

**Final Consolidated Schedule 7
Summary of FY 07-08 Change Requests**

Department Name: Health Care Policy and Financing

Submission Date: January 24, 2007

Total Impact of FY 07-08 Change Requests \$217,985,746 20.80 \$86,584,717 \$8,907 \$19,481,347 \$111,910,775

Schedule 7 Priority	January 24 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	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	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	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	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	N/A	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	N/A	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	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	BA-3	N/A	N/A	Adjustments to Fixed Price for Medicaid Management Information System Contract in FY 07-08	No	(\$1,450,102)	0.00	(\$287,341)	\$0	(\$2,083)	(\$1,160,678)
9	BA-4	N/A	N/A	Premiums Assistance Program in the Children's Basic Health Plan	Yes	\$244,078	0.00	\$29,757	\$0	\$66,996	\$147,325
10	N/A	N/A	DI - 5	Increase Funding for Commercial Leased Space	No	\$222,808	0.00	\$111,404	\$0	\$0	\$111,404
11	N/A	N/A	DI - 6	Provider Rate Increases	No	\$14,212,732	0.00	\$7,009,313	\$0	\$138,113	\$7,065,306
12	N/A	N/A	DI - 9	Public School Health Services Federal Corrections	No	\$184,520	0.00	\$0	\$0	\$0	\$184,520
13	N/A	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
14	N/A	N/A	DI - 11	Technical Adjustment to Old Age Pension State Medical Program	No	\$725,468	0.00	\$0	\$0	\$725,468	\$0
15	N/A	N/A	DI - 12	Internal Audit of Primary Care Fund	No	\$0	0.00	\$0	\$0	\$0	\$0
16	N/A	N/A	DI - 13	Technical Correction to FTE Count	No	\$0	12.80	\$0	\$0	\$0	\$0
Subtotal						\$207,164,550	20.80	\$73,249,733	\$8,907	\$27,244,089	\$106,661,821
FY 07-08 Base Reduction Items											
1	N/A	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	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)

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Total Impact of FY 07-08 Change Requests					\$217,985,746	20.80	\$86,584,717	\$8,907	\$19,481,347	\$111,910,775	
Schedule 7 Priority	January 24 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	N/A	NP - 1	DHS - Regional Centers Staffing Shortfalls	No	\$478,783	0.00	\$239,391	\$0	\$0	\$239,392
2	N/A	N/A	NP - 2	DHS - Population Impacts on Contract Placements	No	\$536,314	0.00	\$268,157	\$0	\$0	\$268,157
3	N/A	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	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	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	N/A	NP - 6	DHS - Child Welfare Services Block Increases	No	\$383,193	0.00	\$191,597	\$0	\$0	\$191,596
7	N/A	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	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	N/A	NP - 9	DPHE - Implementation of HB 06S-1023	No	\$135	0.00	\$68			\$67
10	N/A	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	N/A	NP - 11	DHS - CBMS Hardware - Disaster Recovery	No	\$195,215	0.00	\$91,452	\$0	\$11,679	\$92,084
12	N/A	N/A	NP - 12	DHS - Vehicle Replacement State-wide	No	\$22,223	0.00	\$11,112	\$0	\$0	\$11,111
13	N/A	N/A	NP - 13	DHS - Multi-use Network Payment State-wide	No	(\$1,458)	0.00	(\$729)	\$0	\$0	(\$729)
14	N/A	N/A	NP - 14	DHS - HIPAA - Security Remediation Maintenance Costs	No	\$44,475	0.00	\$22,238	\$0	\$0	\$22,237
15	N/A	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	NP - BA1	N/A	Workers' Compensation Common Policy Adjustments	No	(\$20,414)	0.00	(\$10,207)	\$0	\$0	(\$10,207)
17	NP - BA2	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	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	NP - BA4	N/A	DPHE - Adjustment to Medicaid State / Federal Funds	No	\$0	0.00	\$128,011	\$0	\$0	(\$128,011)
20	NP - BA5	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	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	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	NP - BA8	N/A	DHS - Salary Survey Adjustment	No	\$355,444	0.00	\$177,879	\$0	\$0	\$177,565
24	NP - BA9	NP - BA9	N/A	DHS - PASARR contract in error at 50% federal fund, should be 25% federal fund	No	\$0	0.00	(\$386)	\$0	\$0	\$386
25	NP - BA10	NP - BA10	N/A	DHS - Risk Management	No	(\$6,830)	0.00	(\$3,415)	\$0	\$0	(\$3,415)
26	NP - BA11	NP - BA11	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						\$217,985,746	20.80	\$86,584,717	\$8,907	\$19,481,347	\$111,910,775

Schedule 8
Summary of FY 07-08 Stand Alone Budget Request Amendments

Department Name: Health Care Policy and Financing

Submission Date: January 24, 2007

Number of Prioritized Stand Alone Budget Amendments: 2

Priority#	Page #	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 Stand Alone Budget Request Amendments									
BA-3	BA.3-1	Adjustment Fixed Price for Medicaid Management Information System Contract in FY 07-08	No	(\$1,450,102)	0.00	(\$287,341)	\$0	(\$2,083)	(\$1,160,678)
BA-4	BA.4-1	Premium Assistance Program in the Children's Basic Health Plan	Yes	\$244,078	0.00	\$29,757	\$0	\$66,996	\$147,325
FY 07-08 Stand Alone Budget Request Amendments Subtotal						(\$257,584)	\$0	\$64,913	(\$1,013,353)
GRAND TOTAL FY 07-08 Stand Alone Budget Request Amendments						(\$257,584)	\$0	\$64,913	(\$1,013,353)

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

Schedule 6												
Change Request for FY 07-08												
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 24, 2007			
Priority Number:	BA - 3			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:	Adjustments to Fixed Price for Medicaid Management Information System Contract in FY 07-08											
		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	21,737,076	23,185,837	0	23,185,837	22,937,942	0	22,937,942	(1,450,102)	21,487,840	(1,140,563)	
	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	0	5,486,108	5,442,455	0	5,442,455	(287,341)	5,155,114	(212,278)	
	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	(2,083)	609,457	1,167	
	FF	16,087,164	17,069,870	0	17,069,870	16,883,947	0	16,883,947	(1,160,678)	15,723,269	(929,452)	
(1) Executive Director's Office, Medicaid Management Information System Contract	Total	21,737,076	23,185,837	0	23,185,837	22,937,942	0	22,937,942	(1,450,102)	21,487,840	(1,140,563)	
	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	0	5,486,108	5,442,455	0	5,442,455	(287,341)	5,155,114	(212,278)	
	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	(2,083)	609,457	1,167	
	FF	16,087,164	17,069,870	0	17,069,870	16,883,947	0	16,883,947	(1,160,678)	15,723,269	(929,452)	
* Of the CFE requested in Column 9, \$221,933 is from the Children's Basic Health Plan Trust Fund, \$133 is from the Breast and Cervical Cancer Prevention and Treatment Fund, \$1,885 is from the Autism Treatment Fund, \$97,981 is from the Old Age Pension Health and Medical Care Fund, \$284,899 is from the Health Care Expansion Fund, and \$2,626 is transferred from the Department of Public Health and Environment.												
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 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	X	No									

CHANGE REQUEST for FY 07-08
EFFICIENCY AND EFFECTIVENESS ANALYSIS

SELECT ONE (click on box):

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

Criterion:
 Criterion: New Data

Priority Number:	BA-3
Change Request Title:	Adjustments to Fixed Price for Medicaid Management Information System Contract in FY 07-08
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]

Summary of Request (Alternative A): This Request is for a base reduction of \$1,450,102 total funds for the Medicaid Management Information System contract line item due to recent results of a State and federal mandate for reprourement. In addition, this Request seeks to revise fund splits appropriated for the Drug Rebate Analysis and Management System.

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. The move toward a fixed price contract was the result of three managed care organizations leaving the Medicaid market in FY 02-03. The loss of these providers caused prior health maintenance organization clients to transition into a fee-for-service environment. And as fee-for-service claims increased, the costs to the Department increased correspondingly.

Faced with increasing medical claims costs, the Department reduced the amount of additional funds needed 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.

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 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.

Prior to FY 07-08, the items which were not considered as part of the fixed price 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, and all 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 monthly 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. The following table shows the total fixed price 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

The Department has contracted with Affiliated Computer Services to perform as the State's fiscal agent since December 1, 1998, and has exercised every optional one-year extension allowable under federal regulations to extend the current contract through November 30, 2006. While this contract was anticipated to end at this time, the Department did not believe it prudent to pursue MMIS reprocurement during the implementation of the Colorado Benefits Management. Therefore, the Department sought an extension on the reprocurement timeline. Based on these efforts, on January 13, 2006, the Department received written approval from the Centers for Medicare and Medicaid Services for an extension of the current contract through November 30, 2007.

General Description of Alternative:

This Request is for a reduction of \$1,450,102 to the FY 07-08 Base Request for the Medicaid Management Information System contract line item.

Over the last four fiscal years, the Department has been able to better control medical claims processing costs through the use of fixed price contracting for the Medicaid Management Information System. The new fixed price agreement negotiated by the Department for the FY 07-08 Medicaid Management Information System contract will move three prior non-fixed priced items to the fixed price component category. These three items include: the Drug Rebate Analysis and Management System, unspecified pharmacy prior authorization reviews, and HB 05-1262 pharmacy prior authorization reviews. The only remaining non-fixed price item under the new contract will be postage.

While moving the three aforementioned items from the non-fixed price category to the fixed price category increased the obligations under the fixed price agreement, utilizing the competitive bid process, the Department reduced the FY 07-08 contract by \$1,450,102. Tables A and B below provide an itemized description of funding, and how that funding has changed since the Department's November 1, 2006 Request.

In addition to requesting \$1,450,102 less, this Request also seeks to modify the Department's FY 07-08 Base Request for this line item for funding appropriated to maintain the Drug Rebate Analysis and Management System (DRAMS). Funding for the Drug Rebate Analysis and Management System was appropriated in the Long Bill (HB 06-1385) for FY 06-07 assuming a 75% federal financial participation rate. Based on a letter received from the Centers for Medicare and Medicaid Services on June 15, 2006, federal funding will only be available for 50% of the total expenditures for this subsystem. Therefore, this Request seeks to increase General Fund by \$75,000, with a corresponding reduction to federal funds.

Calculations for Alternative's Funding:

(1) Executive Director's Office Medicaid Management Information System Contract				
Summary of Request FY 07-08 Matches Schedule 6 and Recommended Request	Total Funds	General Fund	Cash Funds Exempt	Federal Funds
FY 07-08 Total Need	\$21,487,840	\$5,155,114	\$609,457	\$15,723,269
FY 07-08 Budget Request Amendment	(\$1,450,102)	(\$287,341)	(\$2,083)	(\$1,160,678)
FY 07-08 Base Request	\$22,937,942	\$5,442,455	\$611,540	\$16,883,947

Table A: Breakdown of Fixed Price Components for FY 07-08	FY 07-08 Base	FY 07-08 Need	Difference Total Funds	FFP	General Fund	Cash Funds Exempt	Federal Funds
Base Operations – Medicaid	\$19,750,090	\$18,306,484	(\$1,443,606)	75%*	(\$362,144)	\$0	(\$1,081,462)
Base Operations – Children's Basic Health Plan	\$640,046	\$634,094	(\$5,952)	65%*	\$0	(\$2,605)	(\$3,347)
Community Transition for the Elderly	\$300	\$0	(\$300)	75%	(\$75)	\$0	(\$225)
Breast and Cervical Cancer Prevention and Treatment Program	\$2,136	\$2,136	\$0	75%	\$0	\$0	\$0
Nurse Home Visitor Claims	\$9,388	\$9,388	\$0	75%	\$0	\$0	\$0
Autism Claims and Prior Authorization Reviews	\$5,318	\$5,318	\$0	75%	\$0	\$0	\$0
Orthodontia Prior Authorization Reviews	\$96,220	\$96,220	\$0	50%	\$0	\$0	\$0
Old Age Pension State Medical Program Claims	\$97,981	\$97,981	\$0	0%	\$0	\$0	\$0
School Based Health Claims	\$193,022	\$193,022	\$0	100%	\$0	\$0	\$0
HB 05-1262 Claims and Disk Maintenance	\$0	\$1,027,842	\$1,027,842	75%	(\$279)	\$257,761	\$770,360
HB 05-1262 Pharmacy Prior Authorization Reviews	\$0	\$54,833	\$54,833	50%	\$0	\$27,417	\$27,416
Drug Rebate and Analysis Management System	\$0	\$300,000	\$300,000	50%	\$150,000	\$0	\$150,000
Unspecified Pharmacy Prior Authorization Reviews	\$0	\$409,145	\$409,145	50%	\$204,572	\$0	\$204,573
Total Fixed Price (Sum of Items Above)	\$20,794,501	\$21,136,463	\$341,962		(\$7,926)	\$282,573	\$67,315

*Note: Current fund splits in the FY 07-08 Base are not exactly at the 75% and 65% FFP rates. Therefore, the calculated fund splits for these two rows include the following adjustments: Base Operations – Medicaid: General Fund decreased by \$1,242 and federal funds increased by the same amount, and Base Operations – Children's Basic Health Plan: Cash Funds Exempt decreased by \$522, and federal funds increased by the same amount.

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

Table B: Breakdown of Non-Fixed Price Components for FY 07-08	FY 07-08 Base	FY 07-08 Need	Difference Total Funds	FFP	General Fund	Cash Funds Exempt	Federal Funds
HB 05-1262 Claims and Disk Maintenance	\$1,027,842	\$0	(\$1,027,842)	75%	\$279	(\$257,239)	(\$770,882)
HB 05-1262 Pharmacy Prior Authorization Reviews	\$54,833	\$0	(\$54,833)	50%	\$0	(\$27,417)	(\$27,416)
Drug Rebate and Analysis Management System	\$300,000	\$0	(\$300,000)	75%	(\$75,000)	\$0	(\$225,000)
Unspecified Pharmacy Prior Authorization Reviews	\$409,389	\$0	(\$409,389)	50%	(\$204,694)	\$0	(\$204,695)
Postage	\$351,377	\$351,377	\$0	50%	\$0	\$0	\$0
Total Non-Fixed Price (Sum of Items Above)	\$2,143,441	\$351,377	(\$1,792,064)		(\$279,415)	(\$284,656)	(\$1,227,993)

Table C: Net Reduction for FY 07-08	FY 07-08 Base	FY 07-08 Need	Difference Total Funds	FFP	General Fund	Cash Funds Exempt	Federal Funds
Total Fixed Price (Table A)	\$20,794,501	\$21,136,463	\$341,962	blended	(\$7,926)	\$282,573	\$67,315
Total Non-Fixed Price (Table B)	\$2,143,441	\$351,377	(\$1,792,064)	blended	(\$279,415)	(\$284,656)	(\$1,227,993)
Total Contract / Difference	\$22,937,942	\$21,487,840	(\$1,450,102)		(\$287,341)	(\$2,083)	(\$1,160,678)

Table D: Breakdown of Fixed Price Components for FY 08-09	FY 07-08 Base	FY 08-09 Need	Difference Total Funds	FFP	General Fund	Cash Funds Exempt	Federal Funds
Base Operations – Medicaid	\$19,750,090	\$18,606,737	(\$1,143,353)	75%*	(\$287,081)	\$0	(\$856,272)
Base Operations – Children’s Basic Health Plan	\$640,046	\$643,380	\$3,334	65%*	\$0	\$645	\$2,689
Community Transition for the Elderly	\$300	\$0	(\$300)	75%	(\$75)	\$0	(\$225)
Breast and Cervical Cancer Prevention and Treatment Program	\$2,136	\$2,136	\$0	75%	\$0	\$0	\$0
Nurse Home Visitor Claims	\$9,388	\$9,388	\$0	75%	\$0	\$0	\$0
Autism Claims and Prior Authorization Reviews	\$5,318	\$5,318	\$0	75%	\$0	\$0	\$0
Orthodontia Prior Authorization Reviews	\$96,220	\$96,220	\$0	50%	\$0	\$0	\$0
Old Age Pension State Medical Program Claims	\$97,981	\$97,981	\$0	0%	\$0	\$0	\$0
School Based Health Claims	\$193,022	\$193,022	\$0	100%	\$0	\$0	\$0
HB 05-1262 Claims and Disk Maintenance	\$0	\$1,027,842	\$1,027,842	75%	(\$279)	\$257,761	\$770,360
HB 05-1262 Pharmacy Prior Authorization Reviews	\$0	\$54,833	\$54,833	50%	\$0	\$27,417	\$27,416
Drug Rebate and Analysis Management System	\$0	\$300,000	\$300,000	50%	\$150,000	\$0	\$150,000
Unspecified Pharmacy Prior Authorization Reviews	\$0	\$409,145	\$409,145	50%	\$204,572	\$0	\$204,573
Total Fixed Price (Sum of Items Above)	\$20,794,501	\$21,446,002	\$651,501		\$67,137	\$285,823	\$298,541

*Note: Current fund splits in the FY 07-08 Base are not exactly at the 75% and 65% FFP rates. Therefore, the calculated fund splits for these two rows include the following adjustments: Base Operations – Medicaid: General Fund decreased by \$1,242 and federal funds increased by the same amount, and Base Operations – Children’s Basic Health Plan: Cash Funds Exempt decreased by \$522, and federal funds increased by the same amount.

Table E: Breakdown of Non-Fixed Price Components for FY 08-09	FY 07-08 Base	FY 08-09 Need	Difference Total Funds	FFP	General Fund	Cash Funds Exempt	Federal Fund
HB 05-1262 Claims and Disk Maintenance	\$1,027,842	\$0	(\$1,027,842)	75%	\$279	(\$257,239)	(\$770,882)
HB 05-1262 Pharmacy Prior Authorization Reviews	\$54,833	\$0	(\$54,833)	50%	\$0	(\$27,417)	(\$27,416)
Drug Rebate and Analysis Management System	\$300,000	\$0	(\$300,000)	75%	(\$75,000)	\$0	(\$225,000)
Unspecified Pharmacy Prior Authorization Reviews	\$409,389	\$0	(\$409,389)	50%	(\$204,694)	\$0	(\$204,695)
Postage	\$351,377	\$351,377	\$0	50%	\$0	\$0	\$0
Total Non-Fixed Price (Sum of Items Above)	\$2,143,441	\$351,377	(\$1,792,064)		(\$279,415)	(\$284,656)	(\$1,227,993)

Table F: Net Reduction for FY 08-09	FY 07-08 Base	FY 08-09 Need	Difference Total Funds	FFP	General Fund	Cash Funds Exempt	Federal Fund
Total Fixed Price (Table A)	\$20,794,501	\$21,446,002	\$651,501	blended	\$67,137	\$285,823	\$298,541
Total Non-Fixed Price (Table B)	\$2,143,441	\$351,377	(\$1,792,064)	blended	(\$279,415)	(\$284,656)	(\$1,227,993)
Total Contract / Difference	\$22,937,942	\$21,797,379	(\$1,140,563)		(\$212,278)	\$1,167	(\$929,452)

Impact on Other Areas of Government: None

Assumptions for Calculations:

Postage costs allocated in the Medicaid Management Information System contract are the same amount allocated in FY 06-07 because the Department is not aware of any future increases in postage rates at this time.

Funding for each fixed price component under the Medicaid Management Information System contract were based on negotiations by the Department and fiscal agent as a result of the procurement process.

Table A above calculates the changes to fixed price as a result of the above mentioned negotiations. All components in this table are outlined individually as many have specific funding sources and federal financial participation rates that are uniquely appropriated. Table B above calculates the changes to non-fixed price components in like manner. Table C combines the effects of Table A and Table B, resulting in the FY 07-08 reduced need, both in total and by fund splits. For FY 08-09, the Department performed the same calculations as outlined in Tables D, E, and F.

The Medicaid program will pay 97% of the total fixed price cost, with the remaining 3% to be paid from the Children's Basic Health Plan Trust. 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 remaining 97% for Medicaid related expenditures is comprised of both 50% and 75% federal financial participation rates.

The FY 08-09 total contract need increased by \$309,539 from the FY 07-08 need. This is caused by an increase in the agreed upon fixed price for an assumed increase in services provided by the vendor, resulting in a \$300,253 increase in Base Operations – Medicaid. In addition, the Children's Basic Health Plan pays 3% of the fixed price contract. As a result of the increase in the Base Operations – Medicaid, the Base Operations – Children's Basic Health Plan also increased by \$9,286.

Concerns or Uncertainties of Alternative: Given the uncertainty as to when postage rates will increase or by how much, the Department may have to adjust the allocation for postage costs should postage rates increase in the future.

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

General Description of Alternative: This alternative would not reduce funding in the Medicaid Management Information System contract line item equal to \$1,450,102.

Calculations for Alternative's Funding: No change in funding to the current FY 07-08 appropriation

Concerns or Uncertainties of Alternative: While the Department has already negotiated a lower overall cost for the new contract with the Department's fiscal agent, this Alternative would not recognize the negotiated savings from the reprocurement process of \$1,450,102 total funds in the State budget.

While not exactly 50% of the total due to the blending of federal financial participation rates, General Fund savings equal to \$287,341 from the reprocurement would not be removed from this appropriation, which could be made available for other State projects. Therefore, the Department anticipates a large reversion would be likely.

Supporting Documentation

Analytical Technique: Cost/Benefit Analysis.

	Alternative A	Alternative B
Cost	\$0	\$0
Benefit	\$287,341 in General Fund relief for FY 07-08, and \$212,278 in FY 08-09	None
Benefit	Reduces the potential need for future Supplementals by incorporating more services under a fixed price contract agreement	None

Quantitative Evaluation of Performance - Compare all Alternatives:

Alternative A provides more benefits and provides \$287,341 in General Fund relief. Alternative B, while it has zero cost, does not recognize anticipated savings of \$1,450,102, of which, \$287,341 in General Fund could be re-appropriated to other State priorities. Alternative A is therefore the preferred alternative.

Statutory and Federal Authority:

25.5-4-401 (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

(2)(A) 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 07-08 BUDGET REQUEST

Schedule 6											
Change Request for FY 07-08											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 24, 2007		
Priority Number:	BA-4			OSPB Approval:				Date:			
Program:	Information Technology Contract Monitoring			Statutory Citation:	25.5-4-204, C.R.S. (2006); 25.5-4-205, C.R.S. (2006)						
Request Title:	Premiums Assistance Program in the Children's Basic Health Plan										
		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	FY 07-08	FY 07-08	FY 07-08	FY 07-08	in Out Year
											FY 08-09
Total of All Line Items	Total	30,864,938	30,785,550	0	30,785,550	30,210,338	0	30,210,338	244,078	30,454,416	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	9,579,746	8,987,408	0	8,987,408	8,791,649	0	8,791,649	29,757	8,821,406	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	707,452	1,202,790	0	1,202,790	1,163,540	0	1,163,540	66,996	1,230,536	0
	FF	20,419,896	20,595,352	0	20,595,352	20,255,149	0	20,255,149	147,325	20,402,474	0
(1) Executive Director's Office, Medicaid Management Information System Contract	Total	21,737,076	23,185,837	0	23,185,837	22,937,942	0	22,937,942	180,558	23,118,500	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	0	5,486,108	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	63,195	674,735	0
	FF	16,087,164	17,069,870	0	17,069,870	16,883,947	0	16,883,947	117,363	17,001,310	0
(6) DHS Medicaid Funded Programs, (B) Office of Information Technology, Colorado Benefits Management System	Total	9,127,862	7,599,713	0	7,599,713	7,272,396	0	7,272,396	63,520	7,335,916	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	0	3,501,300	3,349,194	0	3,349,194	29,757	3,378,951	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	0	572,931	552,000	0	552,000	3,801	555,801	0
	FF	4,332,732	3,525,482	0	3,525,482	3,371,202	0	3,371,202	29,962	3,401,164	0
1) Of the CFE requested in Column 8, \$66,667 is from the Children's Basic Health Plan Trust Fund, and \$329 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 07-08
EFFICIENCY AND EFFECTIVENESS ANALYSIS**

SELECT ONE (click on box):

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

Criterion:
Criterion: New Data

Priority Number:	BA-4
Change Request Title:	Premiums Assistance Program in the Children's Basic Health Plan
Long Bill Line Item(s)	(1) Executive Director’s Office, Medicaid Management Information System Contract, (6) Office of Information Technology Services- Colorado Benefits Management System
State and Federal Statutory Authority:	25.5-4-204, C.R.S. (2006); 25.5-4-205 (1) (a), C.R.S. (2006)

Summary of Request (Alternative A):

This request is to increase funding in FY 07-08 for the Department’s Colorado Benefits Management System and the Medicaid Management Information System contract lines by \$183,000 and \$180,558, respectively. This funding is needed for the systems modifications required to implement a federally required premiums assistance program in the Children's Basic Health Plan.

Alternative A {Recommended alternative}:

Problem or Opportunity Description:

Beginning in FY 02-03, the Children’s Basic Health Plan (marketed as Children’s Health Plan Plus, or CHP+) began providing health insurance to pregnant women with incomes at or below 185% of the federal poverty level under a Health Insurance Flexibility and Accountability (HIFA) section 1115 demonstration waiver. With the passage of HB 05-1262 (Tobacco Tax Bill), pregnant women up to 200% of the federal poverty level were added. When the Department applied for the 1115 HIFA waiver in 2001, a feasibility study indicated that the implementation of a premiums assistance program was not viable due to low projected enrollment and high administrative costs. The Department was

required to renew the adult prenatal waiver for October 2006 through October 2009, which was approved by the Centers for Medicare and Medicaid Services in October 2006. Since the section 1115 HIFA waiver was initially approved in 2002, the federal requirements of the waiver have changed to require the implementation of a premium assistance program, which was previously an optional program. Children enrolled in the premium assistance program (known as CHP+ at Work) will be provided a monthly subsidy to purchase health benefits through their guardian's employer. The employer sponsored insurance will be required to meet basic benefit standards, including the coverage of emergency care, well baby/child examinations, inpatient hospital services, and immunizations. The Department received draft approval from the Centers for Medicare and Medicaid Services to administratively implement the program as of October 1, 2006 and to provide payments by January 15, 2007. The interim time will be used to determine eligibility and enroll clients, as well as develop an administrative database to allow for the tracking of clients and payment of subsidies. Currently, all processes for the CHP+ at Work program are being administered manually, including eligibility determinations, enrollment, and payment of the monthly subsidy.

The Colorado Benefits Management System tracks client data, determines eligibility, and calculates benefits for medical, food, and financial assistance programs. This system was implemented September 1, 2004, and continuing operations are a joint effort between the Department of Human Services and Department of Health Care Policy and Financing, which receives an expenditure match by federal funds participation from Medicaid. The State contracts with an outside vendor, Electronic Data Systems, to assist in implementing systems changes. The Medicaid Management Information System is an automated claim, capitation processing and reporting system that processes claims and capitations based on edits that determine payment or payment denials. The State's fiscal agent for the Medicaid Management Information System is currently Affiliated Computer Services.

General Description of Alternative:

This request is for total funding of \$244,078 in FY 07-08 for the systems modifications necessary to complete the implementation of the federally mandated premiums assistance program in the Children's Basic Health Plan.

The Department of Health Care Policy and Financing provides health care services to pregnant women at or below 200% of the federal poverty level under a Health Insurance Flexibility and Accountability (HIFA) section 1115 demonstration waiver. As a requirement for renewal of the federal waiver, the Department is implementing a premiums assistance program, known as CHP+ at Work. Under this program, families are provided a monthly subsidy of up to \$100 per eligible child per month to purchase health insurance through the guardian's employer sponsored insurance. The Children's Basic Health Plan blended health insurance rate for FY 07-08 is \$112.68 and the dental rate is \$13.97. Given that the subsidy under CHP+ at Work is lower than the combined Children's Basic Health Plan rates, there will be cost savings for any clients enrolled in CHP+ at Work who were previously enrolled in the Children's Basic Health Plan. As of November 2006, 44 families with 96 children have been determined eligible and enrolled in CHP+ at Work, with an estimated average per member per month cost of \$55.41.

Materials with information about the Children's Basic Health Plan program are provided during the employer's health benefits open enrollment period. However, with extensive marketing funded through HB 05-1262, the Department assumes that established marketing efforts would have or will affect this population. Therefore, the children enrolling into CHP+ at Work are assumed to be either already in the Children's Basic Health Plan projection, or would have been captured by other marketing efforts. Because of this, the Department assumes that providing benefits for these new children will be cost neutral.

The Department requires a number of changes to the Colorado Benefits Management System and the Medicaid Management Information System in order to allow automated administration of the CHP+ at Work program. These changes will do the following:

- Add a new program aid code to the Children's Basic Health Plan high level program in Colorado Benefits Management System;
- Create a mechanism to allow the guardian to opt in or out of CHP+ at Work;

- Upgrade Colorado Benefits Management System decision tables to handle eligibility determinations for the program;
- Complete screen changes to accommodate the collection of information regarding employer sponsored insurance premiums and policy holder accounts;
- Add capability for the Colorado Benefits Management System to calculate the premium subsidy for each CHP+ at Work client;
- Create a new two-way interface between the Colorado Benefits Management System and the Medicaid Management Information System to handle the transfer of policy holder and account information to enable the Medicaid Management Information System to create a provider ID for the policy holder;
- Update the Medicaid Management Information System extracts to include the new provider ID and the amount of the corresponding client's premium subsidy to enable the Medicaid Management Information System to automatically make direct deposits to the policy holder's account, and;
- Automatically generate Medicaid Management Information System forms to allow the policy holder to have the subsidy paid directly to them and Colorado Benefits Management System forms to ensure continued participation in the employer sponsored insurance.

Total funds of \$183,000 in FY 07-08 are needed to add the premium assistance program to the Colorado Benefits Management System.

Total funds of \$180,558 in FY 07-08 are needed to add the premiums assistance program to the Medicaid Management Information System. As these systems changes are for the Children's Basic Health Plan only, the total cost of the Medicaid Management

Information System changes will be funded from the Children's Basic Health Plan Trust Fund. This funding is comprised of 35% Cash Funds Exempt and 65% federal funds participation.

HB 06S-1023 requires the Department to verify the identity of all applicants for benefits who are natural persons over the age of 18 effective August 1, 2006. The identification requirements are expected to increase processing times, and therefore the costs, of processing additional applicants and clients. Because the Children's Basic Health Plan covers children under age 19, the Department assumes that any additional costs arising from increased processing times for CHP+ at Work clients aged 18 who would be subject to the requirements of HB 06S-1023 will be small and can be absorbed.

Implementation Schedule:

Task	Month/Year
Administrative Implementation of CHP+ at Work	October 2006
Final Rules Passed	November 2006
Payment of Subsidies Begins	January 2007
Requirements Analysis and Design	July 2007 - August 2007
Software Development	August 2007 - December 2007
Testing and Implementation	January 2008 - February 2008

Calculations for Alternative's Funding:

Summary of Request FY 07-08 Matches Schedule 6 and Recommended Request for Medicaid Management Information System	Total Funds	General Fund	Cash Funds Exempt	Federal Funds
Total Request FY 07-08 (Column 9)	\$23,118,500	\$5,442,455	\$674,735	\$17,001,310
FY 07-08 Incremental Change Request (Column 8)	\$180,558	\$0	\$63,195	\$117,363
FY 07-08 Base Request (Column 7)	\$22,937,942	\$5,442,455	\$611,540	\$16,883,947

Summary of Request FY 07-08 Matches Schedule 6 and Recommended Request for (6) DHS Medicaid Funded Programs, (B) Office of Information Technology, Colorado Benefits Management System	Total Funds	General Fund	Cash Funds Exempt	Federal Funds
Total Request FY 07-08 (Column 9)	\$7,335,916	\$3,378,951	\$555,801	\$3,401,164
FY 07-08 Incremental Change Request (Column 8)	\$63,520	\$29,757	\$3,801	\$29,962
FY 07-08 Base Request (Column 7)	\$7,272,396	\$3,349,194	\$552,000	\$3,371,202

Impact on Other Areas of Government: The total funding needed for the Colorado Benefits Management System modifications is \$183,000. Of this total, \$63,520 is allocated to the Department’s budget to be transferred to the Department of Human Services. The total funding of \$183,000 allocated to the Department of Human Services’ budget is illustrated in the table below with \$63,520 in cash funds exempt transferred from the Department.

Department of Human Services’ Budget, (2) Office of Information Technology Services, Colorado Benefits Management System	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds
Total Request FY 07-08	\$22,021,021	\$3,412,961	\$1,745,032	\$7,673,535	\$9,189,493
FY 07-08 Incremental Change Request	\$183,000	\$28,721	\$14,686	\$63,520	\$76,073
FY 07-08 Base Request	\$21,838,021	\$3,384,240	\$1,730,346	\$7,610,015	\$9,113,420

Assumptions for Calculations: Materials with information about the Children's Basic Health Plan program are provided during the employer’s health benefits open enrollment period, which is expected to serve as another form of marketing for the Children's Basic Health Plan (Maximus began providing marketing services for the Children's Basic Health Plan in April 2006). Because the current Children's Basic Health Plan caseload projection incorporates an impact from marketing, the Department assumes that the new CHP+ at Work clients are included in the current caseload forecast for FY 06-07 and FY 07-08. Because the new clients are assumed to be included in the current caseload projection, the Department

assumes that the cost of the premium subsidy can be absorbed with the current appropriation. CHP+ at Work may be more attractive to families than the traditional Children's Basic Health Plan because the child will be covered under their guardian's health benefits package rather than the privatized defined benefits package provided by the traditional Children's Basic Health Plan program, which may lead to higher application rates for CHP+ at Work.

The Department estimates that the Colorado Benefits Management System enhancement described above will require 1,220 external programming hours. These modifications will include adding a new program aid code for the CHP+ at Work program; upgrading decision tables to handle eligibility determinations for the program; adding capability to allow the Colorado Benefits Management System to calculate the premium subsidy for each CHP+ at Work program; completing screen changes to collect employer sponsored insurance premiums and policy holder account information, and; creating a new two-way interface between the Colorado Benefits Management System and the Medicaid Management Information System to allow transfer of policy holder and account information. The hourly rate for Electronic Data Systems to perform these enhancements is assumed to be \$150.

The Medicaid Management Information System enhancements outlined above are estimated to require 1,433 external programming hours. These modifications include enabling the Medicaid Management Information System to use data from the Colorado Benefits Management System to create a provider ID for the policy holder; updating the Medicaid Management Information System extracts to include new provider ID and the amount of the premium subsidy, and; enabling the Medicaid Management Information System to automatically make direct deposits to the policy holder's account. The hourly rate for Affiliated Computer Services to perform these enhancements is assumed to be \$126. Funding is split as 97% to Medicaid, which receives a 75% federal match, and 3% to the Children's Basic Health Plan, which receives a 65% federal match.

Colorado Benefits Management System	External Hours	Hourly Rate	Cost
Enhance the Department's Eligibility System to add CHP+ at Work Program	900	\$150	\$135,000
Update Medical Span Codes and Medicaid Management Information System Extracts	320	\$150	\$48,000
Total of Colorado Benefits Management System Items	1,220	\$150	\$183,000
Total of Medicaid Management Information System Items	1,433	\$126	\$180,558

Concerns or Uncertainties of Alternative: The number of design, development, and testing hours, as well as the hourly rate for these modifications, are the best estimates with the known information. The caseload may increase if the employer in the program increases staff, but this is not known at this time. The Department will attempt to negotiate and manage these functions within the dollars appropriated.

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

General Description of Alternative: Under Alternative B, there would also be no funding appropriated for the Colorado Benefits Management System and Medicaid Management Information System modifications. It is likely that without the funding requested for systems modifications in Alternative A, a disproportionate share of the burden will fall on Department staff, as eligibility and payments will continue to be processed manually. Because payment of the premium subsidy would not be automated, Accounting staff would have to continue to manually complete all payments, which would create significant burden. In addition, Department management staff in the Children’s Health Plan Plus program and Accounting would be required to postpone other responsibilities in order to monitor and ensure timely and accurate processing of clients in the federally required CHP+ at Work program.

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

Concerns or Uncertainties of Alternative: With no additional funding for systems modifications, clients enrolled in the CHP+ at Work program will continue to be determined eligible, paid the monthly subsidy, and tracked by program staff using an external database. This may cause delays in client processing and payment, as well as erroneous denial or approval of benefits. 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. Before children can be determined eligible for the Children's Basic Health Plan, they must be screened for Medicaid eligibility, and the Department has 45 days to process applications for public health benefits. As a result of delays or errors in eligibility determinations, the Department could be subject to lawsuits, penalties, or fines. Therefore, Alternative B is not recommended.

Supporting Documentation

Analytical Technique: Qualitative Cost/Benefit Analysis

Cost/ Benefit Analysis	Costs	Benefits
Alternative A (Recommended)	\$244,078	Alternative A provides funding for systems modifications to allow eligibility determination and enrollment in subsidy program in the Children's Basic Health Plan to be administered by the Colorado Benefits Management System, and payment of monthly subsidies to be completed by the Medicaid Management Information System. Decreases risk of errors in eligibility determinations, and allows for timely client enrollment and payments.
Alternative B (Not Recommended)	\$0	No benefits. Instead, continuation of manual administration of program, with increased risk of delays in client processing and payments, as well as the possibility of erroneous eligibility determinations. Delays or incorrect denial of benefits could cause hardship for individuals eligible for medical assistance, while erroneous approvals would waste state funding. The Department could be subject to lawsuits, penalties, or fines due to errors or delays.

Quantitative Evaluation of Performance -

Compare all Alternatives:

Alternative A's request for \$244,078 in FY 07-08 is the preferred alternative, as it provides numerous benefits while avoiding the risks associated with Alternative B. Alternative A's requested funding for systems modifications in FY 07-08 will allow eligibility to be determined automatically, thus alleviating the burden on Departmental staff and decreasing the risk of erroneous approvals and denials of benefits. This will also allow the Department to continue complying with processing guidelines for client eligibility determinations and prevent erroneous eligibility determinations. Alternative B has no additional costs, and provides none of the benefits from Alternative A. Clients in the CHP+ at Work program will continue to be processed manually, and the Department will risk lawsuits, penalties, or fines for delays or errors.

Statutory and Federal Authority:

25.5-4-204, C.R.S. (2006): *Automated medical assistance administration.*

(1) The general assembly hereby finds and declares that the agency responsible for the administration of the state's medical assistance program would be more effective in its ability to streamline administrative functions of program administrators and providers under the program through the implementation of an automated system that will provide for the following: (a) Electronic claim submittals; (b) On-line eligibility determinations; (c) Electronic remittance statements; (d) Electronic fund transfers; and (e) Automation of other administrative functions associated with the medical assistance program.

25.5-4-205 (1) (a), C.R.S. (2006) – Application – verification of eligibility*Any person who is determined to be eligible pursuant to the requirements of this article shall be eligible for benefits until such person is determined to be ineligible.*

Department Objectives Met if Approved:

1.2 To support timely and accurate client eligibility determination.

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.