of the reprourement process for the Medicaid Management Information System is designed to allow the fiscal agent time to: takeover all administrative activities under the new contract, replace licensed software, and perform needed system changes to meet the new contract requirements. Having been selected to continue as fiscal agent for the Medicaid Management Information System, Affiliated Computer Services will be required to complete these functions on a condensed schedule, rather than a twelve month period that would be required for a new fiscal agent.

The reprourement process is the time to address issues that have arisen since the initial implementation of the system. During that time, the Department has identified some issues that do not meet the State's needs, and others that do not comply with federal requirements. The Department must delineate all requirements in the request for proposals, and then must let the competitive bid process adjust the price as needed.

Based on the results of the competitive bid, the first year functions include implementing audit findings, increased project management requirements and auditing capabilities, greater utilization review and surveillance of subsystem functionality, and preparing for system compatibility with updates required through federal mandates (such as the National Provider Identifier). The funding for the first year of the contract will require an additional \$2,826,714. This amount was bid by the incumbent, Affiliated Computer Services, less \$130,000 which the Department was able to negotiate.

Given the competitive basis of the bid, this one-time cost in FY 06-07 is considered the best and only price for these changes in scope of work and efficiencies. It is important to note that as a part of the competitive process, the Department is able to reduce contract costs in the out-years for operations, beginning with FY 07-08, equal to roughly \$1,500,000. The Department plans to submit a corresponding Budget Amendment for the actual savings in its January 24, 2007 Budget Request.

The fiscal agent must begin work activities by January 2, 2007 in order to have sufficient time to complete all required tasks by June 30, 2007. However, the Department realizes that additional funding may not be available until March 2007 when Supplemental funding is enacted into law. As such, the Department will use currently available appropriation for the Medicaid Management Information System to fund the additional costs due year one of the new contract until Supplemental funding may become available.

Implementation Schedule:

Task	Completion Date
Negotiate contract for new contract	Before January 2007
Fiscal agent begins work on new contract	January 2, 2007
Department anticipates approval of Supplemental funding	March 2007
Prescription Drug Claims System Improvements Implementation	April 19, 2007
Establishment of Facility with necessary modifications	June 30, 2007

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING - FY 06-07 BUDGET REQUEST

Web Based Training/Computer Based Training Software Module Implementation	June 30, 2007
Additional Surveillance and Utilization Review Subsystem Functionality	June 30, 2007
Tracking and Reporting of Reconsiderations Claims	June 30, 2007
Complete Medical Code Editing	June 30, 2007
Complete Updates to Project Management Software	June 30, 2007
Complete all operational improvements and finalize preparation and demonstrate contractual compliance	June 30, 2007

Calculations for Alternative's Funding:

Summary of Request FY 06-07 Matches Schedule 6 and Recommended Request	Total Funds	General Fund	Cash Fund Exempt	Federal Funds
FY 06-07 Total Need	\$26,640,286	\$6,417,562	\$666,131	\$19,556,593
FY 06-07 Supplemental Request	\$3,454,449	\$931,454	\$36,272	\$2,486,723
FY 06-07 Appropriated Funding	\$23,185,837	\$5,486,108	\$629,859	\$17,069,870

	Total Funds	General Fund	Cash Funds Exempt	Federal Funds
Additional Funding Needed for Changes in Scope of Work and Fixed Price	\$3,454,449	\$837,704	\$36,272	\$2,580,473
Fund Split Adjustment for DRAMS	\$0	\$93,750	\$0	(\$93,750)
Total Supplemental Request	\$3,454,449	\$931,454	\$36,272	\$2,486,723

Additional Fixed Price Need	Total Funds
Current Allocation of FY 06-07 MMIS Appropriation to Fixed Price Portion of Contract	\$21,822,343
FY 06-07 Needed Funding for Fixed Price Portion of Contract	
- July 2006 through November 2006 at \$1,755,600 per month for 5 months	\$8,778,000
- December 2006 through June 2007 at \$1,806,319 per month for 7 months	\$12,644,236
- Funding from HB 05-1262 for additional claims volume and disk storage space	\$1,027,842
Total FY 06-07 Need	\$22,450,078
FY 06-07 Shortfall	\$627,735

Total Funding Split Between Medicaid and Children's Basic Health Plan					
Additional Need for Change in Scope of Work and Establishing Greater Efficiencies					\$2,826,714
Additional Need for Fixed Price					\$627,735
Total Additional Need to be Allocated Between Medicaid and the Children's Basic Health Plan (Below)					\$3,454,449
Program Splits	Total Percentage	Total Costs	General Fund	Cash Funds Exempt	Federal Funds
Total Costs	100%	\$3,454,449	\$837,704	\$36,272	\$2,580,473
Medicaid Costs	97%		25% of 97%		75% of 97%
		\$3,350,816	\$837,704	\$0	\$2,513,112
Children's Basic Health Plan Costs	3%			35% of 3%	65% of 3%
		\$103,633	\$0	\$36,272	\$67,361

Drug Rebate Analysis and Management System Fund Split				
	Total Funds	General Fund	Cash Funds Exempt	Federal Funds
FY 06-07 Total Need	\$375,000	\$187,500	\$0	\$187,500
FY 06-07 Supplemental Request	\$0	\$93,750	\$0	(\$93,750)
FY 06-07 Appropriated Funding	\$375,000	\$93,750	\$0	\$281,250

Impact on Other Areas of Government: None.

Assumptions for Calculations: The federal financial participation rate was calculated using 50% for the Drug Rebate Analysis and Management System due to the federal Centers for Medicare and Medicaid not approving a higher federal financial participation rate of 75% for software enhancements.

Additional funding needed for the fixed priced portion of the contract was based on the amount negotiated with the fiscal agent. The federal funds participation was determined

by a blended rate because various services provided in the fixed price contract are spread across funding that is mixed with Cash Funds Exempt and federal funds rates of 75%, 65% and 50%.

The Medicaid program will pay 97% of the total costs with the remaining 3% to be paid from the Children's Basic Health Plan. The 3% contribution was determined as the historical percentage of capitations paid for by the Children's Basic Health Plan in the Medicaid Management Information System compared to the total forecasted claims and capitations paid. Funding from the Children's Basic Health Plan is comprised of 35% Cash Funds Exempt and 65% federal financial participation. The remaining 97% for Medicaid related expenditures assumes a 75% federal financial participation rate.

Concerns or Uncertainties of Alternative:

If the Joint Budget Committee does not recommend funding for this request, the Department would have to rely on current appropriations for the Medicaid Management Information System to cover at least a portion of this shortfall. As this request is one of two Supplementals seeking funds to replace "borrowed" revenue from the Medicaid Management Information System Contract line item (the other request being S-8, "Increase funding for HIPAA National Provider Identifier Implementation"), the Department has estimated that operations of the Medicaid Management Information System would have to cease on April 22, 2007, and claims processing would have to halt until the start of the next fiscal year, if these Supplemental requests are not funded. This is consistent with prior Joint Budget Committee guidance.

Alternative B {Status quo; no change in funding; not recommended}:

General Description of Alternative:

This alternative would not place additional funding in FY 06-07 for the Medicaid Management Information System line item, and fund splits for the DRAMS subsystem would not be corrected to reflect feedback in a letter dated December 15, 2005 from the Centers for Medicare and Medicaid Services approving a 50% federal financial participation rate. This alternative would also not fund necessary projects which are needed to be able to meet federal requirements or State audit recommendations.

Calculations for Alternative's Funding: No change in funding to the current FY 06-07 appropriation. However, the Department has already begun to move forward with the changes to the vendor's scope of work and system changes to establish efficiencies associated with the Medicaid Management Information System. Based on this request being only one of two Supplementals seeking funds to replenish the Medicaid Management Information System Contract appropriation (the other being S-11, "Increase funding for HIPAA National Provider Identifier Implementation"), the Department has estimated that the current appropriation for the Medicaid Management Information System would only be able to support operations through April 22, 2007.

Concerns or Uncertainties of Alternative: Under this alternative, funding for the fixed price contract would be inadequate to cover the negotiated amount with the fiscal agent through the end of the fiscal year. Without funding to cover these work activities associated with the administration and improvements of the Medicaid Management Information System, the Department risks failure to complete contracted work, to pay provider billings, and to meet federal requirements.

Supporting Documentation

Analytical Technique: Cost/Benefit analysis will show which alternative would produce the better result.

	Alternative A	Alternative B
Cost	\$3,454,449	\$0
Benefit	Aligns Drug Rebate Analysis and Management System with federally approved fund splits.	None
Benefit	Avoids noncompliance with fiscal agent contract	None
Benefit	Allows Medicaid Management Information System to continue operations all fiscal year with sufficient funding	None
Benefit	Allows fiscal agent to complete all transition work associated with reprocurement by required date of June 30, 2007	None
Benefit	Avoids decertification of Medicaid Management Information System and associated decrease in federal financial participation	None

Quantitative Evaluation of Performance -

Compare all Alternatives:

Alternative A requests \$3,454,449 to complete the requirements of the Medicaid Management Information System for the rest of FY 06-07. Alternative B requests no additional funding but would make it impossible to complete the required work activities for the rest of the fiscal year. Alternative A is the preferred alternative.

Statutory and Federal Authority:

25.5-4-401 (1) (c) C.R.S. (2006) Providers - payments - rules. *The state department shall exercise its overexpenditure authority under section 24-75-109, C.R.S., and shall not intentionally interrupt the normal provider payment schedule unless notified jointly by the director of the office of state planning and budgeting and the state controller that there is the possibility that adequate cash will not be available to make payments to providers and for other state expenses. If it is determined that adequate cash is not available and the state department does interrupt the normal payment cycle, the state department shall notify the joint budget committee of the general assembly and any affected providers in writing of its decision to interrupt the normal payment schedule. Nothing in this paragraph (c) shall be interpreted to establish a right for any provider to be paid during any specific billing cycle.*

25.5-4-204 (3) (b), C.R.S. (2006) Automated medical assistance administration. *Adequate financing is available to facilitate the implementation and maintenance of the system. Financing may include, but is not limited to, federal funds, appropriations from the general fund, provider transaction fees, or any other financing mechanisms which the state department may impose, and grants or contributions from public or private entities.*

25.5-5-308 (8) (a), C.R.S. (2006) Breast and cervical cancer prevention and treatment program. *There is hereby created in the state treasury the breast and cervical cancer prevention and treatment fund, referred to in this subsection (8) as the "fund". The fund shall consist of any moneys credited thereto pursuant to section 24-22-115 (1), C.R.S., any gifts, grants, and donations, and any moneys appropriated thereto by the general assembly. Except as provided for in paragraph (b) of this subsection (8), all moneys credited to the fund and all interest and income earned on the moneys in the fund shall remain in the fund for the purposes set forth in this section. No moneys credited to the fund shall be transferred to or revert to the general fund of the state at the end of any fiscal year. The state department is encouraged to secure private gifts, grants, and donations to fund the state costs of the breast and cervical cancer prevention and treatment program.*

§1903 (a) of the Social Security Act:

SEC. 1903. [42 U.S.C. 1396b] (a) From the sums appropriated therefor, the Secretary (except as otherwise provided in this section) shall pay to each State which has a plan approved under this title, for each quarter, beginning with the quarter commencing January 1, 1966—

(1) an amount equal to the Federal medical assistance percentage (as defined in section 1905(b), subject to subsections (g) and (j) of this section and subsection 1923(f)) of the total amount expended during such quarter as medical assistance under the State plan; plus ... an amount equal to 75 per centum of so much of the sums expended during such quarter (as found necessary by the Secretary for the proper and efficient administration of the State plan) as are attributable to compensation or training of skilled professional

medical personnel, and staff directly supporting such personnel, of the State agency or any other public agency;

Department Objectives Met if Approved:

1.3 To assure payments in support of the programs are accurate and timely, and to procure an effective fiscal agent.

1.5 To accurately project, report, and manage budgetary requirements to effect Executive and Legislative intent with program and budget development and operations. To accurately record and monitor expenditures for programs managed by the Department so there may be accurate financial reporting at all times.

2.4 To maintain efficient management of the Department's information systems technology.

2.5 To hold accountable the Department's administrative contractors, including other State and local agencies, through outcome-based contracting and dedicated contract management.

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING - FY 06-07 BUDGET REQUEST

Schedule 6 Supplemental Change Request for FY 06-07											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	S - 8			OSPB Approval:				Date:			
Program:	Executive Director's Office			Statutory Citation:	24-1-107, C.R.S. (2006); 25.5-1-104 (2) (4), C.R.S. (2006)						
Request Title:	Increase Funding for Commercial Leased Space										
		1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 05-06	Appropriation FY 06-07	Supplemental Request FY 06-07	Total Revised Request FY 06-07	Base Request FY 07-08	Decision/ Base Reduction FY 07-08	November 15 Request FY 07-08	Budget Amendment FY 07-08	Total Revised Request FY 07-08	Change from Base in Out Year FY 08-09
	Fund										
Total of All Line Items	Total	14,796,489	16,432,810	330,648	16,763,458	16,868,455	0	16,868,455	0	16,868,455	0
	FTE	194.35	226.70	0.00	226.70	226.90	0.00	226.90	0.00	0.00	0.00
	GF	6,728,705	7,006,255	165,324	7,171,579	7,433,918	0	7,433,918	0	7,433,918	0
	GFE	25,647	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	536,707	526,096	0	526,096	535,977	0	535,977	0	535,977	0
	FF	7,505,430	8,900,459	165,324	9,065,783	8,898,560	0	8,898,560	0	8,898,560	0
(1) Executive Director's Office, Personal Services	Total	13,785,054	15,362,691	120	15,362,811	15,821,148	0	15,821,148	0	15,821,148	0
	FTE	194.35	226.70	0.00	226.70	226.90	0.00	226.90	0.00	0.00	0.00
	GF	6,280,279	6,493,748	60	6,493,808	6,931,815	0	6,931,815	0	6,931,815	0
	GFE	281	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	507,578	506,203	0	506,203	517,572	0	517,572	0	517,572	0
	FF	6,996,916	8,362,740	60	8,362,800	8,371,761	0	8,371,761	0	8,371,761	0
(1) Executive Director's Office, Operating Expenses	Total	978,207	1,020,609	214,856	1,235,465	997,797	0	997,797	0	997,797	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	446,865	493,252	107,428	600,680	482,848	0	482,848	0	482,848	0
	GFE	25,366	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	14,076	14,393	0	14,393	12,905	0	12,905	0	12,905	0
	FF	491,900	512,964	107,428	620,392	502,044	0	502,044	0	502,044	0
(1) Executive Director's Office, Commercial Leased Space	Total	33,228	49,510	115,672	165,182	49,510	0	49,510	0	49,510	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	1,561	19,255	57,836	77,091	19,255	0	19,255	0	19,255	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	15,053	5,500	0	5,500	5,500	0	5,500	0	5,500	0
	FF	16,614	24,755	57,836	82,591	24,755	0	24,755	0	24,755	0
Letter Notation:											
Cash Fund name/number, Federal Fund Grant name:	CFE: Health Care Expansion Fund, FF: Title XIX										
IT Request: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	(If yes and request includes more than 500 programming hours, attach IT Project Plan)										
Request Affects Other Departments: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If Yes, List Other Departments Here:										

**SUPPLEMENTAL CHANGE REQUEST for FY 06-07
EFFICIENCY AND EFFECTIVENESS ANALYSIS**

SELECT ONE (click on box):

- Decision Item
- Base Reduction Item
- Supplemental Request Criterion: New Data
- Budget Request Amendment Criterion:

Priority Number:	S – 8
Change Request Title:	Increase Funding for Commercial Leased Space
Long Bill Line Item(s)	(1) Executive Director’s Office: Commercial Leased Space; (1) Executive Director’s Office: Operating Expenses; (1) Executive Director’s Office: Personal Services
State and Federal Statutory Authority:	24-1-107, C.R.S. (2006); 25.5-1-104 (2) (4), C.R.S. (2006)

Summary of Request (Alternative A): This Request is to increase funding for Commercial Leased Space, Operating Expenses, and Personal Services in FY 06-07 by a total of \$330,648 to obtain needed office space for Department staff. The Request includes increases of \$115,672 for Commercial Leased Space, \$10,500 for Personal Services to fund one-time moving costs, and \$214,856 for one-time moving related Operating Expenses. A portion of the Commercial Leased Space expenses are being offset by a requested reduction of \$10,380 in the Personal Services appropriation.

Alternative A {Recommended alternative}:

Problem or Opportunity Description: The Department of Health Care Policy and Financing is the second largest budget in State government and one of the smallest departments in terms of staff size. With the Department's ever-growing caseload, expenditures, and programs, the staff has been increasing, but the space that the Department has appropriated to house these staff has not grown to the same degree.

In May 2003, the Department moved to its current location at 1570 Grant Street. From the time of this move up to the present, the programs for which the Department is responsible have grown both in size and complexity, resulting in additional FTE appropriations. For FY 06-07, the Department was appropriated \$344,022 for space at 1570 Grant Street. This space currently houses 223 positions.

The table below shows the historical FTE count for each fiscal year since the Department moved to its current location at 1570 Grant Street in May 2003. This table indicates that FTE appropriations have increased a total of 19.3% since the Department moved to its location.

Year	Long Bill FTE Appropriation	Special Bill FTE Appropriations	Total FTE
FY 02-03	193.3	1.2	194.5
FY 03-04	196.6	3.8	200.4
FY 04-05	196.1	6.7	202.8
FY 05-06	207.1	7.3	214.4
FY 06-07	222.7	8.0	230.7

The table shows the number of appropriated FTE, not the number of positions. The Department has 264 full time positions as of October 1, 2006, not including all Special Bills, temporary and intern staff, or auditors. The Department employs a number of temporary staff to comply with legislation and to complete special projects. For example, as of April 2006, the Department had employed roughly 40 different temporary staff throughout FY 05-06.

In January 2006, during the Department's Joint Budget Committee Hearing, the Committee voiced concerns about the Department's staffing levels. This led to the decision to recommend 5.7 FTE in the Department's FY 06-07 Long Bill appropriation. The Department completed an analysis showing that it has been reverting an unsatisfactory level of Personal Services funding, while experiencing high turnover and staff strain. In a separate action during February 2006, the Department decided to hire

twelve additional positions to avoid reversions and to staff up to appropriated levels. The impact of this decision was not experienced in time to prevent a Personal Services reversion in FY 05-06, but the Department plans to much more aggressively manage to its appropriation in the future.

In addition, based on similar concerns of a lack in space expressed in a Stand Alone Budget Request Amendment submitted to the Joint Budget Committee on January 24, 2006, the Department has \$49,510 appropriated in Commercial Leased Space for FY 06-07. This space was located across the street from the Department's main location, at 225 E. 16th Avenue, and held 15 personnel.

More recently, the Department submitted an emergency 1331 Supplemental Request on June 20, 2006 to the Joint Budget Committee requesting funding for this leased space. While this 1331 Supplemental Request was not approved by the Joint Budget Committee due to it not meeting the criteria for an Emergency 1331 Supplemental Request, verbal approval was given to proceed with acquiring the leased space at 225 E. 16th Avenue by temporarily using another line item, understanding that a regular supplemental would be submitted and approved. The Joint Budget Committee said it believed this process was acceptable because of the recent headnote lawsuit. While the Department did not agree that this issue should be addressed through a regular supplemental, since it created a contractual obligation for which it did not have an appropriation, it proceeded with acquiring the space.

Based on the Joint Budget Committee's response to the Department's initial June 20, 2006 1331 Emergency Request, the Department has been required to use a portion of its Health, Life, and Dental appropriation of \$629,640 to offset any leased space contractual obligation for which it does not have an actual appropriation. This was determined to be the best alternative funding source for the Department as using payroll dollars was too risky of an option, and the Department's Operating Expenses appropriation is needed in its entirety to fund Department moves and information technology needs. However, the Department is very concerned about the position it is in, entering into a contractual

obligation without an appropriation. Department staff has been occupying this space since October 1, 2006.

Finally, on September 20, 2006, the Department received \$8,580 in additional Commercial Leased Space funding through a Joint Budget Committee action on the Department's 1331 Emergency Supplemental to process Medicaid cases exceeding processing guidelines. This amount, while not showing on the Schedule 6 above, as it is not an "official appropriation" is being incorporated into the incremental need in this request.

General Description of Alternative:

This Request is to increase funding for Commercial Leased Space to \$165,182 total funds, or an additional \$115,672¹ in FY 06-07. In addition, one-time funding is needed in Operating Expenses for \$214,856 and Personal Services \$10,500 to furnish the space and move the Department. Lastly, the Department is requesting a reduction to its Personal Services appropriation equal to \$10,380 to offset additional costs experienced due to continuation of a month-by-month lease of the 5th floor space into December 2006. Because the move started October 1, 2006, the Department has already incurred the majority of these expenses.

The Department took advantage of a rare opportunity to expand without undertaking a large scale move. New space became available in the same location as the Department's currently acquired Commercial Leased Space. This space will keep the Department housed in two locations that are close to the Capitol and in close proximity to each other. These two locations, 1570 Grant and 225 E. 16th Avenue, are literally across the street from each other. Since October 1, 2006, the Department's Audits Section and the Eligibility Operations Section have occupied the 2nd floor of this leased space. Beginning November 1, 2006, the first floor, which required some additional build-out, was occupied by the Long Term Care Division, which includes the Community Based Long Term Care, Nursing Facilities and the Systems Change unit.

¹ The \$115,672 above is the total need; however, on September 20, 2006 the Department received \$8,580 in spending authority for Commercial Leased Space. Therefore, the net need is really \$107,092 in additional spending authority.

When the Department moved to 1570 Grant in 2003, it was apparent that the Department would not be able to accommodate much growth. With this alternative, the Department believes that it would have an efficient, 5-year plan that would easily address current cramped quarters and accommodate growth without separate budget requests to the General Assembly.

There are several reasons why funding is needed for this space:

1. The Department had planned to expand into its basement space at 1570 Grant to accommodate its growth. In fact, the Medicare Modernization Act Call Center and CBMS Emergency Call Center had been housed in the basement since other space in the building was not available. The Department met with the State Architect and building management personnel from the Department of Personnel and Administration in March of 2006 to discuss further modifications to the building that the Department would need to make to accommodate the increased staffing needs. However, on April 3, 2006, the Department of Personnel and Administration issued a letter to the Executive Director of the Department identifying life and safety liability concerns regarding staff in the basement. Recommendations were to cease using these areas for staff purposes. As a result, staff located in the basement had to be relocated into the upper floors of the building. The potential for the Department to use the basement space is no longer feasible.
2. The Department has converted all open space into employee cubes. The Department has converted its mail room into staff work space. A one cube office currently houses four call center staff working on tables. The Department was in the practice of moving new staff around the entire building as vacancies occur, in order to provide them a work space. The Department believed that this "musical chairs" was one factor directly contributing to the Department's high turnover rate.
3. The Department had virtually no meeting space at the 1570 Grant St. location. Two meeting rooms that formerly existed in the basement at this location had to be

terminated for this purpose upon receipt of the Department of Personnel and Administration's letter referenced above. The Department then converted a kitchen into a meeting room, but this only left the Department with one meeting room and one conference room available for use at 1570 Grant. As these rooms are constantly booked, staff was often required to cram into small offices to have meetings. Until the new space was acquired at 225 E. 16th Avenue, the Department had nowhere to house auditors, which are almost continuously in the building, and did not have a room large enough to meet with all or a majority of its staff, or to house the Medical Services Board. Scheduling meetings was, in reality, a daily frustration.

The space on the 1st and 2nd floors at 225 E. 16th Avenue has addressed all of these needs. The space holds 10 offices, 47 cubes and 2 meeting rooms (one large enough for the Medical Services Board). Because of this space, space conditions have vastly improved at 1570 Grant Street. Temporary projects are accommodated easily, and staff does not need to be moved around to accommodate new hires. Sections and work units are staying together. There is appropriate meeting space for staff to hold professional meetings with external customers, and large enough for staff to have internal problem-solving meetings.

The Department worked with the Staubach Company and the Department of Personnel and Administration on this space. The Department was able to lease 5,817 square feet for nine months and 7,239 square feet for eight months at a rate of \$15.50 per rentable square foot for FY 06-07 for an additional lease cost of \$142,426 (including the \$8,580 in spending authority already provided, see Table A). This price per square foot includes tenant finishes at a cost of \$212,156 (see Table B) that are spread across the 5 year plus renewable contract, which would expire June 30, 2012. Should the State not renew this contract for the full five years, the balance of this cost would be due to the Lessor.

In addition to needed funding for the 1st and 2nd floors, the Department had also hoped to retain the 5th floor; going so far as to establish a month-to-month agreement for this space beyond the original termination date of October 1, 2006 as outlined in the Department's June 20, 2006 1331 Emergency Supplemental. However, while the Lessor agreed to continue this month-to-month option at the same rate of \$14.10 per square foot

established in the prior contract, based on concerns of entering into another contract without an appropriated funding source, and seeing as the Joint Budget Committee had already ruled that the Department's space did not meet 1331 Emergency Supplemental criteria, the Department terminated this lease in mid-December. Based on this action to continue to lease the 5th floor space; the Department experienced two months and sixteen days of cost. The Office of State Planning and Budgeting has requested that the Department absorb these costs. Therefore, the Department is requesting that its Personal Services appropriation be reduced by \$10,380 to offset the additional need in Commercial Leased Space. The Department expects to experience enough vacancy savings to be able to absorb this reduction.

Therefore, this Request includes an offset to the total need for the 1st and 2nd floor leases equal to the unused portion of the current Commercial Leased Space appropriation of \$49,510, for an incremental need of \$115,672.

The Department also required operating funding for purchase of cubicles, furniture and data equipment, and Personal Services funding to install phone and data lines. These were one-time costs to set up the offices and make them operational. The Department estimated the one-time cost for the cubicles, chairs, and data equipment at \$214,856, and the contract services required to install the data and phone equipment at \$10,500. The Department attempted to keep one-time costs down by utilizing surplus furniture.

Implementation Schedule:

Task	Month/Year
Lease Awarded/Signed	July 2006
Build Out and Tenant Preparation Complete	September 2006
Move Date – 2 nd Floor	October 1, 2006
Move Date – 1 st Floor	November 1, 2006
Termination of Lease – 5 th Floor	December 16, 2006

Calculations for Alternative's Funding:

Summary of Request FY 06-07	Total Funds	General Fund	Federal Funds
Total Incremental Supplemental FY 06-07	\$330,648	\$165,324	\$165,324
(1) Executive Director's Office, Personal Services (contractor costs)	\$10,500	\$5,250	\$5,250
(1) Executive Director's Office, Personal Services (\$10,380 in vacancy savings)	(\$10,380)	(\$5,190)	(\$5,190)
(1) Executive Director's Office, Operating Expenses	\$214,856	\$107,428	\$107,428
(1) Executive Director's Office, Commercial Leased Space	\$115,672	\$57,836	\$57,836

Table A – Space: Commercial Leased Space Rent FY 06-07		
Square Feet	Price per Square Foot	Costs
5,817 rentable square feet - 2 nd Floor	\$15.50 * 9/12	\$67,623
7,239 rentable square feet - 1 st Floor	\$15.50 * 8/12	\$74,803
3,511 rentable square feet - 5 th floor (3 originally anticipated months)	\$14.10 * 3/12	\$12,376
3,511 rentable square feet - 5 th floor (2 months and 16 days of additional month-by-month lease)	\$14.10 * 2.516/12	\$10,380
Total Need for Commercial Leased Space FY 06-07		\$165,182²
FY 06-07 Current Appropriation		(\$49,510)
Net Total Need for Commercial Leased Space FY 06-07		\$115,672

² Includes \$8,580 previously approved spending authority from September 20, 2006 1331 Emergency Supplemental.

Table B - Tenant Finish Plan	
Demolition	\$7,680
Gypsum Wall - Drywall and framing - patch and repair	\$8,371
Paint	\$14,168
Wood Doors	\$2,825
Hardware	\$2,890
Acoustic Ceiling - Ceiling tile replacement	\$4,280
Millwork	\$2,800
Glass	\$7,975
Carpet, base, and tile	\$34,490
Electrical	\$24,060
Plumbing	\$4,390
HVAC	\$26,310
Specialty – Dalite recessed screen	\$5,800
Fire Protection - Fire Sprinkler	\$2,400
Overhead, Profit, and General Conditions	\$25,235
2.5% Contingency on above amounts	\$4,342
Signage allowance	\$1,500
Architectural and engineering fees	\$32,640
Total Amount to Build Into the Rate	\$212,156
Number of Square Feet to Spread Finishing Costs Across	13,056
Estimated Cost Per Square Foot if All Paid in Year One (= \$212,156 / 13,056 Square Feet)	\$16.25
Allowance from the Leasing Company Used to Offset Finishing Costs Equal to \$5.00 per Square Foot Leased	(\$5.00)
Estimated Cost Per Square Foot After Base Adjustment (= \$16.25 - \$5.00)	\$11.25
Incremental Cost Per Square Foot to Add to the Base Rent Rate Every Year (= \$11.25 / 5 years)	\$2.25

Table C – FY 06-07 Build-Out Costs	
(1) Executive Director’s Office, Personal Services	
Contract for Movers	\$6,500
Electrical Installation	\$4,000
Subtotal Personal Services	\$10,500
(1) Executive Director’s Office, Operating Expenses	
Purchase and Installation of 13 Cubicles at rate of \$6,303.00 per Cube (First Floor)	\$81,943
Purchase and Installation of 21 Cubicles at rate of \$4,271.86 per Cube (Second Floor)	\$89,709
20 Additional Chairs at \$400 per Chair (the Department had some available)	\$7,980
Conference Room Furnishings (3 Large Tables, 65 Chairs (45 are Stackable), and 2 Cabinets)	\$18,285
Printers and Fax Machines	\$4,795
Telephone Installation and Equipment	\$2,100
Wiring for Data Equipment	\$4,250
Data Equipment – Ethernet Switch and Panel Patch	\$5,794
Subtotal Operating Expenses	\$214,856
Total for All Non-Rent Related Costs	\$225,356

Impact on Other Areas of Government: None

Assumptions for Calculations: The move date was October 1, 2006 for the 2nd floor and November 1, 2006 for the 1st floor. The 5th floor lease for Commercial Leased Space was terminated December 16, 2006.

The following assumptions are for an annualized year.

Space

Staubach, the company that contracted with the Department of Personnel and Administration to work directly with the Department on space issues, negotiated with the Lessor of 225 E. 16th Avenue. These negotiations resulted in a five year lease with the management company at a rate of \$16.77 per square foot, except in the first year of the

agreement, where the Lessor agreed to a rate of \$15.50 per square foot. Both rates include tenant finish costs outlined in Table B of this request. This flexibility in the rate for the first year has allowed the Department to offset some of the build-out costs associated with furnishing and relocating to this space as outlined in Table C.

All furniture purchased in FY 06-07 was through Juniper Valley per the Statewide mandate. The Department used existing cubicles from the 5th floor space in 225 E. 16th Avenue to offset the total number of cubicles needed on the first floor. The Department purchased these same cube models for the rest of the 1st floor, to allow for these units to fit together structurally. The cost of these cubicles is more than the cubicles that were purchased for the second floor. All amounts used are actual costs provided by Juniper Valley and include the costs for design and installation.

Tenant Finishes

The tenant improvement costs total \$212,156 as outlined in Table B, or \$16.25/rsf if they would all be paid for in one year (this is a real estate portrayal of the costs), once all costs are considered. The base rent includes a tenant improvement allowance for carpet and paint of approximately \$5.00/rsf. Therefore, this adjustment revises the \$16.25/rsf to \$11.25. The \$11.25 has been spread across 5 years (divided by 5), which adds \$2.25/rsf/yr to the starting lease rate.

Concerns or Uncertainties of Alternative:

The Department is concerned that it has entered into a contractual obligation for the 1st and 2nd floors without an official appropriation to cover these costs. The Department's Health, Life and Dental appropriation is currently supporting these expenses. If funding is not received, the Department will overspend its Health, Life and Dental appropriation.

The Department received feedback on leasing additional space from Joint Budget Committee staff following the Department's October 5, 2006 letter regarding the 5th floor. Staff recommended that all FTE requests include Commercial Leased Space funding. The Department is concerned that this methodology would not allow it to acquire necessary space. This concern is largely based around the Department's inability to lease out space one cubicle at a time. It is not possible to negotiate new commercial leased

space for each individual FTE appropriated based on new legislation or Decision Items. As such, the Department has released the 5th floor as of December 16, 2006.

Alternative B {Status quo; no change in funding; not recommended}:

General Description of Alternative:

This alternative would maintain the Department's current space at 1570 Grant and the appropriated space at 225 E. 16th Avenue at \$49,510. However, even under the status quo, the Department has already relinquished the space on the 5th floor, and has incurred expenses and future contractual obligations in acquiring space on the 1st and 2nd floors for which it would still need to pay. Payments for these obligations would be made from funds appropriated for other purposes.

Calculations for Alternative's Funding:

The Department has incurred expenses for which it would not have an appropriation to support.

The FY 06-07 Long Bill appropriation for Commercial Leased Space is \$49,510. With this funding, the Department cannot support all spaces currently being leased. The Department has an obligation to pay for both the 1st and 2nd floors at 225 E. 16th Avenue for which it would not have any resources to support, and the lease expenses on the 5th floor through December 16, 2006, at which time the Department terminated this obligation. While the 5th floor lease is not an on-going liability, the Department has incurred costs of \$22,756 for this space. In addition, according to the terms of the current lease for the remaining two floors, the contract can be terminated within 90 days of providing written notice to the Lessor. Therefore, if the Joint Budget Committee recommends against this Request, the Department could provide written notice to the Lessor prior to February 1, 2007, and could terminate the lease by April 30, 2007. The Department would then be obligated to pay rent equal to 7 months for the 1st floor (at \$15.50 per square foot for 5,817 square feet) and 6 months for the 2nd floor (at the same rate for 7,239 square feet). The net amount for these two floors is therefore \$108,698. Including the 5th floor obligation of \$22,756, the Department's total need is \$131,454. However, based on spending authority approved by the Joint Budget Committee on

September 20, 2006 during 1331 Emergency Supplementals, \$8,580 for staff in the Exceeding Processing Guidelines 1331 Supplemental Request could be used to partially offset this obligation, leaving \$122,874.

In addition, the Department would be obligated to pay for the build-out costs for the remaining four years and two months, which would not be included in the first year's rent. As stated in Table B on page 9, the total build-out cost was for \$212,156, and was to be spread over the life of the five year lease. This amount, however, was offset by the \$5.00 per square foot leased allowance from the leasing company. The total square footage from the 1st and 2nd floor was 13,056 per Table B on page 90, thus, the net cost to spread over the five year lease was \$146,876 (or \$212,156 for build-out less \$5.00 per square foot times 13,056 square feet). Dividing this amount by 60 months to get the monthly amount of \$2,448, and multiplying by 50 for the remaining four years and two months that have not yet been paid, the Department would be obligated to pay the Lessor \$122,400.

The Department would also have expenditures in Personal Services and Operating Expenses as outlined in Table C on page 10, equal to \$10,500 and \$214,856 respectively.

The sum of the obligations above yield a total of \$470,630 (\$122,874 for Commercial Leased Space at 225 E. 16th Avenue, \$122,400 for build-out costs, \$10,500 for Personal Services, and \$214,856 for Operating Expenses). With a current appropriation of \$49,510, this leaves the Department with an unfunded liability of \$421,120. This shortfall is currently being covered by the Department's Health, Life, and Dental appropriation.

Concerns or Uncertainties of Alternative:

Under this alternative, in addition to possibly needing to freeze hiring, the Department would need to find funding to meet expenses from its current contractual obligations for this new space. Under the current scenario, the Department has inadequate funding in Personal Services, Operating Expenses, and Commercial Leased Space to pay for the rent, furnishings, and build-out costs it has already incurred. Additionally, the remaining resources in the Health, Life, and Dental appropriation would not be sufficient for the

Department to pay its portion of the employees' Health Life and Dental expenditures. The Department would over-expend Health, Life, and Dental.

The Department has attempted all possibilities to re-configure space at its current location in an effort to accommodate current and future staffing needs. As it cannot accomplish this with the current location of 1570 Grant Street, and expenses without an appropriation have already been incurred, without Supplemental funding, the Department would be forced to perform a lay off due to a lack of physical space, and only hire positions as space becomes available for a seating location. The consequences of this action would likely include non-compliance of federal and State requirements, and turnover would increase as the work environment becomes less tolerable.

Supporting Documentation

Analytical Technique:

Cost/Risk Analysis Benefit

Alternative	Costs	Risk	Description
A	\$330,648	None	The Department would be able to lease, build out and furnish approximately 13,056 square feet (7,239 + 5,817) of additional office space for staff use.
B	\$421,120	High	If funding is not approved, the Department would be forced to stop hiring and possibly lay off staff, jeopardizing the completion of required projects. There would be inadequate funding to pay for employees' Health Life and Dental within the appropriation and it would over-expend, and the Department would most likely experience greater turnover as the work environment become less tolerable. Based on the estimates outlined in Alternative B above, the Department will likely incur \$421,120 at a minimum for which it does not have an appropriation. This alternative will result in no additional expenditures beyond FY 06-07.

Quantitative Evaluation of Performance -

Alternative A, while it costs \$165,324 in General Fund, has zero risk and is also a long-term, low cost alternative. Under this alternative, funding would be available to pay for the Department's portion of the employees' Health, Life and Dental expenditures, and all contractual obligations could be met without sacrificing productivity in the Department.

The Department would have room to host Medical Services Board meetings, address most or all staff members at one time, have room to accommodate auditors, and would have a long range plan for expansion.

Alternative B requires the Department to find extreme ways to cut costs, the most logical choice being in Personal Services. Under this alternative, the Department would most likely need to not only enter into a hiring freeze, but also look at layoffs, in an effort to locate funding to cover already incurred expenses for rent and build-out. In addition, the Department would over-expend its appropriation of Health, Life, and Dental insurance costs for its employees, as it used these funds to cover rent, build-out, and furniture costs for the new space. Without an appropriation, under this alternative, the Department will incur a minimum of \$421,120 in costs for which it can not support.

Statutory and Federal Authority:

24-1-107, C.R.S. (2006). Internal organization of department - allocation and reallocation of powers, duties, and functions - limitations. *In order to promote economic and efficient administration and operation of a principal department and notwithstanding any other provisions of law, except as provided in section 24-1-105, the head of a principal department, with the approval of the governor, may establish, combine, or abolish divisions, sections, and units other than those specifically created by law and may allocate and reallocate powers, duties, and functions to divisions, sections, and units under the principal department, but no substantive function vested by law in any officer, department, institution, or other agency within the principal department shall be removed from the jurisdiction of such officer, department, institution, or other agency under the provisions of this section.*

25.5-1-104 (2) (4), C.R.S. (2006). Department of health care policy and financing created - executive director - powers, duties, and functions...*(2) The department of health care policy and financing shall consist of an executive director of the department of health care policy and financing, the medical services board, and such divisions, sections, and other units as shall be established by the executive director ... (4) The department of*

health care policy and financing shall be responsible for the administration of the functions and programs as set forth in part 2 of this article.

Department Objectives Met if Approved:

1.6 To work towards systemic improvement in the Department's operations to expand efficiencies, minimize waste, ensure coordination, and eliminate discrepancies.

4.2 To develop enhanced training and retention strategies for departmental staff.

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING – FY 06-07 BUDGET REQUEST

Schedule 6											
Change Request for FY 06-07											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	S-9			OSPB Approval:				Date:			
Program:	Information Technology Contract Monitoring			Statutory Citation:	25.5-4-105, C.R.S. (2006)						
Request Title:	Increase funding for HIPAA National Provider Identifier Implementation										
		1	2	3	4	5	6	7	8	9	10
		Prior-Year		Supplemental	Total	Base	Decision/	November 1	Budget	Total	Change
	Fund	Actual	Appropriation	Request	Revised	Request	Base	Request	Amendment	Revised	from Base
		FY 05-06	FY 06-07	FY 06-07	FY 06-07	FY 07-08	Reduction	FY 07-08	FY 07-08	FY 07-08	in Out Year
											FY 08-09
Total of All Line Items	Total	101,600	690,962	1,339,621	2,030,583	0	0	0	0	0	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	9,855	167,558	29,409	196,967	0	0	0	0	0	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	1,067	7,255	14,066	21,321	0	0	0	0	0	0
	FF	90,678	516,149	1,296,146	1,812,295	0	0	0	0	0	0
(1) Executive Director's Office, Health Insurance Portability and Accountability Act of 1996 (HIPAA) National Provider Identifier Assessment and Implementation	Total	101,600	690,962	1,339,621	2,030,583	0	0	0	0	0	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	9,855	167,558	29,409	196,967	0	0	0	0	0	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	1,067	7,255	14,066	21,321	0	0	0	0	0	0
	FF	90,678	516,149	1,296,146	1,812,295	0	0	0	0	0	0
Letter Notation:											
Cash Fund name/number, Federal Fund Grant name:	FF: Title XIX, Title XXI, CFE: Children's Basic Health Plan Fund 11G										
IT Request:	X Yes No (If yes and request includes more than 500 programming hours, attach IT Project Plan)										
Request Affects Other Departments:	Yes X No										

CHANGE REQUEST for FY 06-07
EFFICIENCY AND EFFECTIVENESS ANALYSIS

SELECT ONE (click on box):

- Decision Item
- Base Reduction Item
- Supplemental Request Criterion: New Data
- Budget Request Amendment Criterion:

Priority Number:	S-9
Change Request Title:	Increase funding for HIPAA National Provider Identifier Implementation
Long Bill Line Item(s)	(1) Executive Director’s Office: Health Insurance Portability and Accountability Act of 1996 (HIPAA) National Provider Identifier Assessment and Implementation
State and Federal Statutory Authority:	25.5-4-105, C.R.S. (2006); 45 C.F.R. Subpart D, §162.404, §162.406, and §162.408

Summary of Request (Alternative A): This Request is for \$1,339,621 to complete the implementation for a federal mandate under the Health Insurance Portability and Accountability Act of 1996, and to revise fund splits for funds already appropriated, from 75% federal financial participation to 90%.

As the National Provider Identifier is a federal mandate and time remaining to implement this required upgrade is short, the Department intends to utilize existing funding in the Medicaid Management Information System Contract line item as a short-term revenue source, until this Supplemental Request can be evaluated by the Joint Budget Committee.

Alternative A {Recommended alternative}:

Problem or Opportunity Description: The Health Insurance Portability and Accountability Act of 1996 created the need for several changes in the way that the Department conducts business. Many of the Health Insurance Portability and Accountability Act of 1996 regulations have already been implemented by the Department; however, the most recently released requirement of a uniform provider identification code has not yet been finalized. A January 23, 2004

federal mandate established the National Provider Identifier as the standard unique identifier for health care providers. New rules established at that time require covered health care providers, clearinghouses, and health plans to use this national identifier coding in HIPAA-covered transactions beginning May 23, 2007.

The definition of a Medicaid provider may include an individual or organization such as a health plan, a health maintenance organization, or a health care clearing house. Currently, Colorado Medicaid provider identification numbers used to process Medicaid claims are not compatible with National Provider Identifier standards. In order to achieve compliance with federal requirements released on January 23, 2004, the Department must update its Medicaid Management Information System to accept these new National Provider Identifiers. The expectation of this federal requirement is to provide a unique identifier for every health care provider in the country. Federal regulations require that large health care plans and providers begin using this new provider identifier coding by May 23, 2007. Smaller health care plans and providers (with annual receipts of less than \$5 million) have an extra year, until May 23, 2008, to begin using the new coding.

Funding for this purpose was first requested through a Decision Item in the Department's FY 06-07 Budget Request (DI-7, November 15, 2005). This Decision Item sought funding equal to \$800,062 for assessment and development costs associated with updating the Medicaid Management Information System, and also requested funding for an independent verification and validation vendor by the Governor's Office of Innovation & Technology. This request assumed a 75% federal financial participation rate for Medicaid, and a 65% federal financial participation rate for the Children's Basic Health Plan allocation.

However, in order to allow sufficient time for a thorough implementation, the Department realized that work on this line item needed to begin in FY 05-06. Therefore, the Department submitted a Supplemental Request and Budget Amendment, to reallocate \$109,100 of FY 06-07 funding to FY 05-06 to begin work early (S-12 and BA-5, January 3, 2006). This amount included \$7,500 for independent verification and validation funding that was to be transferred to the Governor's Office of Innovation & Technology

and \$101,600 for the fiscal agent. The Joint Budget Committee recommended this request, and funding was ultimately appropriated in the Department's Supplemental Bill (SB 05-112) for FY 05-06, and the Long Bill (HB 06-1385) for FY 06-07.

General Description of Alternative:

This Request is for \$1,339,621 for modifications to the Medicaid Management Information System, Web Portal, and ancillary systems needed in order to comply with the most recent federal mandate communicated for the Health Insurance Portability and Accountability Act of 1996.

Prior to the assessment phase of this project, the Department had determined that a total replacement of existing proprietary Medicaid provider numbers with the National Provider Identifier was not feasible. Based on this determination, the Department developed a technical solution to create a cross matching module that would be seamless to providers, but would achieve the same federal requirement. This cross matching process will use the newly assigned National Provider Identifiers and map them to existing Medicaid provider identification coding, to determine which internal proprietary Medicaid provider number to use when processing a transaction.

Under this direction, the Department's fiscal agent, Affiliated Computer Services, Inc., began reviewing the Medicaid Management Information System to identify all areas of potential impact including, but not limited to, claims processing, prior authorization reviews, reporting functions, and interfacing with the Colorado Financial Reporting System. While this assessment began during FY 05-06, analysis of the system expanded beyond original estimates, and delayed final recommendations to the Department until August 11, 2006. Based on this assessment, in addition to the Medicaid Management Information System, required changes were also identified for the Web Portal and other ancillary systems such as the Mercator Translator, the Medicaid Eligibility Verification System, and Decision Support System.

The initial system estimate by the Department included in the Supplemental S-12 (submitted January 3, 2006) concluded that 800 hours would be required for the assessment and 5,106 hours of additional software coding and testing would be required

to complete the implementation. But after completing the final assessment, the Department has determined that modification and implementation would be much more extensive.

Medicaid Management Information System

Updates to the Medicaid Management Information System to accommodate the new National Provider Identifier coding will consist of changes to thirty-four independent screens, thirty different interfaces, and fourteen reports. In addition, eight new Medicaid Management Information System edits are required.

These modifications include a cross match module to translate the current Medicaid identifier code into the new National Provider Identifier; database updates to insert the National Provider Identifier into claims editing, pricing, adjudication, logic, and new utility programs; modification of the Electronic Data Interchange to translate electronic claims transactions from the HIPAA format containing the National Provider Identifier into the Internal Record Layout for processing; and modification of interfaces which are inbound and outbound files that are used to share data with external systems.

Additionally, there will be modifications to operational reports to include the National Provider Identifier for claims and financial tracking; additions of new reports specifically for tracking the National Provider Identifier; modification of 21 online screens to allow entry and inquiry of National Provider Identifier data; enhancements to the interface with the Web Portal system to capture and process the National Provider Identifier on batch and interactive transactions; and enhancements to the eligibility checking system for verification of clients to providers with an assigned National Provider Identifier.

Lastly, the Department has identified the need to create a separate development and test region for National Provider Identifier to avoid interruption of ongoing processing operations; modifications needed for the Decision Support System to insure that the National Provider Identifier is included; and updates are needed for all processes that identify and communicate errors and issues related to the submission of the National

Provider Identifier. The Department has determined that the sum of these changes will require \$1,834,141 in total.

Because work must continue on this federally-mandated measure without sufficient funding available in the current FY 06-07 appropriation, the Department intends to utilize existing funds from the Medicaid Management Information System Contract line item as a temporary source of revenue until this Supplemental Request can be evaluated by the Joint Budget Committee. This is consistent with prior direction that the Department has received from the Joint Budget Committee. While the majority of funds being borrowed from the Medicaid Management Information Systems Contract line are at a 90% federal financial participation rate, this action will still create a shortfall in funding for operations of the Medicaid Management Information System. Not funding this request would cause Medicaid Management Information System operations to stop, effective approximately April 22, 2007.

Web Portal

Changes to the Web Portal were identified by the Department's vendor, CGI Information Systems and Management Consultants, Inc., to allow Medicaid providers a means to submit claims electronically to the Medicaid Management Information System. Anticipated changes will allow the Department to: 1) provide an automated collection process for providers to transmit their new National Provider Identifier code to the Department and have that code transmitted to the Medicaid Management Information System, and 2) have continued HIPAA-covered transactions with providers which would now incorporate the new National Provider Identifier codes and display them to the users of the Web Portal. The Department has determined that these changes will require \$52,500 to complete.

Phase II of Assessment

The Department's original scope of work for the assessment phase of this project was made over two years ago. The fiscal agent gave the Department its best estimate with the information it had at the time of \$101,600, which was expended during FY 05-06. Based on this preliminary work, the Department was able to gain clarification on the National

Provider Identifier final rule and how other states were mitigating the National Provider Identifier modifications. Based on this clarification, the Department was forced to re-evaluate what needed to be covered in the National Provider Identifier assessment. The Department determined that to accurately identify the impact of the National Provider Identifier (NPI) mandate, a more intensive assessment was required. Therefore, the original scope of work was expanded to include additional operational processes and systems reviews such as system logic, Decision Support System changes, database changes, interface changes, and screen changes. In total, the assessment process consisted of five phases: preparation, policy impact analysis, operations impact analysis, systems impact analysis, and solution analysis. A secondary assessment to capture analysis of items not originally anticipated therefore began on May 2, 2006 and ended August 10, 2006, requiring an additional \$144,042.

Independent Verification and Validation

Funding for independent verification and validation is initially appropriated to the Department, but then is transferred to Governor's Office of Innovation and Technology for the actual work. The Department's original estimate for this work was \$50,000: \$7,500 in FY 05-06 and \$42,500 in FY 06-07 (Supplemental S-12, January 3, 2006). Because there was no need for independent verification or validation during FY 05-06, the \$7,500 was not spent for that fiscal year. The Governor's Office of Innovation and Technology has since determined that this project has low risk and does not require independent verification and validation. Therefore, the \$42,500 for verification and validation in FY 06-07 is no longer included in the calculations table "Requested Funding by Project" found on page 9.

Change to Federal Financial Participation

The Department currently is appropriated \$690,962 in FY 06-07 per HB 06-1385. Fund splits on this amount assume a 75% federal financial participation rate for the 97% allocated as Medicaid (the other 3% is allocated to the Children's Basic Health Plan and receives a 65% federal match). Based on a letter received by the Centers for Medicare and Medicaid Services on March 15, 2006, fund splits on the already appropriated amount need to be revised to reflect an enhanced match rate of 90% for the Medicaid

allocation. This 90% federal financial participation rate should be applied to all funding allocated to Medicaid.

Due to the timing requirement of implementing this federal mandate no later than May 23, 2007, no funding is requested beyond FY 06-07.

Implementation Schedule:

Task	Month/Year
Contract for Modifications and Approval started	October 2, 2006
Contract for Modifications in clearance and signed	October 16, 2006 – November 30, 2006
Complete MMIS technical specifications	February 16, 2007
MMIS coding and unit testing	March 30, 2007
MMIS system testing started	April 1, 2007
MMIS system test data results and user acceptance testing	April 15, 2007
Web Portal system test plan due	January 2, 2007
Web Portal coding and unit testing	March 30, 2007
Web Portal system test completed	April 1, 2007
Web Portal system test data results and user acceptance testing	April 15, 2007
Migrate modifications to production	May 15, 2007
Critical items implementation date	May 23, 2007
Post implementation review and project completion	June 30, 2007

Calculations for Alternative’s Funding:

(1) Executive Director’s Office, Health Insurance Portability and Accountability Act of 1996 (HIPAA) National Provider Identifier Assessment				
Summary of Request FY 06-07 Matches Schedule 6 and Recommended Request	Total Funds	General Fund	Cash Funds Exempt	Federal Funds
Total funding need for FY 06-07	\$2,030,583	\$196,967	\$21,321	\$1,812,295
Supplemental Request for FY 06-07	\$1,339,621	\$29,409	\$14,066	\$1,296,146
FY 06-07 Appropriation	\$690,962	\$167,558	\$7,255	\$516,149

Requested Funding by Project	Hours	Hourly Rate	Total Cost
Web Portal			
- Modifications to accept and transmit new National Provider Identifier codes	646	\$70	\$44,800
- Create process to allow for new codes to automatically upload to the MMIS	118	\$65	\$7,600
Subtotal for Web Portal			\$52,400
Medicaid Management Information System			
Cross Match Module to translate current identifier to National Provider Identifier	500	\$126	\$63,000
Database updates to include National Provider Identifier	2,500	\$126	\$315,000
Electronic Data Interchange translations	3,200	\$126	\$403,200
Interfaces for inbound and outbound files	1,138	\$126	\$143,347
Operational reports	1,100	\$126	\$138,600
Online screens modified	3,250	\$126	\$409,500
Web Portal and Eligibility Systems modifications	700	\$126	\$88,200
Test Region development	572	\$126	\$72,072
Decision Support System (BOA) modifications	750	\$126	\$94,500
Edit updates for errors and issues	847	\$126	\$106,722
Subtotal for Medicaid Management Information System			\$1,834,141
Secondary Assessment: Began May 2, 2006 and Ended August 10, 2006	1,143	\$126	\$144,042
Total Needed in FY 06-07			\$2,030,583
FY 06-07 Appropriation			\$690,962
FY 06-07 Supplemental Request			\$1,339,621

Total Funding Split Between Medicaid and Children's Basic Health Plan					
Program Splits	Total Percentage	Total Costs	General Fund	Cash Funds Exempt	Federal Funds
Total Need	100%	\$2,030,583	\$196,967	\$21,321	\$1,812,295
Medicaid Costs	97%		10% of 97%		90% of 97%
		\$1,969,666	\$196,967	\$0	\$1,772,699
Children's Basic Health Plan Costs	3%			35% of 3%	65% of 3%
		\$60,917	\$0	\$21,321	\$39,596

Impact on Other Areas of Government: None.

Assumptions for Calculations:

The fiscal agent, Affiliated Computer Services, Inc., and the Web Portal maintenance contractor, CGI-AMS, Inc., estimated the work requirements to modify their respective systems to implement the HIPAA National Provider Identifier mandate.

Costs for modifications to the Web Portal assume an hourly rate of \$70 per hour for work done on incorporating the National Provider Identifier codes into the transmission and acceptance of data between the providers and the Department, and \$65 per hour for work on automating the collection of National Provider Identifiers and loading them into the Medicaid Management Information System. The estimated number of hours to complete these two projects is 764 hours.

The Phase II assessment costs assume an hourly rate of \$126, the current standard rate for development costs to evaluate what computer programming modifications may be needed for any functional changes to the Medicaid Management Information System.

The Medicaid Management Information System modifications costs assume an hourly rate of \$126 for all work leading up to the implementation of the National Provider Identifier.

The Medicaid program will pay 97% of the total costs with the remaining 3% to be paid from the Children’s Basic Health Plan. The 3% contribution was determined as the historical percentage of capitations paid for by the Children’s Basic Health Plan in the Medicaid Management Information System compared to the total forecasted claims and capitations paid. Funding from the Children’s Basic Health Plan is comprised of 35% Cash Funds Exempt and 65% federal funds participation.

The previous request estimated a conservative federal financial participation rate of 75% and 25% General Fund. The Centers for Medicare and Medicaid Services did approve a more favorable funding split of 10% General Fund and 90% federal funds on March 15, 2006. Therefore this current request adjusts the funding split for the entire year of FY 06-07.

Concerns or Uncertainties of Alternative: The Department assumes that no additional software and/or systems changes are required beyond those identified in the assessment, and that the project will be completed according to the projected timeline presented by the fiscal agent.

Alternative B {Status quo; no change in funding; not recommended}:

General Description of Alternative: This alternative would not place additional funding in FY 06-07 and would not provide enough resources to complete the National Provider Identifier implementation.

Calculations for Alternative’s Funding: Under this alternative, there would be no change in funding to the current FY 06-07 appropriation. However, the Department has already incurred and paid for the second phase of the assessment, equal to \$144,042, for which it did not initially anticipate or build into the current FY 06-07 National Provider Identifier appropriation. In addition, the total cost of assessment and implementation of the National Provider Identifier has roughly tripled in cost for FY 06-07. While the majority of these costs will be shifted to federal matching funds, due to the enhanced 90% federal financial participation approved

by the Centers for Medicare and Medicaid Services, the Department currently does not have a sufficient amount of State funds to complete implementation.

Concerns or Uncertainties of Alternative:

If additional funding were not approved, the Medicaid Management Information System and Web Portal tools would be unable to properly process Medicaid claims, as all providers are required to submit claims with the new federal coding which the Department could not process. This would cause significant disruptions for providers and clients. In addition, missing the federally required implementation date of May 23, 2007 could lead to potential loss of federal financial participation or sanctions being applied against Colorado's Medicaid and Children's Basic Health Plan.

Due to the amount of funds being redirected from the Medicaid Management Information System Contract appropriation for both National Provider Identifier remediation in this request and Supplemental Request S-7 ("Increased Funding for Medicaid Management Information System Contract"), if no Supplemental funding is approved by the Joint Budget Committee, current funding in the Medicaid Management Information System Contract line item will run out before fiscal year end on April 22, 2007. As claims processing and the National Provider Identifier are both federally required, the State would face federal penalties for non-compliance.

Supporting Documentation

Analytical Technique:

A probability analysis shows the potential impact to the State for not completing the implementation of the National Provider Identifier in FY 06-07.

PROBABILITY ASSESSMENT TABLE		
Low	Medium	High
Highly Unlikely	Likely	Highly Likely
0% - 40%	41% - 80%	81% - 100%
Risk Description	Potential Impacts	Probability
If no additional funding is provided in FY 06-07, then the following potential impacts could occur	The necessary software and system changes will not be completed to properly process HIPAA-covered transactions thereby risking non-compliance by the State	High
	Failure to comply with the federal mandate will cause disruptions for all stakeholders (covered health care providers, clearinghouses, and large and small health plans)	High
	The Department would likely face federal financial sanctions for missing the federally required implementation date.	High

Quantitative Evaluation of Performance - Compare all Alternatives:

Alternative A requests additional funding in the amount of \$1,339,621 in FY 06-07 to complete the system modifications and implementation of the federal National Provider Identifier. While Alternative B does not require any additional funding, Alternative B also does not allow the fiscal agent to properly modify the Medicaid Management Information System and Web Portal tool, would cause the Department to miss the implementation date of May 23, 2007, and would cause the Medicaid Management Information System to stop paying claims April 22, 2007. Alternative A, with the modifications and implementation funding in FY 06-07, is the preferred alternative.

Statutory and Federal Authority:

25.5-4-105, C.R.S. (2006) Federal requirements under Title XIX. *Nothing in this article shall prevent the state department from complying with federal requirements for a program of medical assistance in order for the state of Colorado to qualify for federal funds under Title XIX of the social security act and to main a program within the limits of available appropriations.*

45 C.F.R., Subpart D – Standard Unique Health Identifier for Health Care Providers
(Applicable sections following)

45 C.F.R §162.404 Compliance dates of the implementation of the standard unique health identifier for health care providers. *(a) A covered health care provider must comply with the implementation specifications in §162.410 no later than May 23, 2007.*

45 C.F.R §162.406 Standard unique health identifier for health care providers. *(a) Standard. The standard unique health identifier for health care providers is the National Provider Identifier (NPI). The NPI is a 10-position numeric identifier, with a check digit in the 10th position, and no intelligence about the health care provider in the number.*

45 C.F.R §162.408 National Provider System. *The National Provider System (NPS) shall do the following: (a) Assign a single, unique NPI to a health care provider, provided that – (1) The NPS may assign an NPI to a subpart of a health care provider in accordance with paragraph (g); and (2) The Secretary has sufficient information to permit the assignment to be made. (b) Collect and maintain information about each health care provider that has been assigned an NPI and perform tasks necessary to update that information. (c) If appropriate, deactivate an NPI upon receipt of appropriate information concerning the dissolution of the health care provider that is an organization, the death of the health care provider who is an individual, or other circumstances justifying deactivating. (d) If appropriate, reactivate a deactivated NPI upon receipt of appropriate information. (3) Not assign a deactivated NPI to any other health care provider. (f) Disseminate NPS information upon approved requests. (g) Assign an NPI to a subpart of a health care provider on request if the identifying data for the subpart are unique.*

Department Objectives Met if Approved:

1.3 To assure payments in support of the programs are accurate and timely.

1.5 To accurately project, report, and manage budgetary requirements to affect Executive and Legislative intent with program and budget development and operations. To

accurately record and monitor expenditures for programs managed by the Department so there may be accurate financial reporting at all times.

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING - FY 06-07 BUDGET REQUEST

Schedule 6											
Change Request for FY 06-07											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	S-10			OSPB Approval:				Date:			
Program:	Eligibility Systems Section			Statutory Citation:	25.5-4-205, C.R.S. (2006)						
Request Title:	IT Changes Needed for Implementation of Deficit Reduction Act of 2005 -- Long Term Care										
		1	2	3	4	5	6	7	8	9	10
		Prior-Year		Supplemental	Total	Base	Decision/	November 1	Budget	Total	Change
		Actual	Appropriation	Request	Revised	Request	Base	Reduction	Amendment	Revised	from Base
	Fund	FY 05-06	FY 06-07	FY 06-07	FY 06-07	FY 07-08	FY 07-08	FY 07-08	FY 07-08	FY 07-08	FY 08-09
Total of All Line Items	Total	9,127,862	7,599,713	35,404	7,635,117	7,272,396	0	7,272,396	0	7,272,396	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	4,365,127	3,501,300	16,586	3,517,886	3,349,194	0	3,349,194	0	3,349,194	0
	GFE	157,844	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE¹	272,159	572,931	2,118	575,049	552,000	0	552,000	0	552,000	0
	FF	4,332,732	3,525,482	16,700	3,542,182	3,371,202	0	3,371,202	0	3,371,202	0
(6) DHS Medicaid Funded Programs - (B) Office of Information Technology Services - Colorado Benefits Management System	Total	9,127,862	7,599,713	35,404	7,635,117	7,272,396	0	7,272,396	0	7,272,396	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	4,365,127	3,501,300	16,586	3,517,886	3,349,194	0	3,349,194	0	3,349,194	0
	GFE	157,844	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE¹	272,159	572,931	2,118	575,049	552,000	0	552,000	0	552,000	0
	FF	4,332,732	3,525,482	16,700	3,542,182	3,371,202	0	3,371,202	0	3,371,202	0
1) Of the requested CFE, \$1,935 is from the Children's Basic Health Plan Trust Fund, and \$183 is from the Old Age Pension Fund.											
Letter Notation:											
Cash Fund name/number, Federal Fund Grant name: CFE: Children's Basic Health Plan Trust Fund, Old Age Pension Fund, FF: Title XIX and Title XXI											
IT Request: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (If yes and request includes more than 500 programming hours, attach IT Project Plan)											
Request Affects Other Departments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, List Other Departments Here: Department of Human Services											

**CHANGE REQUEST for FY 06-07
EFFICIENCY AND EFFECTIVENESS ANALYSIS**

SELECT ONE (click on box):

- Decision Item
- Base Reduction Item
- Supplemental Request
- Budget Request Amendment

Criterion: New Data
Criterion:

Priority Number:	S – 10
Change Request Title:	IT Changes Needed for Implementation of Deficit Reduction Act of 2005 – Long Term Care
Long Bill Line Item(s)	(6) Department of Human Services Medicaid-Funded Programs (B) Office of Information Technology Services - Medicaid Funding, Colorado Benefits Management System
State and Federal Statutory Authority:	25.5-4-205, C.R.S. (2006), Public Law 104-193 (8 U.S.C. 1612)

Summary of Request (Alternative A):

This Request seeks \$35,404 in funding to make changes to the Colorado Benefits Management System in order to accommodate new eligibility requirements in the Department’s long term care programs as a result of the federal Deficit Reduction Act of 2005.

Alternative A {Recommended alternative}:

Problem or Opportunity Description:

The Deficit Reduction Act of 2005, signed into law February 8, 2006, prohibits the State from receiving federal reimbursement for non-emergency medical assistance provided under Medicaid to an individual declaring to be a U.S. citizen or national who has not produced satisfactory documentary evidence or citizenship or nationality. This new requirement became effective on July 1, 2006. Section 6036 of this legislation requires the Department to screen clients to verify identity and U.S. citizenship prior to providing services; however, not all clients require this screening. In addition to the Department’s

State-only programs and the Children's Basic Health Plan clients which are not affected by this change in federal regulations, the following Medicaid populations are exempt from this new screening requirement:

- Applicants who are eligible for Medicaid and entitled or enrolled for Medicare benefits (dual eligibles);
- Applicants who are eligible for Medicaid on the basis of receiving Supplemental Security Income benefits; or,
- Applicants who are eligible for Medicaid on another basis specified by the U.S. Secretary of Health and Human Services.

Based on the above mentioned change in eligibility, the Department promulgated more stringent rules effective July 1, 2006 requiring specific documentary evidence of citizenship or nationality for Medicaid. These rules can be found in 10 CCR 2505-10, Section 8.100.52 A2.

In addition to the citizenship requirement, the Deficit Reduction Act of 2005 also requires substantial changes to the eligibility determination process for long term care applicants. Assets that are currently excluded from the eligibility determination, such as equity positions in homes, annuities, and trusts, will now be included. The Deficit Reduction Act also made revisions to the calculation and effective dates of penalties imposed as a result of non-allowed asset transfers as described below. The following table summarizes the Medicaid long term care laws as they were before and after the passage of the Deficit Reduction Act of 2005.

Laws Before the Deficit Reduction Act of 2005	Laws After the Deficit Reduction Act of 2005
States to review the assets of Medicaid applicants for a period of thirty-six months prior to application or sixty months if a trust is involved. This period is known as the “look-back period.”	The look-back period is extended to sixty months for all income and assets transferred or disposed of by an individual. Note that this does not apply to transfers posted prior to the passage of the Deficit Reduction Act.
If a non-allowed transfer is found, the State must impose a period of time in which it will not pay for long term care benefits equal to the amount of the transfer divided by the monthly private pay rate of nursing homes in the state. This penalty period begins the day the transfer occurred.	Transfers are still subject to the same penalty as before; however, the penalty period will now begin on the first day of the month during or after the transfer of the assets or the date of initial Medicaid eligibility, whichever is later and whichever does not occur during any period of ineligibility.
States cannot impose a penalty on an individual that can demonstrate that the penalty would cause undue hardship.	Approval of a hardship waiver would be subject to review in which the State must find that an individual’s health or life would be in danger during the period of ineligibility. Applicants must now be notified of the existence of a hardship waiver, applications must be processed in a timely manner, and a process for appeal must be available.
For purposes of asset transfers, trusts are only considered as annuities to the extent that the Secretary of the Department of Health and Human Services defines them.	Requires the disclosure of any interest the applicant or community spouse has in an annuity or similar financial instrument, regardless of whether it is irrevocable or treated as an asset.
States must make a determination as to the ultimate purpose of an annuity. If it appears that the Trust is abusively sheltering assets, the State can decide that a transfer of assets under fair market value has occurred and penalize the applicant.	Certain annuities are excluded from the asset calculation, including irrevocable trusts under the condition that they are non-assignable and actuarially sound. The purchase of an annuity shall be considered a disposal of an asset unless the state is named as the remainder beneficiary in the first position.
Currently, when calculating the penalty period, states are allowed to “round down” amounts that are less than one month.	States can no longer round penalty periods down.
States must treat each transfer violation as separate occurrences.	States may assess the penalty period of multiple transfers in a single month in one continuous penalty period.
Some assets, such as annuities, promissory notes, life estates, equity positions in homes, or trusts, are not counted as assets by some States.	Assets such as annuities, promissory notes, life estates, equity positions in homes, or trust may now be considered assets and subject to the asset look-back.

While the Department has submitted a separate Supplemental Request (S-4) in this January 4, 2007 binder for citizenship and identification procedural changes, this Request is to address the impact the Deficit Reduction Act of 2005 had on the Long Term Care portion of the State's eligibility system.

General Description of Alternative:

This Supplemental is for \$35,404 for the Department's portion of funding needed to make changes to the Colorado Benefits Management System, to accommodate new eligibility requirements for long term care programs required by the Deficit Reduction Act of 2005. This amount is only the Department's portion of the State's \$102,000 total cost for the changes outlined below, based on the CBMS calculator which allocates costs between the Department and the Department of Human Services.

Based on revised federal regulations pursuant to the Deficit Reduction Act of 2005, the Department is required to make a number of changes to the Colorado Benefits Management System for proper eligibility determinations for long term care applicants. A summary and estimate of the tasks needing completion are as follows:

- Adjust re-determination packet to include text that designates the State as the remainder beneficiary on annuities or similar financial instruments;
- Change the long term care decision tables to exempt if a client's equity interest in a home is less than \$500,000 or, if the value of the home is more than \$500,000, the client will be considered exempt if the client's spouse, a dependent under 21, or a blind/disabled child lives in the home;
- Change the long term care decision tables to reflect the new look back period of 60 months for all transfers that on or after February 8, 2006. Additionally, the decision tables will be changed to implement the penalty phase on the first day of the month in which the transfer occurred or on the first day of institutional based eligibility based on the approved application, whichever is later;
- Change the long term care decision tables to implement the development, notification, and implementation of the undue hardship waiver; and

- Change the long term care decision tables to accommodate the revised method of including annuities as assets.

Because this is a federal regulation, the Department must ensure that the changes are made in the system. Because maintenance hours can only be approved at this time by the Change Control Board, the only way to ensure they are completed is by receiving a defined appropriation.

Implementation Schedule:

Task	Month/Year
Clearance from Change Control Board	December 2006
Development and Application Change	March 2007 - May 2007
Test the System	May 2007 - June 2007
Implementation of Long Term Care Changes	July 2007

Calculations for Alternative's Funding:

FY 06-07 Supplemental Request				
(6) DHS Medicaid Funded Programs, (B) Office of Information Technology Services, Colorado Benefits Management System	Total Funds	General Fund	Cash Funds Exempt	Federal Funds
FY 06-07 Total (matches Column 4 of Schedule 6)	\$7,635,117	\$3,517,886	\$575,049	\$3,542,182
Supplemental Request (matches Column 3 of Schedule 6)	\$35,404	\$16,586	\$2,118	\$16,700
FY 06-07 Appropriation (matches Column 2 of Schedule 6)	\$7,599,713	\$3,501,300	\$572,931	\$3,525,482

Colorado Benefits Management System Development Costs			
Description	Hours	Hourly Cost	Total
Changes to Decision Tables			
Requirements Analysis	120	\$60.00	\$7,200
Decision Table Development	440	\$70.00	\$30,800
Testing	80	\$50.00	\$4,000
Application Changes by Contractor	400	\$150.00	\$60,000
Total Need	1,040	N/A	\$102,000
Department of Health Care Policy and Financing Portion (34.7%)	--	--	\$35,404

Impact on Other Areas of Government: Because the Department of Human Services holds the only contract with EDS for the Colorado Benefits Management System, the Department must transfer funds to the Department of Human Services, (B) Office of Information Technology, Colorado Benefits Management System line item to pay the contractor. All costs have been allocated assuming the CBMS calculator.

Fund Split for the Department of Human Services per the Colorado Benefits Management System Calculator					
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt*	Federal Funds
Supplemental Request	\$102,000	\$16,010	\$8,186	\$35,404	\$42,401

* Cash Funds Exempt in the Department of Human Services' figures above is a transfer of funds from the Department.

Assumptions for Calculations: The Department estimates that a total of 1,040 hours for programming and testing are needed for this update. The following is a breakdown by project: 400 hours for changing the current application at a hourly rate of \$150; 120 hours for requirements analysis at \$60/hour, 120 hours for decision table development at \$70/hour; and 80 hours for testing at \$50/hour. Hourly rates used in this calculation are from the Governor's Office of CBMS order of magnitude estimate, supplied to the Department on April 4, 2006. Funding splits are calculated using the Colorado Benefits Management System calculator, which is the only federally approved method for splitting funds between the Department and the Department of Human Services.

Concerns or Uncertainties of Alternative: The estimated number of hours and cost per hour are based on an estimate provided by the Office of CBMS; however, true costs may come in greater than requested. If this occurs, the departments will work together to see if any shortfall can be absorbed with existing maintenance hours.

Alternative B {Status quo; no change in funding; not recommended}:

General Description of Alternative: Alternative B would result in no increase in funding for the Department to implement the Colorado Benefits Management System changes required by the Deficit Reduction Act of 2005 regarding long-term care benefits.

Calculations for Alternative's Funding: No change in funding with this alternative.

Concerns or Uncertainties of Alternative: If the Department does not make the necessary changes to the Colorado Benefits Management System, the additional eligibility work required will shift to counties and medical assistance sites. This additional burden will most likely cause slow or inaccurate eligibility determinations, resulting in undue hardship for citizens that would qualify for medical assistance and an added expense for incorrect eligibility determinations. Money paid for individuals whose eligibility determinations are incorrect will have to be recouped by the State, which will cause additional expense. As a result, the Department may be subject to lawsuits, penalties, or the loss of federal financial participation. In addition, the Department would not be able to make accurate eligibility determinations.

Supporting Documentation

Analytical Technique: Return on Investment

Total State Investment*	Cost Avoidance
\$42,900	Non-compliance with the Deficit Reduction Act of 2005 may cause the Centers for Medicare and Medicaid Services to pull federal funding for all of the Department's Medicaid programs. The potential loss in FY 06-07 is \$1,622,333,441 in federal match funds.
	The Department may incur additional legal expenses if lawsuits are filed for inaccurate or slow eligibility determinations. Such expenses can be in the hundreds of thousands of dollars, or more.

* Includes General Fund, Cash Funds and Cash Funds Exempt in both the Department's and Department of Human Services' Budgets.

Quantitative Evaluation of Performance -
Compare all Alternatives:

Alternative A requests an additional \$102,000 in total funds between the two departments (excluding the double counting of funds) to implement changes in the Colorado Benefits Management System required by the Deficit Reduction Act of 2005. These changes would require \$32,596 in total General Fund between both the Department of Human Services and the Department. The cost of avoidance has the potential to cost \$1,622,333,441 in federal match funds, and possible legal fees if the State is sued for non-compliance.

Statutory and Federal Authority:

25.5-4-205, C.R.S. (2006) Application – verification of eligibility – demonstration project – rules – repeal. Authorizes the State to determine the eligibility status of potential Medicaid recipients.

Public Law 104-193 (8 U.S.C. 1612), Subtitle A, Eligibility for Federal Benefits SEC. 401 - Aliens Who Are Not Qualified Aliens Ineligible for Federal Public Benefits. (a) ... *Notwithstanding any other provision of law and except as provided in subsection (b), an*

alien who is not a qualified alien (as defined in section 431) is not eligible for any Federal public benefit (as defined in subsection (c)). (b) EXCEPTIONS.— (1) Subsection (a) shall not apply with respect to the following Federal public benefits: (A) Medical assistance under title XIX of the Social Security Act (or any successor program to such title) for care and services that are necessary for the treatment of an emergency medical condition (as defined in section 1903(v)(3) of such Act) of the alien involved and are not related to an organ transplant procedure, if the alien involved otherwise meets the eligibility requirements for medical assistance under the State plan approved under such title (other than the requirement of the receipt of aid or assistance under title IV of such Act, supplemental security income benefits under title XVI of such Act, or a State supplementary payment).

Department Objectives Met if Approved:

- 1.2 To support timely and accurate client eligibility determination.

- 1.5 To accurately project, report, and manage budgetary requirements to affect Executive and Legislative intent with program and budget development and operations. To accurately record and monitor expenditures for programs managed by the Department so there may be accurate financial reporting at all times.

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING - FY 06-07 CHANGE REQUEST

Schedule 6											
Change Request for FY 06-07											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	S-11			OSPB Approval:				Date:			
Program:	Finance Division			Statutory Citation:	25.5-5-318 (2) (a), C.R.S. (2006)						
Request Title:	Public School Health Services Federal Audit Compliance										
		1	2	3	4	5	6	7	8	9	10
		Prior-Year		Supplemental	Total	Base	Decision/	November 1	Budget	Total	Change
	Fund	Actual	Appropriation	Request	Revised	Request	Base	Request	Amendment	Revised	from Base
		FY 05-06	FY 06-07	FY 06-07	FY 06-07	FY 07-08	Reduction	FY 07-08	FY 07-08	FY 07-08	in Out Year
											FY 08-09
Total of All Line Items	Total	32,431,406	46,898,652	184,520	47,083,172	47,356,137	184,520	47,540,657	0	47,540,657	184,520
	FTE	194.35	226.70	0.00	226.70	226.90	0.00	226.90	0.00	226.90	0.00
	GF	6,280,279	6,493,748	0	6,493,748	6,931,815	0	6,931,815	0	6,931,815	184,520
	GFE	281	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	9,757,010	16,513,224	0	16,513,224	16,524,593	0	16,524,593	0	16,524,593	0
	FF	16,393,836	23,891,680	184,520	24,076,200	23,899,729	184,520	24,084,249	0	24,084,249	0
(1) Executive Director's Office, Personal Services	Total	13,785,054	15,362,691	384,520	15,747,211	15,821,148	384,520	16,205,668	0	16,205,668	384,520
	FTE	194.35	226.70	0.00	226.70	226.90	0.00	226.90	0.00	226.90	0.00
	GF	6,280,279	6,493,748	0	6,493,748	6,931,815	0	6,931,815	0	6,931,815	184,520
	GFE	281	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	507,578	506,203	0	506,203	517,572	0	517,572	0	517,572	0
	FF	6,996,916	8,362,740	384,520	8,747,260	8,371,761	384,520	8,756,281	0	8,756,281	200,000
(5) Other Medical Services, SB 97-101 Public School Health Services	Total	18,646,352	31,535,961	(200,000)	31,335,961	31,534,989	(200,000)	31,334,989	0	31,334,989	(200,000)
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	0	0	0	0	0	0	0	0	0	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	9,249,432	16,007,021	0	16,007,021	16,007,021	0	16,007,021	0	16,007,021	0
	FF	9,396,920	15,528,940	(200,000)	15,328,940	15,527,968	(200,000)	15,327,968	0	15,327,968	(200,000)
Letter Notation:	\$384,520 is from federal funds revenue earned in SB 97-101 Public School Health Services from claims submitted by the school districts.										
	\$184,520 is to be transferred to the Department of Education for its administrative costs associated with this program.										
Cash Fund name/number, Federal Fund Grant name:	CFE: Certification of Public Expenditures FF: Title XIX										
IT Request:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (If yes and request includes more than 500 programming hours, attach IT Project Plan)										
Request Affects Other Departments:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, List Other Departments Here: Department of Education										

CHANGE REQUEST for FY 06-07
EFFICIENCY AND EFFECTIVENESS ANALYSIS

SELECT ONE (click on box):

- Decision Item
- Base Reduction Item
- Supplemental Request
- Budget Request Amendment

Criterion: New Data
 Criterion:

Priority Number:	S-11
Change Request Title:	Public School Health Services Federal Audit Compliance
Long Bill Line Item(s)	(1) Executive Director’s Office, Personal Services; (5) Other Medical Services, SB 97 - 101 Public School Health Services
State and Federal Statutory Authority:	25.5-5-318 (2) (a), C.R.S. (2006), 42 C.F.R. Sec. 433.51

Summary of Request (Alternative A):

This Request seeks the following:

1. A transfer of \$200,000 in federal funds to the Executive Director’s Office, Personal Services line with a corresponding reduction to Other Medical Services, SB 97-101 School Based Health Services, in order to adopt the recommendations contained in an audit conducted by the Centers for Medicare and Medicaid Services from July to November 2004.
2. The elimination of the double-counted transfer of funds to the Department of Education for health care services that are paid directly to school districts.
3. A technical adjustment to transfer federal funding through the Department’s Personal Services line item in the amount of \$184,520 to appropriately draw the federal funds before they are transferred to the Department of Education for its administrative oversight of this program.

There is no General Fund impact.

Alternative A {Recommended alternative}:

Problem or Opportunity Description:

History of School Based Services Program

(5) Other Medical Services, SB 97-101 Public School Health Services line item in the Department's Budget reimburses authorized public school districts, Boards of Cooperative Education, and State K-12 educational institutions for qualified expenses. Allowable Medicaid expenses for this program, generated at the educational institutional level, are matched by the federal government at a 50% federal financial participation rate in Colorado.

The process used to earn this federal revenue is known as certification of public expenditures. Under the certification process, a public entity incurs costs for providing services to Medicaid clients which are allowable for reimbursement for federal matching funds. As such, the public entity, which in this case is most often a public school district, completes a certification form stating that it truly incurred these costs and submits this certification to the Department. This certification, which appears in the Department's budget as Cash Funds Exempt, serves as the State's portion of these Medicaid reimbursable expenditures. The State portion is then matched by Title XIX federal funds, and as the Single State Agency for Medicaid, these funds are drawn down through the Department's budget. The Department then passes this earned revenue back to the providers as reimbursement for 50% of the expenditures already incurred. As federal funding is a portion of this program's funding, the Public School Health Services program is subject to federal oversight by the Centers for Medicare and Medicaid Services.

In 2004, as part of the statewide revenue maximization contract with the Office of State Planning and Budgeting (OSPB), Public Consulting Group (PCG) was invited to review the Medicaid reimbursement rate-setting methodology for the School Health Services program. The purpose of this review was to determine if there was any opportunity to increase the reimbursement rates using all allowable costs and according to the method set forth in the Medicaid State Plan. The review identified several errors in the rate

calculation that unintentionally lowered the reimbursement rates paid to school districts. PCG corrected the errors and submitted a retroactive correction claim for FFY 02-03 and FFY 03-04 totaling over \$11 million in additional Medicaid reimbursement. The Centers for Medicare and Medicaid Services rejected this claim and Colorado is pursuing an appeal with the U.S. Health and Human Services appeals board. PCG's involvement with the appeals board appeal continued under the OSPB contract through FY 05-06, but this contract was subsequently transferred to the Department for continued management.

Results of Recent Federal Audit

Also in 2004, the Centers for Medicare and Medicaid Services performed an audit on the certification of public expenditures and a review of Colorado's Public School Health Services program. Among the recommendations submitted in its report, the Centers for Medicare and Medicaid Services requested that the State complete an annual reconciliation of interim payments reported on the certifications of public expenditures to actual incurred expenditures at the individual school level. This recommendation is to ensure that the State is only reimbursing providers for actual incurred costs according to federal requirements and as outlined in Colorado's State Plan.

In addition for the need to have an independent auditor review the certification process, the Centers for Medicare and Medicaid Services has recommended that the rates used in Colorado's Public School Health Services program be cost-based, district specific, and should incorporate an annual time study. The Centers for Medicare and Medicaid Services requests that Colorado provide more information showing that established rates for the program represent only actual costs incurred at the individual provider level, and substantiated this request by citing Attachment 4.19-B in the Colorado State Plan where the State established that it would assure rates only include incurred costs.

Budgeting across State Agencies

In the Department's budget, a small portion of the federal funds earned through the Public School Health Services program are not shown on in the (5) Other Medical Services, SB 97-101 Public School Health Services line item. This is apparent in the fund splits for this appropriation, as the total funding is not twice the amount of the federal match in this

line. Rather, the Department has received an appropriation for the remaining federal funds in appropriations where the funding is spent, including: Personal Services, Operating Expenses, and the Medicaid Management Information System Contract line items. What is not included in any of these federal fund amounts appropriated to other line items is the funding for the Department of Education's internal administration costs, equal to \$184,520.

In the FY 06-07 Long Bill (HB 06-1385), the Department of Education currently has an appropriation for \$15,713,461 in Cash Funds Exempt funding under its Long Bill group (2) Assistance to Public Schools, (C) Grant Programs and Other Distributions, School Health Services line item. This appropriation has a letternote "e" attached to it, noting that funding shall be from the Tobacco Litigation Settlement Cash Fund. Of this total amount, the Department knows that \$184,520 is appropriated to support internal administrative functions at the Department of Education, and the remaining \$15,528,941 is for informational purposes to show how much funding is passed along to the schools.

General Description of Alternative:

This Request is for an appropriation of \$200,000 in federal funds to the (1) Executive Director's Office, Personal Services line item, and a corresponding reduction in the (5) Other Medical Services, SB 97-101 Public School Health Services appropriation. These funds are to comply with audit recommendations. Additionally, this Request is to eliminate an informational transfer of funds to the Department of Education in the amount of \$15,528,941. Lastly, this request is for an increase of \$184,520 in federal funds to the Department's Personal Services line to appropriately draw the federal funds in the Single State Agency before they are transferred to the Department of Education, as this funding does not currently appear anywhere in the Department's budget.

There is no General Fund impact.

Fund Audit Recommendations

As a result of recent Centers for Medicare and Medicaid Services (CMS) audit findings, the Department has hired PCG to assist with developing an updated School Health Services rate setting methodology, specifically in the areas of district-specific rates and a

cost settlement process to compare actual costs to payments made to participating School Health Services providers. PCG's scope of work also includes planning and administering time studies to support the rate-setting, assisting the Department in drafting a revised State Plan Amendment that includes all proposed changes to the School Health Services rate-setting methodology, and training of school staff. Further responsibilities include defining allowable costs and setting requirements for client eligibility, providing assistance in the certification of the public expenditures process, and developing a transition plan and training to both Department and school staff. Lastly, based on audit findings presented to the Department by the Centers for Medicare and Medicaid Services, PCG is also to develop the audit process and materials to facilitate program reviews at the school level in order to insure compliance.

As the combined departments' administrative costs are well within the 10% limit as required by 25.5-5-318 (8) (b), C.R.S. (2006), this Request seeks to re-appropriate \$200,000 in federal funding, by reducing the federal funds in the SB 97-101 Public School Health Services appropriation, and increasing the Personal Services appropriation by the like amount. If approved, the Department will be able to pay PCG from the (1) Executive Director's Office, Personal Services appropriation, rather than the (5) Other Medical Services, SB 97-101 School Based Health Services appropriation, keeping like costs together for contractors.

For FY 06-07, the Department has awarded PCG a sole source contract for this work, with a start date of October 1, 2006. In 2004, as part of the statewide revenue maximization contract with the Office of State Planning and Budget, Public Consulting Group was invited to review the Medicaid reimbursement rate-setting methodology for the School Health Services program. The purpose of this review was to determine if there was any opportunity to increase the reimbursement rates using all allowable costs and according to the method set forth in the Medicaid State Plan. Public Consulting Group was also asked to develop school based health rates prospectively for FY 05-06, and provisional rates have been established with the results of time studies conducted by Public Consulting Group.

Based on this experience, Public Consulting Group (PCG) has gained a comprehensive understanding of the rate-setting process. This consultant was uniquely positioned to work with the Department based on the previous work with Colorado's School Health Services program and their expertise in working with the Centers of Medicare and Medicaid Services in other states. The Department expects that with Public Consulting Group's assistance, pertinent methodology and processes that will be developed in FY 06-07 will position the Department to release a request for proposals for a new vendor in FY 07-08. Public Consulting Group's history with the Department and the work they have completed to date on rate revision, time study activities, and their past and potential contributions to the appeals board are critical to the continued improvement and compliance of the School Health Services Program.

Eliminate Transfer of Medical Services Funding

As shown in the Calculations for Alternative's Funding, the Department of Education's budget indicates that it receives \$15,713,461 in Cash Funds Exempt for FY 06-07, per HB 06-1385 (pages 71-72). Of this amount, the Department of Education requires \$184,520 to fund its administrative costs. The remaining \$15,528,941 in federal funds is paid directly to school districts by the Department of Health Care Policy and Financing. Apparently, showing the \$15,528,941 as Cash Funds Exempt in the Department of Education's budget is for informational purposes. However, this transfer creates a budgetary double count that serves no purpose other than to be informational, since the Department of Education does not actually distribute this money. The Department is therefore requesting that this double count be eliminated. This request is based largely on recent actions by the Joint Budget Committee to eliminate several Cash Funds Exempt line items in order to decrease double counting in the State budget.

Transfer of Department of Education’s Administration Funding

As stated in the Problem or Opportunity Description above, all Medicaid allowable expenditures at the educational institution level are reimbursable at a 50% federal financial participation rate. However, if one was to look at the current appropriation for SB 97-101 Public School Health Services, it is apparent that the fund splits in this budgetary line are not at 50% Cash Funds Exempt and 50% federal funds. This is because 25.5-5-318 (8) (b), C.R.S. (2006) states that allowable state administrative costs for contracts for both the Department and the Department of Education can be compensated with earned federal revenue, so long as this amount does not exceed ten percent of the total federal funds in the program.

The chart below outlines the development of fund splits within the (5) Other Medical Services, SB 97-101 Public School Health Services line item. As can be seen below, the amount of federal funds deducted from the earned federal match does include funding for administration costs at the Department of Education.

FY 06-07 Base Request for SB 97-101 Public School Health Services			
	Total Funds	Cash Funds Exempt*	Federal Funds
Anticipated Expenditures at the Educational Institution Level	\$32,014,041	\$16,007,021	\$16,007,020
Carve-out of Administrative Costs			
Personal Services	\$99,060	\$0	\$99,060
Operating Expenses	\$1,478	\$0	\$1,478
Medicaid Management Information Services Contract	\$193,022	\$0	\$193,022
Administration at the Department of Education	\$184,520	\$0	\$184,520
Appropriation for Reimbursement to Educational Institutions	\$31,535,961	\$16,007,021	\$15,528,940

* Aside from \$100,854 from Tobacco Tax revenue, Cash Funds Exempt represents expenditures at the educational institution level and is therefore not additional revenue for the institutions. All federal funding for the administrative carve-outs are appropriated as federal funds in the indicated line items.

However, an appropriation of the \$184,520 federal funds is not outlined above, and cannot be found anywhere in the Department’s Long Bill. This funding should show up in the Department’s (1) Executive Director’s Office, Personal Services appropriation, with a letternote that it be transferred to the Department of Education as Cash Funds

Exempt, however, this does not exist. While this funding is already earned federal revenue from school claims, and is already deducted from the (5) Other Medical Services, SB 97-101 Public School Health Services appropriation, it still should be accounted for in Department's budget. Because the Department is the Single State Agency and must authorize all Medicaid federal funds before delegation to another agency, the Department is therefore asking for this technical adjustment.

Calculations for Alternative's Funding:

Summary of Request FY 06-07 Matches Schedule 6 and Recommended Request	Total Funds	Cash Funds Exempt	Federal Funds
Total Request FY 06-07 (Column 3)	\$184,520	\$0	\$184,520
(1) Executive Director's Office – Personal Services	\$384,520	\$0	\$384,520
(5) Other Medical Services – SB 97-101 Public School Health Services	(\$200,000)	\$0	(\$200,000)

Breakdown of Contractor Costs	
Define allowable costs, client eligibility requirements, and assist in drafting and defending State Plan Amendment	\$25,000
Perform statewide random moment time study	\$40,000
Assessment of direct and indirect cost, create templates to incorporate old and new data sources, and analysis of rates across school districts	\$70,000
Assist in the certification of public expenditure process, provide transition plan and training to new employees	\$65,000
Total FY 06-07 Need	\$200,000

Impact on Other Areas of Government: The Department of Education's budget will be affected.

Department of Education Budget Impact	Total Funds	General Fund	Cash Funds Exempt	Federal Funds
S.B. 97-101 Public School Health Services (HB 06-1385, page 40)	\$15,713,461	\$0	\$15,713,461	\$0
Removal of Funds for Schools - Paid directly from the Department of Health Care Policy and Financing to school districts	(\$15,528,941)	\$0	(\$15,528,941)	\$0
Net Remaining for FY 07-08 Budget Request with corrected letternote	\$184,520	\$0	\$184,520*	\$0

*This amount shall be from federal Medicaid funds transferred from the Department of Health Care Policy and Financing for administrative expenditures incurred by the Department of Education.

Assumptions for Calculations:

To comply with federal audit findings, the Department has already hired Public Consulting Group for \$200,000 based on their estimate in response to the requirements outlined by the Centers for Medicare and Medicaid Services (CMS). This amount was estimated based on the following work needing completion:

It was assumed that \$25,000 would be required to define Medicaid allowable costs at the school level, set requirements for client eligibility, and assist the Department in drafting and defending a State Plan Amendment to the federal Centers for Medicare and Medicaid Services. As recently as July 2006, the Department received notification of denial from CMS for modification to the reimbursement methodology in this program through a State Plan Amendment. Therefore, this funding also includes support for challenging federal disallowances and the U.S. Health and Human Services appeals board, in addition to funding updates to the State Plan each year for new CMS guidelines and revisions to include a cost based reconciliation.

In addition, contractor costs include \$40,000 to conduct a statewide random moment time study. This statewide study will take place over roughly twelve weeks, and will generate the necessary data to assist in producing reimbursement rates.

To develop district specific rates based on cost and in accordance with the revised State Plan Amendment, the Department estimates that this effort will require \$70,000 and will entail assessing indirect and direct costs, creating templates to incorporate old and new data sources, and preparing an analysis of the impact between old and new rates across all school districts.

Finally, funding includes \$65,000 for the contractor to assist the Department and providers in the certification of public expenditures process, providing a transition plan and training to employees of the Department on an on-going basis, and allow for general consulting to maintain the program within federal guidelines. PCG will submit a State Plan Amendment (SPA) by March 31, 2007, that will clarify School Health Services

Program benefits and make any necessary changes to the reimbursement methodology for associated providers.

The Department also is requesting that the \$184,520¹ that is carved out of the (5) Other Medical Services, SB 97-101 Public School Health Services line item be appropriated to the Personal Services line item as 100% federal funds, with a letternote that it is transferred to the Department of Education. This would then account for all federal funds received for this program in the Department's budget, and would ensure that the Department can oversee all Title XIX federal funding.

Lastly, the Department requests that the \$15,528,941² that appears in the Department of Education's (2) Assistance to Public Schools, (C) Grant Programs and Other Distributions, School Health Services line item be eliminated as this sister agency does not actually distribute these funds; and therefore, this provides another area in the State's entire budget that has double counting of funds. The \$184,520 remaining in this appropriation should continue for the administrative costs that the Department of Education should experience.

Concerns or Uncertainties of Alternative: None.

Alternative B {Status quo; no change in funding; not recommended}:

General Description of Alternative: This alternative would maintain current funding levels in the SB 97-101 Public School Health Services appropriation, and not appropriate some of the federal funds revenue generated from the certification of public expenditure process to the Department's Personal Services appropriation.

¹ Joint Budget Committee Figure Setting, March 13, 2006, page 221

² H.B. 06-1385 Long Bill Appropriation (page 40) minus the above administrative costs of \$184,520

The Department has hired a contractor to address recommendations made by the Centers for Medicare and Medicaid Services as outlined in Alternative A. However, proceeding without a specific budget action would force the Department to spend directly from the Public School Health Services line, which does not provide for budget transparency for administrative expenditures. As the Department is well below the 10% statutory allowance for administration costs of this program, the Department has sufficient room to accommodate this need within the existing appropriation. The FY 06-07 administrative amounts for this program currently total to \$478,080 and include: \$99,060 in Personal Services, \$1,478 in Operating Expenses, \$193,022 in Medicaid Management Information Systems Contract, and \$184,520 transferred to the Department of Education.

Considering actual expenditures in the SB 97-101 School Based Health Services appropriation were equal to \$18,646,352 in FY 05-06, which is a shortened fiscal year due to the passage of SB 06-129 (Cash Accounting Bill), current administration is only 2.6% of the program line ($\$478,080 / \$18,646,352 = 2.6\%$). Including an additional \$200,000 for a contractor will therefore increase administration expenditures to 3.6%.

Alternative B also would continue to transfer the medical services funding, which are 100% federal funds in the Department's budget, to the Department of Education as Cash Funds Exempt. This continues to double count over \$15 million in the State's budget.

Lastly, this alternative would not appropriate the administrative dollars needed by the Department of Education, equal to \$184,520 in federal revenue, to the Department's (1) Executive Director's Office, Personal Services appropriation. This alternative also does not request that a letternote be added to the Department's Personal Services appropriation, stating that these funds be transferred to the Department of Education, nor does it allow for the Single State Agency for Medicaid to transparently draw all Title XIX federal funds in Colorado.

Calculations for Alternative's Funding: No change in funding with this alternative.

Concerns or Uncertainties of Alternative: Unlike all other administration associated with this program, where the federal revenue has been appropriated to the appropriate line items within the Department’s budget, and corresponding federal revenue has been carved out of the SB 97-101 Public School Health Services appropriation, this alternative would leave some administrative costs lumped in with the reimbursement passed along to the school districts. This alternative would also continue to omit the level of clarity that should be included in the Department’s budget regarding the administration costs associated with this program.

Supporting Documentation

Analytical Technique: Please see the Cost – Benefit Analysis below.

Quantitative Evaluation of Performance -

Alternative	General Fund Cost	Benefit
A	\$0	The Department has hired PCG to address audit recommendations by the Centers for Medicare and Medicaid Services and would pay for all expenditures related to these services out of the Department’s (1) Executive Director’s Office, Personal Services appropriation. Under this alternative, budget clarity would be supported by reporting all administration for the School Based Health Services program outside of the SB 97-101 School Based Health Services line item, which has typically only denoted actual reimbursement to the schools. In addition, this alternative would add \$184,520 in federal funds to the Department’s Personal Services appropriation, with a letternote indicating that this funding is transferred to the Department of Education. With the addition of these funds and letternote, the Department’s budget would more accurately reflect the costs associated with administering the School Based Health Services program.
B	\$0	Under this alternative, costs associated with hiring PCG to address the Centers for Medicare and Medicaid Services would be reported in (5) Other Medical Services, SB 97-101 Public School Health Services line item. This would mix administrative costs together with the amount of funding being reimbursed to the schools themselves. This alternative would also maintain a double count of \$15,528,941 in the State budget pertaining to funds that the Department of Education does not distribute. Lastly, Alternative B would also continue to exclude \$184,520 federal funds in the Department’s budget; thereby, not allowing the Single State Agency for Medicaid to transparently draw these Title XIX federal funds.

Statutory and Federal Authority:

25.5-5-318 (2) (a), C.R.S. (2006) Health Services – Provision by School Districts. *Any school district may contract with the state department under this section to receive federal matching funds for amounts spent in providing health services through the public schools to students who are receiving Medicaid benefits pursuant to this article.*

42 C.F.R. Section 433.51 Public funds as the State share of financial participation. - *(a) Public funds may be considered as the State's share in claiming FFP if they meet the conditions specified in paragraphs (b) and (c) of this section. (b) The public funds are appropriated directly to the State or local Medicaid agency, or transferred from other public agencies (including Indian tribes) to the State or local agency and under its administrative control, or certified by the contributing public agency as representing expenditures eligible for FFP under this section. (c) The public funds are not Federal funds, or are Federal funds authorized by Federal law to be used to match other Federal funds.*

Department Objectives Met if Approved:

1.5 To accurately project, report, and manage budgetary requirements to affect Executive and Legislative intent with program and budget development and operations. To accurately record and monitor expenditures for programs managed by the Department so there may be accurate financial reporting at all times.

2.3 To audit expenditures for fraud, abuse, client eligibility, and accuracy in third party payments both internally and with the use of contingency contractors.

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING - FY 06-07 and FY 07-08 BUDGET REQUEST

Schedule 6											
Change Request for FY 06-07 and FY 07-08											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	NP-S1, NP-BA1			OSPB Approval:				Date:			
Program:	Executive Director's Office			Statutory Citation:	25.5-1-104, C.R.S. (2006)						
Request Title:	Workers' Compensation Common Policy Adjustments										
		1	2	3	4	5	6	7	8	9	10
		Prior-Year		Supplemental	Total	Base	Decision/			Total	Change
		Actual	Appropriation	Request	Revised	Request	Base	Reduction	November 1	Budget	Revised
	Fund	FY 05-06	FY 06-07	FY 06-07	FY 06-07	FY 07-08	FY 07-08	FY 07-08	Request	Amendment	Request
									FY 07-08	FY 07-08	FY 08-09
Total of All Line Items	Total	39,404	42,834	(17,074)	25,760	44,831	0	44,831	(20,414)	24,417	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	19,702	21,417	(8,537)	12,880	22,416	0	22,416	(10,207)	12,209	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	19,702	21,417	(8,537)	12,880	22,415	0	22,415	(10,207)	12,208	0
(1) Executive Director's Office, Workers' Compensation	Total	39,404	42,834	(17,074)	25,760	44,831	0	44,831	(20,414)	24,417	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	19,702	21,417	(8,537)	12,880	22,416	0	22,416	(10,207)	12,209	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	19,702	21,417	(8,537)	12,880	22,415	0	22,415	(10,207)	12,208	0
Letter Notation:											
Cash Fund name/number, Federal Fund Grant name:											
IT Request:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (If yes and request includes more than 500 programming hours, attach IT Project Plan)										
Request Affects Other Departments:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Department of Personnel and Administration										

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING - FY 06-07 and FY 07-08 BUDGET REQUEST

Schedule 6											
Change Request for FY 06-07 and FY 07-08											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	NP-S2, NP-BA2			OSPB Approval:				Date:			
Program:	Executive Director's Office			Statutory Citation:	25.5-1-104, C.R.S. (2006)						
Request Title:	Payments to Risk Management and Property Funds Common Policy Adjustments										
		1	2	3	4	5	6	7	8	9	10
		Prior-Year		Supplemental	Total	Base	Decision/		Budget	Total	Change
		Actual	Appropriation	Request	Revised	Request	Base	November 1	Amendment	Revised	from Base
	Fund	FY 05-06	FY 06-07	FY 06-07	FY 06-07	FY 07-08	Reduction	Request	FY 07-08	FY 07-08	in Out Year
							FY 07-08	FY 07-08			FY 08-09
Total of All Line Items	Total	21,976	58,143	43,676	101,819	78,288	0	78,288	18,436	96,724	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	10,988	29,072	21,838	50,910	39,144	0	39,144	9,218	48,362	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	10,988	29,071	21,838	50,909	39,144	0	39,144	9,218	48,362	0
(1) Executive Director's Office, Payments to Risk Management and Property Funds	Total	21,976	58,143	43,676	101,819	78,288	0	78,288	18,436	96,724	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	10,988	29,072	21,838	50,910	39,144	0	39,144	9,218	48,362	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	10,988	29,071	21,838	50,909	39,144	0	39,144	9,218	48,362	0
Letter Notation:											
Cash Fund name/number, Federal Fund Grant name:											
IT Request:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (If yes and request includes more than 500 programming hours, attach IT Project Plan)										
Request Affects Other Departments:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Department of Personnel and Administration										

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING - FY 06-07 and FY 07-08 BUDGET REQUEST

Schedule 6											
Change Request for FY 06-07 and FY 07-08											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	NP-S3, NP-BA3			OSPB Approval:				Date:			
Program:	Executive Director's Office			Statutory Citation:	25.5-1-104, C.R.S. (2006)						
Request Title:	Capitol Complex Leased Space Common Policy Adjustments										
		1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 05-06	Appropriation FY 06-07	Supplemental Request FY 06-07	Total Revised Request FY 06-07	Base Request FY 07-08	Decision/ Base Reduction FY 07-08	November 1 Request FY 07-08	Budget Amendment FY 07-08	Total Revised Request FY 07-08	Change from Base in Out Year FY 08-09
Total of All Line Items	Total	332,915	344,022	32,857	376,879	361,021	0	361,021	28,977	389,998	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	166,458	172,011	16,429	188,440	180,511	0	180,511	14,488	194,999	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	166,457	172,011	16,428	188,439	180,510	0	180,510	14,489	194,999	0
(1) Executive Director's Office, Capitol Complex Leased Space	Total	332,915	344,022	32,857	376,879	361,021	0	361,021	28,977	389,998	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	166,458	172,011	16,429	188,440	180,511	0	180,511	14,488	194,999	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	166,457	172,011	16,428	188,439	180,510	0	180,510	14,489	194,999	0
Letter Notation:											
Cash Fund name/number, Federal Fund Grant name:											
IT Request:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (If yes and request includes more than 500 programming hours, attach IT Project Plan)										
Request Affects Other Departments:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Department of Personnel and Administration										

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING - FY 06-07 BUDGET REQUEST

Schedule 6											
Change Request for FY 06-07											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	NP-S4			OSPB Approval:				Date:			
Program:	Executive Director's Office			Statutory Citation:	25.5-4-204, and 24-30-1606 C.R.S. (2006)						
Request Title:	Purchases of Services from Computer Center Common Policy Adjustment										
		1	2	3	4	5	6	7	8	9	10
		Prior-Year		Supplemental	Total	Base	Decision/	November 1	Budget	Total	Change
		Actual	Appropriation	Request	Revised	Request	Base	Request	Amendment	Revised	from Base
	Fund	FY 05-06	FY 06-07	FY 06-07	FY 06-07	FY 07-08	Reduction	FY 07-08	FY 07-08	FY 07-08	in Out Year
											FY 08-09
Total of All Line Items	Total	93,083	94,815	(94,815)	0	19,310	0	19,310	0	19,310	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	30,307	31,173	(31,173)	0	7,986	0	7,986	0	7,986	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	16,235	16,235	(16,235)	0	3,337	0	3,337	0	3,337	0
	FF	46,541	47,407	(47,407)	0	7,987	0	7,987	0	7,987	0
(1) Executive Director's Office, Purchases of Services from Computer Center	Total	93,083	94,815	(94,815)	0	19,310	0	19,310	0	19,310	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	30,307	31,173	(31,173)	0	7,986	0	7,986	0	7,986	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	16,235	16,235	(16,235)	0	3,337	0	3,337	0	3,337	0
	FF	46,541	47,407	(47,407)	0	7,987	0	7,987	0	7,987	0
Letter Notation:											
Cash Fund name/number, Federal Fund Grant name:											
IT Request:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (If yes and request includes more than 500 programming hours, attach IT Project Plan)										
Request Affects Other Departments:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Department of Personnel and Administration										

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING - FY 06-07 BUDGET REQUEST

Schedule 6											
Change Request for FY 06-07											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	NP-S5			OSPB Approval:				Date:			
Program:	Executive Director's Office			Statutory Citation:	24-30-1002 though 1003, and 25.5-1-107(1)(a), C.R.S. (2008)						
Request Title:	Administrative Law Judge Common Policy Adjustment										
		1	2	3	4	5	6	7	8	9	10
		Prior-Year		Supplemental	Total	Base	Decision/	November 1	Budget	Total	Change
		Actual	Appropriation	Request	Revised	Request	Base	Request	Amendment	Revised	from Base
	Fund	FY 05-06	FY 06-07	FY 06-07	FY 06-07	FY 07-08	Reduction	FY 07-08	FY 07-08	FY 07-08	FY 08-09
Total of All Line Items	Total	505,921	540,855	(159,925)	380,930	398,743	0	398,743	0	398,743	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	252,961	270,428	(79,963)	190,465	199,372	0	199,372	0	199,372	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	252,960	270,427	(79,962)	190,465	199,371	0	199,371	0	199,371	0
(1) Executive Director's Office, Administrative Law Judge Services	Total	505,921	540,855	(159,925)	380,930	398,743	0	398,743	0	398,743	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	252,961	270,428	(79,963)	190,465	199,372	0	199,372	0	199,372	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	252,960	270,427	(79,962)	190,465	199,371	0	199,371	0	199,371	0
Letter Notation:											
Cash Fund name/number, Federal Fund Grant name:											
IT Request:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (If yes and request includes more than 500 programming hours, attach IT Project Plan)										
Request Affects Other Departments:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Department of Personnel and Administration										

Schedule 6												
Supplemental Request for FY 06-07 and FY 07-08												
Department:	Health Care Policy and Financing				Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	NP-S6, NP-BA4				OSPB Approval:				Date:			
Program:	See Department of Public Health and Environment Request				Statutory Citation:	See Department of Public Health and Environment Request						
Request Title:	DPHE - Adjustment to Medicaid State / Federal Funds											
		1	2	3	4	5	6	7	8	9	10	
		Prior-Year		Supplemental	Total	Base	Decision/	November 1	Budget	Total	Change	
		Actual	Appropriation	Request	Revised	Request	Base	Request	Amendment	Revised	from Base	
	Fund	FY 05-06	FY 06-07	FY 06-07	FY 06-07	FY 07-08	Reduction	FY 07-08	FY 07-08	FY 07-08	in Out Year	
							FY 07-08	FY 07-08		FY 07-08	FY 08-09	
Total of All Line Items	Total	3,816,393	4,304,925	0	4,304,925	4,440,452	0	4,440,452	0	4,440,452	0	
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	GF	1,016,971	1,142,007	128,011	1,270,018	1,166,229	0	1,166,229	128,011	1,294,240	128,011	
	GFE	0	0	0	0	0	0	0	0	0	0	
	CF	0	0	0	0	0	0	0	0	0	0	
	CFE¹	0	0	0	0	0	0	0	0	0	0	
	FF	2,799,422	3,162,918	(128,011)	3,034,907	3,274,223	0	3,274,223	(128,011)	3,146,212	(128,011)	
(1) Executive Director's Office, Department of Public Health and Environment Facility Survey and Certification	Total	3,816,393	4,304,925	0	4,304,925	4,440,452	0	4,440,452	0	4,440,452	0	
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	GF	1,016,971	1,142,007	128,011	1,270,018	1,166,229	0	1,166,229	128,011	1,294,240	128,011	
	GFE	0	0	0	0	0	0	0	0	0	0	
	CF	0	0	0	0	0	0	0	0	0	0	
	CFE	0	0	0	0	0	0	0	0	0	0	
	FF	2,799,422	3,162,918	(128,011)	3,034,907	3,274,223	0	3,274,223	(128,011)	3,146,212	(128,011)	
Letter Notation:												
Cash Fund name/number, Federal Fund Grant name:	FF: Title XIX											
IT Request:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (If yes and request includes more than 500 programming hours, attach IT Project Plan)											
Request Affects Other Departments:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, List Other Departments Here: Department of Public Health and Environment											

Schedule 6											
Supplemental Request for FY 06-07											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	NP-S7			OSPB Approval:				Date:			
Program:	See Department of Human Services Request			Statutory Citation:	See Department of Human Services Request						
Request Title:	DHS - Implement Bendex Modernization										
		1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 05-06	Appropriation FY 06-07	Supplemental Request FY 06-07	Total Revised Request FY 06-07	Base Request FY 07-08	Decision/ Base Reduction FY 07-08	November 1 Request FY 07-08	Budget Amendment FY 07-08	Total Revised Request FY 07-08	Change from Base in Out Year FY 08-09
	Fund										
Total of All Line Items	Total	8,845,849	7,599,713	61,217	7,660,930	7,272,396	0	7,272,396	0	7,272,396	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	4,365,127	3,501,300	28,678	3,529,978	3,349,194	0	3,349,194	0	3,349,194	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE¹	272,159	572,931	3,663	576,594	552,000	0	552,000	0	552,000	0
	FF	4,208,563	3,525,482	28,876	3,554,358	3,371,202	0	3,371,202	0	3,371,202	0
(6) DHS Medicaid Funded Programs - (B) Office of Information Technology Services - Colorado Benefits Management System	Total	8,845,849	7,599,713	61,217	7,660,930	7,272,396	0	7,272,396	0	7,272,396	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	4,365,127	3,501,300	28,678	3,529,978	3,349,194	0	3,349,194	0	3,349,194	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	272,159	572,931	3,663	576,594	552,000	0	552,000	0	552,000	0
	FF	4,208,563	3,525,482	28,876	3,554,358	3,371,202	0	3,371,202	0	3,371,202	0
1) Of the requested amount \$3,346 is from the Children's Basic Health Plan Trust Fund, and \$317 is from the Old Age Pension Fund.											
Letter Notation:											
Cash Fund name/number, Federal Fund Grant name:				CFE: Children's Basic Health Plan Trust Fund, Old Age Pension Fund FF: Title XIX and Title XXI							
IT Request: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (If yes and request includes more than 500 programming hours, attach IT Project Plan)											
Request Affects Other Departments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				If Yes, List Other Departments Here:				Department of Human Services			

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING - FY 06-07 and FY 07-08 BUDGET REQUEST

Schedule 6											
Change Request for FY 06-07 and FY 07-08											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	NP-S8, NP-BA5			OSPB Approval:				Date:			
Program:	See Department of Human Services Request			Statutory Citation:	See Department of Human Services Request						
Request Title:	DHS - Division of Mental Health TRCCF and PRTF Program Implementation										
		1	2	3	4	5	6	7	8	9	10
		Prior-Year		Supplemental	Total	Base	Decision/	November 1	Budget	Total	Change
		Actual	Appropriation	Request	Revised	Request	Base	Request	Amendment	Revised	from Base
	Fund	FY 05-06	FY 06-07	FY 06-07¹	FY 06-07	FY 07-08	Reduction	FY 07-08	FY 07-08	FY 07-08	in Out Year
											FY 08-09
Total of All Line Items	Total	510,799	487,777	(261,205)	226,572	487,777	(393,696)	94,081	23,383	117,464	(370,313)
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	46,371	34,278	0	34,278	34,278	0	34,278	697	34,975	697
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	209,029	209,611	(130,602)	79,009	209,611	(196,848)	12,763	11,343	24,106	(185,505)
	FF	255,399	243,888	(130,603)	113,285	243,888	(196,848)	47,040	11,343	58,383	(185,505)
(6) Department of Human Services - Medicaid Funded Programs, (F) Mental Health and Alcohol and Drug Abuse Services, Residential Treatment for Youth (H.B. 99-1166)	Total	510,799	487,777	(261,205)	226,572	487,777	(393,696)	94,081	23,383	117,464	(370,313)
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	46,371	34,278	0	34,278	34,278	0	34,278	697	34,975	697
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	209,029	209,611	(130,602)	79,009	209,611	(196,848)	12,763	11,343	24,106	(185,505)
	FF	255,399	243,888	(130,603)	113,285	243,888	(196,848)	47,040	11,343	58,383	(185,505)
¹ This request is restating an approved 1331 Emergency Supplemental on September 20, 2006 for a reduction of \$393,697. The new net reduction is shown in column 3 above.											
Letter Notation:											
Cash Fund name/number, Federal Fund Grant name:				FF: Title XIX							
IT Request: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (If yes and request includes more than 500 programming hours, attach IT Project Plan)											
Request Affects Other Departments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				If Yes, List Other Departments Here:				Department of Human Services			

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING - FY 06-07 and FY 07-08 BUDGET REQUEST

Schedule 6											
Change Request for FY 06-07 and FY 07-08											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	NP-S9, NP-BA6			OSPB Approval:				Date:			
Program:	See Department of Human Services Request			Statutory Citation:	See Department of Human Services Request						
Request Title:	DHS - Local Match Replaced by State Match of General Fund										
		1	2	3	4	5	6	7	8	9	10
		Prior-Year		Supplemental	Total	Base	Decision/	November 1	Budget	Total	Change
		Actual	Appropriation	Request	Revised	Request	Base	Request	Amendment	Revised	from Base
	Fund	FY 05-06	FY 06-07	FY 06-07	FY 06-07	FY 07-08	Reduction	FY 07-08	FY 07-08	FY 07-08	in Out Year
											FY 08-09
Total of All Line Items	Total	15,662,668	24,281,838	0	24,281,838	24,281,838	0	24,281,838	0	24,281,838	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	0	0	7,607,945	7,607,945	0	0	0	7,607,945	7,607,945	7,607,945
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	7,831,334	12,140,919	(7,607,945)	4,532,974	12,140,919	0	12,140,919	(7,607,945)	4,532,974	(7,607,945)
	FF	7,831,334	12,140,919	0	12,140,919	12,140,919	0	12,140,919	0	12,140,919	0
(6) Department of Human Services - Medicaid Funded Programs, (G) Services for People with Developmental Disabilities, Federally-matched Local Program Costs	Total	15,662,668	24,281,838	0	24,281,838	24,281,838	0	24,281,838	0	24,281,838	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	0	0	7,607,945	7,607,945	0	0	0	7,607,945	7,607,945	7,607,945
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	7,831,334	12,140,919	(7,607,945)	4,532,974	12,140,919	0	12,140,919	(7,607,945)	4,532,974	(7,607,945)
	FF	7,831,334	12,140,919	0	12,140,919	12,140,919	0	12,140,919	0	12,140,919	0
Letter Notation:											
Cash Fund name/number, Federal Fund Grant name:				FF: Title XIX							
IT Request: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (If yes and request includes more than 500 programming hours, attach IT Project Plan)											
Request Affects Other Departments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				If Yes, List Other Departments Here:				Department of Human Services			

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING - FY 06-07 and FY 07-08 BUDGET REQUEST

Schedule 6											
Change Request for FY 06-07 and FY 07-08											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	NP-S10, NP-BA7			OSPB Approval:				Date:			
Program:	See Department of Human Services Request			Statutory Citation:	See Department of Human Services Request						
Request Title:	DHS - Mental Health Institute RTC Funding Correction										
		1	2	3	4	5	6	7	8	9	10
		Prior-Year		Supplemental	Total	Base	Decision/	November 1	Budget	Total	Change
		Actual	Appropriation	Request	Revised	Request	Base	Request	Amendment	Revised	from Base
	Fund	FY 05-06	FY 06-07	FY 06-07	FY 06-07	FY 07-08	Reduction	FY 07-08	FY 07-08	FY 07-08	in Out Year
											FY 08-09
Total of All Line Items	Total	3,911,062	4,946,108	(677,770)	4,268,338	4,946,108	0	4,946,108	(677,770)	4,268,338	(677,770)
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	1,955,531	2,473,054	(338,885)	2,134,169	2,473,054	0	2,473,054	(338,885)	2,134,169	(338,885)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	1,955,531	2,473,054	(338,885)	2,134,169	2,473,054	0	2,473,054	(338,885)	2,134,169	(338,885)
(6) Department of Human Services - Medicaid Funded Programs, (F) Mental Health and Alcohol and Drug Abuse Services, Mental Health Institutes	Total	3,911,062	4,946,108	(677,770)	4,268,338	4,946,108	0	4,946,108	(677,770)	4,268,338	(677,770)
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	1,955,531	2,473,054	(338,885)	2,134,169	2,473,054	0	2,473,054	(338,885)	2,134,169	(338,885)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	1,955,531	2,473,054	(338,885)	2,134,169	2,473,054	0	2,473,054	(338,885)	2,134,169	(338,885)
Letter Notation:											
Cash Fund name/number, Federal Fund Grant name:	FF: Title XIX										
IT Request:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (If yes and request includes more than 500 programming hours, attach IT Project Plan)										
Request Affects Other Departments:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, List Other Departments Here: Department of Human Services										

Schedule 6											
Change Request for FY 06-07 and FY 07-08											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	NP-S11, NP-BA8			OSPB Approval:				Date:			
Program:	See Department of Human Services Request			Statutory Citation:	See Department of Human Services Request						
Request Title:	DHS - Salary Survey Adjustment										
		1	2	3	4	5	6	7	8	9	10
		Prior-Year		Supplemental	Total	Base	Decision/	November 1	Budget	Total	Change
		Actual	Appropriation	Request	Revised	Request	Base	Request	Amendment	Revised	from Base
	Fund	FY 05-06	FY 06-07	FY 06-07	FY 06-07	FY 07-08	Reduction	Request	FY 07-08	FY 07-08	in Out Year
							FY 07-08	FY 07-08	FY 07-08	FY 07-08	FY 08-09
Total of All Line Items	Total	2,617,313	10,129,288	(355,444)	9,773,844	11,437,573	0	11,437,573	355,444	11,793,017	355,444
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	1,308,657	5,062,597	(177,879)	4,884,718	5,717,020	0	5,717,020	177,879	5,894,899	177,879
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	1,308,656	5,066,691	(177,565)	4,889,126	5,720,553	0	5,720,553	177,565	5,898,118	177,565
(6) Department of Human Services - Medicaid Funded Programs, (A) Executive Director's Office - Medicaid Funding	Total	2,617,313	10,129,288	(355,444)	9,773,844	11,437,573	0	11,437,573	355,444	11,793,017	355,444
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	1,308,657	5,062,597	(177,879)	4,884,718	5,717,020	0	5,717,020	177,879	5,894,899	177,879
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	1,308,656	5,066,691	(177,565)	4,889,126	5,720,553	0	5,720,553	177,565	5,898,118	177,565
Letter Notation:											
Cash Fund name/number, Federal Fund Grant name:	FF: Title XIX										
IT Request:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (If yes and request includes more than 500 programming hours, attach IT Project Plan)										
Request Affects Other Departments:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, List Other Departments Here: Department of Human Services										

Schedule 6											
Change Request for FY 06-07											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	NP-S12			OSPB Approval:				Date:			
Program:	See Department of Human Services Request			Statutory Citation:	See Department of Human Services Request						
Request Title:	DHS - Refinance Developmental Disabilities Medicaid Waiver Transition Costs										
		1	2	3	4	5	6	7	8	9	10
		Prior-Year		Supplemental	Total	Base	Decision/	November 1	Budget	Total	Change
		Actual	Appropriation	Request	Revised	Request	Base	Request	Amendment	Revised	from Base
	Fund	FY 05-06	FY 06-07	FY 06-07	FY 06-07	FY 07-08	Reduction	FY 07-08	FY 07-08	FY 07-08	in Out Year
											FY 08-09
Total of All Line Items	Total	225,053,262	248,194,905	421,765	248,616,670	252,042,444	0	252,042,444	0	252,042,444	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	112,463,867	124,034,816	210,883	124,245,699	125,958,586	0	125,958,586	0	125,958,586	0
	GFE	34,673	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	18,705	32,364	0	32,364	32,364	0	32,364	0	32,364	0
	FF	112,536,017	124,127,725	210,882	124,338,607	126,051,494	0	126,051,494	0	126,051,494	0
(6) Department of Human Services - Medicaid Funded Programs, (G) Services for People with Developmental Disabilities, Community Services Waiver Transition Cost (new line)	Total	225,053,262	248,194,905	421,765	248,616,670	252,042,444	0	252,042,444	0	252,042,444	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	112,463,867	124,034,816	210,883	124,245,699	125,958,586	0	125,958,586	0	125,958,586	0
	GFE	34,673	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	18,705	32,364	0	32,364	32,364	0	32,364	0	32,364	0
	FF	112,536,017	124,127,725	210,882	124,338,607	126,051,494	0	126,051,494	0	126,051,494	0
Letter Notation:											
Cash Fund name/number, Federal Fund Grant name:	FF: Title XIX										
IT Request: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (If yes and request includes more than 500 programming hours, attach IT Project Plan)											
Request Affects Other Departments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, List Other Departments Here:	Department of Human Services										

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING - FY 06-07 CHANGE REQUEST

Schedule 6											
Change Request for FY 06-07											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	NP-S13			OSPB Approval:				Date:			
Program:	See Department of Human Services Request			Statutory Citation:	See Department of Human Services Request						
Request Title:	DHS - HLD/STD Shift in Pay Date										
		1	2	3	4	5	6	7	8	9	10
		Prior-Year		Supplemental	Total	Base	Decision/	November 1	Budget	Total	Change
	Fund	Actual	Appropriation	Request	Revised	Request	Base	Request	Amendment	Revised	from Base
		FY 05-06	FY 06-07	FY 06-07	FY 06-07	FY 06-07	FY 07-08	FY 07-08	FY 07-08	FY 07-08	in Out Year
											FY 08-09
Total of All Line Items	Total	2,617,313	10,129,288	(292,933)	9,836,355	11,437,573	0	11,437,573	0	11,437,573	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	1,308,657	5,062,597	(146,571)	4,916,026	5,717,020	0	5,717,020	0	5,717,020	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	1,308,656	5,066,691	(146,362)	4,920,329	5,720,553	0	5,720,553	0	5,720,553	0
(6) Department of Human Services - Medicaid Funded Programs, (A) Executive Director's Office	Total	2,617,313	10,129,288	(292,933)	9,836,355	11,437,573	0	11,437,573	0	11,437,573	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	1,308,657	5,062,597	(146,571)	4,916,026	5,717,020	0	5,717,020	0	5,717,020	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	1,308,656	5,066,691	(146,362)	4,920,329	5,720,553	0	5,720,553	0	5,720,553	0
Letter Notation:											
Cash Fund name/number, Federal Fund Grant name:	Federal Funds: Title XIX										
IT Request:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (If yes and request includes more than 500 programming hours, attach IT Project Plan)										
Request Affects Other Departments:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, List Other Departments Here: Department of Human Services										

Schedule 6											
Change Request for FY 06-07 and FY 07-08											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	NP-S14, NP-BA9			OSPB Approval:				Date:			
Program:	See Department of Human Services Request			Statutory Citation:	See Department of Human Services Request						
Request Title:	DHS - PASSAR contract in error at 50% federal fund, should be 25% federal fund										
		1	2	3	4	5	6	7	8	9	10
		Prior-Year		Supplemental	Total	Base	Decision/	November 1	Budget	Total	Change
		Actual	Appropriation	Request	Revised	Request	Base	Request	Amendment	Revised	from Base
	Fund	FY 05-06	FY 06-07	FY 06-07	FY 06-07	FY 07-08	Reduction	FY 07-08	FY 07-08	FY 07-08	in Out Year
											FY 08-09
Total of All Line Items	Total	225,053,262	248,194,905	0	248,194,905	252,042,444	0	252,042,444	0	252,042,444	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	112,463,867	124,034,816	(386)	124,034,430	125,958,586	0	125,958,586	(386)	125,958,200	(386)
	GFE	34,673	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	18,705	32,364	0	32,364	32,364	0	32,364	0	32,364	0
	FF	112,536,017	124,127,725	386	124,128,111	126,051,494	0	126,051,494	386	126,051,880	386
(6) Department of Human Services - Medicaid Funded Programs, (G) Services for People with	Total	225,053,262	248,194,905	0	248,194,905	252,042,444	0	252,042,444	0	252,042,444	0
Developmental Disabilities, Community Services	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Adult Program Costs and CCMS	GF	112,463,867	124,034,816	(386)	124,034,430	125,958,586	0	125,958,586	(386)	125,958,200	(386)
Replacement	GFE	34,673	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	18,705	32,364	0	32,364	32,364	0	32,364	0	32,364	0
	FF	112,536,017	124,127,725	386	124,128,111	126,051,494	0	126,051,494	386	126,051,880	386
Letter Notation:											
Cash Fund name/number, Federal Fund Grant name:	Federal Funds: Title XIX										
IT Request:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (If yes and request includes more than 500 programming hours, attach IT Project Plan)										
Request Affects Other Departments:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, List Other Departments Here: Department of Human Services										

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING - FY 06-07 CHANGE REQUEST

Schedule 6											
Change Request for FY 06-07											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	NP-S15			OSPB Approval:				Date:			
Program:	See Department of Human Services Request			Statutory Citation:	See Department of Human Services Request						
Request Title:	DHS - Vehicle Reconciliation										
		1	2	3	4	5	6	7	8	9	10
		Prior-Year		Supplemental	Total	Base	Decision/	November 1	Budget	Total	Change
		Actual	Appropriation	Request	Revised	Request	Base	Request	Amendment	Revised	from Base
	Fund	FY 05-06	FY 06-07	FY 06-07	FY 06-07	FY 07-08	Reduction	Request	FY 07-08	FY 07-08	in Out Year
							FY 07-08	FY 07-08	FY 07-08	FY 07-08	FY 08-09
Total of All Line Items	Total	5,032,450	5,313,761	(43,993)	5,269,768	6,029,886	0	6,029,886	0	6,029,886	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	2,516,225	2,656,881	(21,996)	2,634,885	3,014,943	0	3,014,943	0	3,014,943	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	2,516,225	2,656,880	(21,997)	2,634,883	3,014,943	0	3,014,943	0	3,014,943	0
(6) Department of Human Services - Medicaid Funded Programs - (C) Office of Operations	Total	5,032,450	5,313,761	(43,993)	5,269,768	6,029,886	0	6,029,886	0	6,029,886	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	2,516,225	2,656,881	(21,996)	2,634,885	3,014,943	0	3,014,943	0	3,014,943	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	2,516,225	2,656,880	(21,997)	2,634,883	3,014,943	0	3,014,943	0	3,014,943	0
Letter Notation:											
Cash Fund name/number, Federal Fund Grant name:	Federal Funds: Title XIX										
IT Request:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (If yes and request includes more than 500 programming hours, attach IT Project Plan)										
Request Affects Other Departments:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, List Other Departments Here: Department of Human Services										

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING - FY 06-07 and FY 07-08 BUDGET REQUEST

Schedule 6											
Change Request for FY 06-07 and FY 07-08											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	NP-S16, NP-BA10			OSPB Approval:				Date:			
Program:	See Department of Human Services Request			Statutory Citation:	See Department of Human Services Request						
Request Title:	DHS - Risk Management										
		1	2	3	4	5	6	7	8	9	10
		Prior-Year		Supplemental	Total	Base	Decision/	November 1	Budget	Total	Change
		Actual	Appropriation	Request	Revised	Request	Base	Request	Amendment	Revised	from Base
	Fund	FY 05-06	FY 06-07	FY 06-07	FY 06-07	FY 07-08	Reduction	Request	FY 07-08	FY 07-08	in Out Year
							FY 07-08	FY 07-08		FY 07-08	FY 08-09
Total of All Line Items	Total	2,617,313	10,129,288	52,403	10,181,691	11,437,573	0	11,437,573	(6,830)	11,430,743	(6,830)
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	1,308,657	5,062,597	26,202	5,088,799	5,717,020	0	5,717,020	(3,415)	5,713,605	(3,415)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	1,308,656	5,066,691	26,201	5,092,892	5,720,553	0	5,720,553	(3,415)	5,717,138	(3,415)
(6) Department of Human Services - Medicaid Funded Programs, (A) Executive Director's Office	Total	2,617,313	10,129,288	52,403	10,181,691	11,437,573	0	11,437,573	(6,830)	11,430,743	(6,830)
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	1,308,657	5,062,597	26,202	5,088,799	5,717,020	0	5,717,020	(3,415)	5,713,605	(3,415)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	1,308,656	5,066,691	26,201	5,092,892	5,720,553	0	5,720,553	(3,415)	5,717,138	(3,415)
Letter Notation:											
Cash Fund name/number, Federal Fund Grant name:	Federal Funds: Title XIX										
IT Request:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (If yes and request includes more than 500 programming hours, attach IT Project Plan)										
Request Affects Other Departments:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, List Other Departments Here: Department of Human Services										

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING - FY 06-07 and FY 07-08 BUDGET REQUEST

Schedule 6											
Change Request for FY 06-07 and FY 07-08											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	NP-S17, NP-BA11			OSPB Approval:				Date:			
Program:	See Department of Human Services Request			Statutory Citation:	See Department of Human Services Request						
Request Title:	DHS - Worker's Compensation										
		1	2	3	4	5	6	7	8	9	10
		Prior-Year		Supplemental	Total	Base	Decision/ Base	November 1	Budget	Total	Change
	Fund	Actual	Appropriation	Request	Revised	Request	Reduction	Request	Amendment	Revised	from Base
		FY 05-06	FY 06-07	FY 06-07	FY 06-07	FY 07-08	FY 07-08	FY 07-08	FY 07-08	FY 07-08	in Out Year FY 08-09
Total of All Line Items	Total	2,617,313	10,129,288	198,285	10,327,573	11,437,573	0	11,437,573	623,379	12,060,952	623,379
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	1,308,657	5,062,597	99,143	5,161,740	5,717,020	0	5,717,020	311,690	6,028,710	311,690
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	1,308,656	5,066,691	99,142	5,165,833	5,720,553	0	5,720,553	311,689	6,032,242	311,689
(6) Department of Human Services - Medicaid Funded Programs, (A) Executive Director's Office	Total	2,617,313	10,129,288	198,285	10,327,573	11,437,573	0	11,437,573	623,379	12,060,952	623,379
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	1,308,657	5,062,597	99,143	5,161,740	5,717,020	0	5,717,020	311,690	6,028,710	311,690
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	1,308,656	5,066,691	99,142	5,165,833	5,720,553	0	5,720,553	311,689	6,032,242	311,689
Letter Notation:											
Cash Fund name/number, Federal Fund Grant name:	Federal Funds: Title XIX										
IT Request: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	(If yes and request includes more than 500 programming hours, attach IT Project Plan)										
Request Affects Other Departments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If Yes, List Other Departments Here: Department of Human Services										

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING - FY 06-07 CHANGE REQUEST

Schedule 6											
Change Request for FY 06-07											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	NP-S18			OSPB Approval:				Date:			
Program:	See Department of Human Services Request			Statutory Citation:	See Department of Human Services Request						
Request Title:	DHS - GGCC										
		1	2	3	4	5	6	7	8	9	10
		Prior-Year		Supplemental	Total	Base	Decision/	November 1	Budget	Total	Change
		Actual	Appropriation	Request	Revised	Request	Base	Request	Amendment	Revised	from Base
	Fund	FY 05-06	FY 06-07	FY 06-07	FY 06-07	FY 07-08	Reduction	FY 07-08	FY 07-08	FY 07-08	in Out Year
											FY 08-09
Total of All Line Items	Total	420,850	401,742	(575)	401,167	406,241	0	406,241	0	406,241	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	210,425	200,871	(287)	200,584	203,121	0	203,121	0	203,121	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	210,425	200,871	(288)	200,583	203,120	0	203,120	0	203,120	0
(6) Department of Human Services - Medicaid Funded Programs, (B) Office of Information Technology Services, Other Office of Information Technology Services	Total	420,850	401,742	(575)	401,167	406,241	0	406,241	0	406,241	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	210,425	200,871	(287)	200,584	203,121	0	203,121	0	203,121	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	210,425	200,871	(288)	200,583	203,120	0	203,120	0	203,120	0
Letter Notation:											
Cash Fund name/number, Federal Fund Grant name:	Federal Funds: Title XIX										
IT Request:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (If yes and request includes more than 500 programming hours, attach IT Project Plan)										
Request Affects Other Departments:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, List Other Departments Here: Department of Human Services										

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING - FY 06-07 CHANGE REQUEST

Schedule 6											
Change Request for FY 06-07											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 4, 2007		
Priority Number:	NP-S19			OSPB Approval:				Date:			
Program:	See Department of Human Services Request			Statutory Citation:	See Department of Human Services Request						
Request Title:	DHS - Multi Use Network										
		1	2	3	4	5	6	7	8	9	10
		Prior-Year		Supplemental	Total	Base	Decision/	November 1	Budget	Total	Change
		Actual	Appropriation	Request	Revised	Request	Base	Request	Amendment	Revised	from Base
	Fund	FY 05-06	FY 06-07	FY 06-07	FY 06-07	FY 07-08	Reduction	FY 07-08	FY 07-08	FY 07-08	in Out Year
											FY 08-09
Total of All Line Items	Total	420,850	401,742	(13,398)	388,344	406,241	0	406,241	0	406,241	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	210,425	200,871	(6,699)	194,172	203,121	0	203,121	0	203,121	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	210,425	200,871	(6,699)	194,172	203,120	0	203,120	0	203,120	0
(6) Department of Human Services - Medicaid Funded Programs, (B) Office of Information Technology Services, Other Office of Information Technology Services	Total	420,850	401,742	(13,398)	388,344	406,241	0	406,241	0	406,241	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	210,425	200,871	(6,699)	194,172	203,121	0	203,121	0	203,121	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	210,425	200,871	(6,699)	194,172	203,120	0	203,120	0	203,120	0
Letter Notation:											
Cash Fund name/number, Federal Fund Grant name:	Federal Funds: Title XIX										
IT Request:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (If yes and request includes more than 500 programming hours, attach IT Project Plan)										
Request Affects Other Departments:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, List Other Departments Here: Department of Human Services										