Schedule 13
Change Request for FY 08-09 Budget Request Cycle

	Decision Item FY 08-09 ☐	**Base Reduction Item FY 08-09** ☐	**Supplemental FY 07-08** ☑	**Budget Request Amendment FY 08-09** ☑
Request Title:	Adjust State Contribution Payment			
Department:	Health Care Policy and Financing	**Dept. Approval by:**	John Bartholomew	**Date:** February 15, 2008
Priority Number:	S-4; BA-A4	**OSPB Approval:**		**Date:** 2/14/08

	Fund	1 Prior-Year Actual FY 06-07	2 Appropriation FY 07-08	3 Supplemental Request FY 07-08	4 Total Revised Request FY 07-08	5 Base Request FY 08-09	6 Decision/ Base Reduction FY 08-09	7 November 1 Request FY 08-09	8 Budget Amendment FY 08-09	9 Total Revised Request FY 08-09	10 Change from Base (Column 5) FY 09-10
Total of All Line Items	**Total**	72,494,301	69,546,453	2,548,557	72,095,010	76,719,821	2,854,636	79,574,457	1,580,738	81,155,195	4,435,374
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	72,494,301	69,546,453	2,548,557	72,095,010	76,719,821	2,854,636	79,574,457	1,580,738	81,155,195	4,435,374
	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	0	0	0	0	0	0	0	0	0	0
(5) Other Medical Services Medicare Modernization Act of 2003 State Contribution Payment	**Total**	72,494,301	69,546,453	2,548,557	72,095,010	76,719,821	2,854,636	79,574,457	1,580,738	81,155,195	4,435,374
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	72,494,301	69,546,453	2,548,557	72,095,010	76,719,821	2,854,636	79,574,457	1,580,738	81,155,195	4,435,374
	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	0	0	0	0	0	0	0	0	0	0

Letternote revised text:

Cash Fund name/number, Federal Fund Grant name:

IT Request: ☐ Yes ☑ No

Request Affects Other Departments: ☐ Yes ☑ No **If Yes, List Other Departments Here:**

CHANGE REQUEST for FY 08-09 BUDGET REQUEST CYCLE

Department:	Health Care Policy and Financing
Priority Number:	S-4; BA-A4
Change Request Title:	Adjust State Contribution Payment

SELECT ONE (click on box):

☐ Decision Item FY 08-09
☐ Base Reduction Item FY 08-09
☒ Supplemental Request FY 07-08
☒ Budget Request Amendment FY 08-09

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:
☐ Not a Supplemental or Budget Request Amendment
☐ An emergency
☐ A technical error which has a substantial effect on the operation of the program
☒ New data resulting in substantial changes in funding needs
☐ Unforeseen contingency such as a significant workload change

Short Summary of Request: This Request seeks an additional $2,548,557 General Fund in FY 07-08 and an additional $1,580,738 in FY 08-09 beyond the amount in the Department's FY 08-09 Budget Request, November 1, 2007 for the (5) Other Medical Services, Medicare Modernization Act of 2003 State Contribution Payment line item. The additional funds are needed due to a projected increase in the caseload of dual eligible individuals.

Background and Appropriation History: On January 1, 2006, the federal Centers for Medicare and Medicaid Services (CMS) assumed responsibility for the Part D prescription drug benefit replacing the Medicaid prescription drug coverage for dual eligible clients. In lieu of the states' obligation to cover prescription drugs for this population, the federal Centers for Medicare and Medicaid Services began requiring states to pay a portion of what their anticipated dual eligible drug cost would have been had this cost shift not occurred. In January 2006, states began to pay the Centers for Medicare and Medicaid Services these "clawback" payments. The payments were calculated by taking 90% of the federal portion of each state's average per capita dual eligible drug benefit from calendar year 2003, inflated to 2006 using the average growth rate from the National Health Expenditure per capita drug expenditures. This inflated per capita amount is multiplied by the number of dual eligible

clients including retroactive clients back to January 2006. As each calendar year passes, the 90% factor is lowered by 1.67% each year, which is known as the phasedown percentage, until it reaches 75%, where it will remain starting in 2015. In addition, the Centers for Medicare and Medicaid Services inflate each state's per capita rates based on either the National Health Expenditures' growth or actual growth in Part D expenditures. In FY 05-06, the Department expended $31,461,626 for 6 months of payments. In FY 06-07 the Department expended $72,494,301 for a full year of payments.

The Department is appropriated $69,546,453 for FY 07-08, which consists of $76,719,821 from the Long Bill (SB 07-239) and a reduction of $7,173,368 from the Department of Health Care Policy and Financing's Cash Accounting Bill (SB 07-133). SB 07-133 changed the accounting for the payment from accrual to cash resulting in a one-time savings by shifting the June 2008 payment, which is billed in July 2008, to FY 08-09. Decision Item 4, Increase Funding for State Contribution Payment, in the Department's FY 08-09 Budget request, November 1, 2007 (tab 4, page G-1) requested an increase of $2,854,636 for a total requested appropriation of $79,574,457 for this line item.

General Description of Request:

The Department currently estimates that the total FY 07-08 clawback payment will equal $72,095,010, which is $2,548,557 greater than the Department's FY 07-08 appropriation. This information is based on revised projections of the dual eligible caseload and the level of anticipated retroactivity. The Department currently estimates that the total FY 08-09 clawback payment will equal $81,155,195, which is $1,580,738 greater than the Department's FY 08-09 Budget Request, including decision items.

The dual eligible caseload is comprised of a subset of the Medicaid eligibility categories Adults 65 and Older (OAP-A), Disabled Adults 60 to 64 (OAP-B), and Disabled Individuals to 59 (AND/AB). In September 2007 a change was made in the Beneficiary Data Exchange (BENDEX) interface which provides the Colorado Benefits Management System (CBMS) with a list of clients that have Medicare Part A or Part B. The source of this data is the Social Security Administration (SSA). In order to match the CBMS data with the data provided by the Social Security Administration, CBMS performs a complex match based on a client's social security number and name. The Social Security

Administration has an undocumented systems requirement that matches be performed in all upper case letters for the client name. However, client names in CBMS are in mixed case. The CBMS interface team made a change in September to perform an all upper case match in compliance with the requirements of the Social Security Administration. As a result of this change additional clients matched the CBMS client records. This means that the Department learned that a significant number of additional clients were eligible for Medicare Part A or B than were previously reported to the Centers for Medicare and Medicaid Services. When the Medicare Modernization Act (MMA) Extract (the extract that transmits the Department's list of dual eligible clients to the Centers for Medicare and Medicaid Services) ran in October 2007 it picked up significantly more clients for which the State must make a Medicare Modernization Act "clawback" payment than what the Department had previously forecast.

The CBMS change increased both the count of retroactive dual eligible clients and the count of dual eligible clients in the currently billed month. The most significant impact from the CBMS change is reflected in the dual eligible caseload data for October 2007. Because of the change to CBMS, the total number of dual eligible clients for which the Department was billed by the Centers for Medicare and Medicaid Services was 14,735 greater than the Department's most recent forecast prior to October 2007. Of this increase, there were 1,409 more dual eligible clients in the month of October, and 13,326 more retroactive dual eligible client months than the Department's most recent forecast prior to October 2007. As a result of these increases in the dual eligible client caseload, the October 2007 payment was $1,743,731 greater than the most recent forecast by the Department. Of this amount, $169,556 was due to the increased dual eligible client caseload in the month of October, and $1,574,176 was due to the increased retroactive dual eligible client caseload.

As a result of the change to CBMS, and after review of the November 2007 and December 2007 data, the Department expects that a fraction of the increase in the dual eligible client caseload will persist at least through the end of FY 07-08. The Department does not expect the persistent effect to be of the magnitude seen in the October 2007 invoice. The dual eligible caseload data for November and December 2007 bear this out. The expected increase in dual eligible client caseload is the result of CBMS now

capturing clients who would have otherwise not been correctly identified as being dual eligible. The October 2007 dual eligible client caseload represented, in part, a one-time spike as the caseload captured not only the increase in dual eligible clients in the month of October, but all dual eligible clients that had not been correctly identified as being dual eligible in the past.

Of the $2,548,557 supplemental request for FY 07-08, $1,743,731 is to cover the one-time spike in the dual eligible client caseload in October 2007. The remaining $804,826 is necessary to cover the anticipated increase in the dual eligible client caseload expected to last at least through the end of FY 07-08. The entire $1,580,738 in this request for FY 08-09 is to cover the expected increase in the dual eligible client caseload through June 2009 resulting from the change to CBMS.

The Department was provided by the Centers for Medicare and Medicaid Service a per capita rate for January through September 2008 of $120.03. The Department assumes that the per capita rate will remain unchanged through the remainder of 2008. The Centers for Medicare and Medicaid Services used a growth factor of 1.69%, which was offset by a change in the phasedown percentage from 88.33% to 86.67%, resulting in a net reduction of 0.23%. In order to estimate the calendar year 2009 per capita rate, the Department used the growth factor from the National Health Expenditure report for drug expenditures. The Department notes that the projection of per capita rates is based on the growth in the National Health Expenditures drug expenditures; however, federal law states the growth factor for 2007 and succeeding years will equal the annual percentage increase in average per capita aggregate expenditures for covered Part D drugs in the United States for Part D eligible individuals for the 12-month period ending in July of the previous year. Since actual expenditure data is not available to the Department, the actual per capita rate growth may differ from the Department's projection.

The Department's February 15, 2008 Budget Request for Medical Services Premiums forecasts the Medicaid caseload to decrease in FY 08-09 by 0.48%. However, the eligibility categories related to dual eligible clients are projected to increase between 0.87% and 1.45%. The Department assumes that during FY 08-09 and FY 09-10 the number of dual eligible clients will continue to increase due to the ageing of the "baby

boomers." The State Demography Office of the Colorado Department of Local Affairs projects that the average annual rate of growth of the Colorado population 65 years or older from 2007 through 2009 will be 3.79% per year.

Consequences if Not Funded:

If the Department does not receive an additional appropriation and subsequently cannot make the required payment, the Department is at risk of having the amount due for the "clawback" payment plus interest deducted from the federal funds received for the Medicaid program. Such a deduction could cause the Department to be under funded to provide medical services and would necessitate a General Fund appropriation to make up the difference.

Calculations for Request:

Summary of Request FY 07-08	Total Funds	General Fund
Total Request (Matches column 3, Schedule 13)	**$2,548,557**	**$2,548,557**
(5) Other Medical Services, Medicare Modernization Act of 2003 State Contribution Payment (Matches column 3, Schedule 13)	$2,548,557	$2,548,557

Summary of Request FY 08-09	Total Funds	General Fund
Total Request (Matches column 8, Schedule 13)	**$1,580,738**	**$1,580,738**
(5) Other Medical Services, Medicare Modernization Act of 2003 State Contribution Payment (Matches column 8, Schedule 13)	$1,580,738	$1,580,738

Table 1: National Health Expenditures Projections 2003-2010 Prescription Drug Expenditures		
Calendar Year:	**Per Capita (**in dollars)	**Percent Change**
2003	$600	
2004	$645	7.50%
2005	$676	4.81%
2006	$714	5.62%
2007	$761	6.58%
2008	$814	6.96%
2009	$875	7.49%
2010	$943	7.77%

Table 2: Phasedown Percentage from the Medicare Modernization Act of 2003	
Phasedown Percent Per Calendar Year:	**Percentage**
2006	90.00%
2007	88.33%
2008	86.67%
2009	85.00%
2010	83.33%
2011	81.67%
2012	80.00%
2013	78.33%
2014	76.67%
2015 and all future years	75.00%

Table 3: Estimates of Calendar Year 2008 and Calendar Year 2009 Per Capita Rate	
Actual Calendar Year 2008 Per Capita Rate	$120.03
Calendar Year 2008 Phasedown Percent (from Table 2)	86.67%
Calendar Year 2008 Per Capita Rate before Phasedown Percent ($120.03 / 86.67%)	$138.50
Prescription Drug Expenditure Growth Rate for CY 2009 (from Table 1)	7.49%
Projected 2009 Rate before Phasedown Percent ($138.50 * (1 + 7.49%))	$148.87
Calendar Year 2009 Phasedown Percent (from Table 2)	85.00%
Projected Calendar Year 2009 Per Capita ($148.87 * 85.00%)	**$126.54**

Table 4: Estimated Decay Factors Related to Caseload Retroactivity	
Months Prior to the Current Caseload	**Decay Rate**
1st Month	1.68%
2nd Month	66.95%
3rd Month	69.42%
4th Month	77.78%
5th Month	83.27%
6th Month	89.79%
7th - 12th Month	91.04%
Greater than 1 year	79.71%

	Table 5: Invoices to be Paid in FY 07-08										
Dual Eligible Attributed to Each Month	**Jul-07 Actual**	**Aug-07 Actual**	**Sep-07 Actual**	**Oct-07 Actual**	**Nov-07 Actual**	**Dec-07 Actual**	**Jan-08 Estimate**	**Feb-08 Estimate**	**Mar-08 Estimate**	**Apr-08 Estimate**	**May-08 Estimate**
Jan – Dec 2006 duals	279	631	470	6,074	268	235	543	433	345	275	219
Jan 2007 duals	59	102	79	840	63	51	130	118	94	75	60
Feb 2007 duals	80	124	96	905	78	60	143	130	118	94	75
Mar 2007 duals	112	171	124	961	89	66	157	143	130	118	94
Apr 2007 duals	203	224	159	1,014	107	92	172	157	143	130	118
May 2007 duals	378	341	227	1,120	128	125	189	172	157	143	130
Jun 2007 duals	716	540	320	1,234	159	144	208	189	172	157	143
Jul 2007 duals	48,270	934	529	1,392	219	168	229	208	189	173	157
Aug 2007 duals		48,466	932	1,645	322	217	255	229	208	190	173
Sept 2007 duals			48,676	2,108	528	296	306	255	229	209	190
Oct 2007 duals				50,177	914	447	393	306	255	230	209
Nov 2007 duals					50,377	733	566	394	306	256	230
Dec 2007 duals						50,240	845	567	394	307	256
Jan 2008 duals							50,340	847	568	395	308
Feb 2008 duals								50,440	848	569	396
Mar 2008 duals									50,540	850	570
Apr 2008 duals										50,640	852
May 2008 duals											50,741
Total Duals from Invoice	50,097	51,533	51,612	67,470	53,252	52,874	54,476	54,587	54,696	54,811	54,920
CY 2006 Rate	$114.71	$114.71	$114.71	$114.71	$114.71	$114.71	$114.71	$114.71	$114.71	$114.71	$114.71
CY 2007 Rate	$120.30	$120.30	$120.30	$120.30	$120.30	$120.30	$120.30	$120.30	$120.30	$120.30	$120.30
CY 2008 Rate	$120.03	$120.03	$120.03	$120.03	$120.03	$120.03	$120.03	$120.03	$120.03	$120.03	$120.03
Monthly Payment	$6,025,109	$6,195,893	$6,206,296	$8,082,687	$6,404,717	$6,359,429	$6,536,793	$6,550,583	$6,563,988	$6,578,085	$6,591,430
Total Payment											$72,095,010

Note: To calculate the Monthly Payment you must take each calendar year's rate and multiply it by the respective caseload that is shown for that calendar year. Numbers may not exactly add due to rounding.

	Table 6: Invoices to be Paid in FY 08-09											
Dual Eligible Attributed to Each Month	**Jun-08 Estimate**	**Jul-08 Estimate**	**Aug-08 Estimate**	**Sep-08 Estimate**	**Oct-08 Estimate**	**Nov-08 Estimate**	**Dec-08 Estimate**	**Jan-09 Estimate**	**Feb-09 Estimate**	**Mar-09 Estimate**	**Apr-09 Estimate**	**May-09 Estimate**
Jan – Dec 2006 duals	174	138	114	91	73	59	48	40	34	30	27	25
Jan – Dec 2007 duals	1,627	1,435	1,268	1,102	954	806	675	554	445	355	283	226
Jan – May 2008 duals	2,383	1,761	1,404	1,198	1,068	964	877	798	731	652	570	486
Jun 2008 duals	50,784	853	572	397	310	257	231	210	192	175	159	145
Jul 2008 duals		50,827	854	572	398	309	257	231	211	192	175	159
Aug 2008 duals			50,870	855	573	397	309	257	232	211	192	175
Sep 2008 duals				50,914	855	572	397	309	258	232	211	192
Oct 2008 duals					50,957	855	572	397	310	258	232	211
Nov 2008 duals						50,947	855	572	398	310	258	232
Dec 2008 duals							50,936	855	573	398	310	258
Jan 2009 duals								50,926	855	573	398	310
Feb 2009 duals									50,970	856	574	398
Mar 2009 duals										51,013	857	574
Apr 2009 duals											51,056	858
May 2009 duals												51,100
Total Duals from invoice	54,968	55,014	55,082	55,128	55,188	55,166	55,157	55,149	55,209	55,255	55,302	55,348
CY 2006 Rate	$114.71	$114.71	$114.71	$114.71	$114.71	$114.71	$114.71	$114.71	$114.71	$114.71	$114.71	$114.71
CY 2007 Rate	$120.30	$120.30	$120.30	$120.30	$120.30	$120.30	$120.30	$120.30	$120.30	$120.30	$120.30	$120.30
CY 2008 Rate	$120.03	$120.03	$120.03	$120.03	$120.03	$120.03	$120.03	$120.03	$120.03	$120.03	$120.03	$120.03
CY 2009 Rate	$126.54	$126.54	$126.54	$126.54	$126.54	$126.54	$126.54	$126.54	$126.54	$126.54	$126.54	$126.54
Monthly Payment	$6,597,357	$6,603,005	$6,611,241	$6,616,836	$6,624,094	$6,621,444	$6,620,464	$6,951,000	$6,964,057	$6,973,598	$6,982,132	$6,989,969
Total Payment												$81,155,195

Note: To calculate the Monthly Payment you must take each calendar year's rate and multiply it by the respective caseload that is shown for that calendar year. Numbers may not exactly add due to rounding.

Assumptions for Calculations:

The Department assumes the changes in the per capita rate paid by the Department will be based on the growth in the National Health Expenditures' prescription drug expenditures per capita, as shown in Table 1, and offset by the phasedown percent shown in Table 2. Per 42 CFR 423.902 (4), the annual growth rate for calendar year 2004 through 2006 is equal to the average annual percent change of the per capita amount of prescription drug expenditures (as determined by the most recent national total drug National Health Expenditure projections for the years involved). The growth factor for 2007 and succeeding years will equal the annual percentage increase in average per capita aggregate expenditures for covered Part D drugs in the United States for Part D eligible individuals for the 12-month period ending in July of the previous year. Since the Department does not have the data to project the Part D drug expenditures, the Department is using the National Health Expenditures for years after calendar year 2008 as a proxy for the annual growth in the per capita rate.

Tables 1 through 3 provide the relevant information for calculating the per capita rates for calendar years 2008 and 2009. For calendar year 2008, the Department uses the per capita rate provided by the Centers for Medicare and Medicaid Services of $120.03 for January 2008 through September 2008. The Department assumes that the per capita rate will remain unchanged through the remainder of 2008. The Department estimates the per capita rate to be $126.54 in calendar year 2009, as shown in Table 3. This estimate is based on the latest available projected inflation of the National Health Expenditures per capita drug expenditures published in January 2007 shown in Table 1. In addition, the projection is also based on the phasedown percentage detailed in 42 CFR 423.908 and shown in Table 2.

The Department assumes that the expected growth rate in the current-month dual eligible caseload, as calculated from the average monthly growth rate from August 2006 through September 2007 will remain unchanged through FY 07-08. The months after September 2007 have not been included in the calculation of the monthly growth rate to prevent the expected growth rate from being artificially inflated due to the one-time spike in the dual eligible caseload in the October 2007 invoice. The Department assumes that the increase in the dual eligible caseload due to the changes to CBMS represents an increase in the

base caseload numbers and not a change in the current-month growth rate. The Department assumes that the current-month FY 07-08 dual eligible caseload will grow at an annual rate of 2.41%, and thus a monthly rate of 0.20%.

For the months of June through October 2008 and February through May 2009, the Department assumes that the current-month dual eligible caseload will grow at an annual rate of approximately 1.03%, and thus a monthly rate of 0.09%. This growth rate estimate is based on the weighted average of the forecasted FY 08-09 annual growth rate for the OAP-A, OAP-B, and AND/AB Medicaid eligibility from the Department's February 15, 2008 Budget Request for Medical Services Premiums. For the months of November 2008 through January 2009, the Department assumes that the current-month dual eligible population will decrease by 0.02% per month, which is equivalent to an annual rate of decline of 0.24%. This assumption is based on the observation that in November 2006 through January 2007, the total caseload declined by an average of 0.02% per month. The data for November and December 2007 also show a decline in the total caseload. However, due to the unexpected change to CBMS it would be inappropriate to include these months in the calculation.

In addition, for all months, the Department assumes that the level of retroactivity in the previous month of the invoice will be 1.68% of the total number of clients in the current month. All months prior to the previous month are projected to have a level of retroactivity at a decay rate ranging from 67% to 91% as shown in Table 4.

Table 5 shows the revised projected caseload, level of retroactivity, and expenditures by month for FY 07-08. Using the assumptions detailed above, Table 5 displays the impact of those assumptions. Note that for FY 07-08 there are only 11 payments, July 2007 through May 2008, as a result of SB 07-133 which changed this line item from accrual to cash accounting. Table 6 shows the revised caseload, level of retroactivity and expenditure estimates for FY 08-09 based on the assumptions detailed above.

Impact on Other Government Agencies: None

Cost Benefit Analysis:

FY 08-09 Cost Benefit Analysis	Costs	Benefits
Request	The cost of this request includes $2,548,557 in General Fund in FY 07-08 and $1,580,738 in FY 08-09 to pay for the projected increase in the caseload of dual eligible individuals.	This request would allow the Department to meet its obligations to the federal government and ensure the Department would not have the amount of payment plus interest deducted from the federal funds received for the Medicaid program.
Consequences if not Funded	The cost of not funding the request would be the potential deduction in federal funds received by the Medicaid program equal to the amount owed for the payment plus interest. This would equal an amount greater than $4,129,295 ($2,548,557 + $1,580,738).	There is no benefit to the Department because the savings of General Fund would be offset by greater loss of federal funds that would need to be backfilled with General Fund for the Medicaid program.

Statutory and Federal Authority:

42 CFR 423.908: *Phased-down State contribution to drug benefit costs assumed by Medicare. This subpart sets forth the requirements for State contributions for Part D drug benefits based on full-benefit dual eligible individual drug expenditures.*

42 CFR 423.910 (a) General rule: *Each of the 50 States and the District of Columbia is required to provide for payment to CMS a phased-down contribution to defray a portion of the Medicare drug expenditures for individuals whose projected Medicaid drug coverage is assumed by Medicare Part D.*

42 CFR 423.910 (b) (2) Method of payment*: Payments for the phased down State contribution begins in January 2006, and are made on a monthly basis for each subsequent month. State payment must be made in a manner specified by CMS that is similar to the manner in which State payments are made under the State Buy-in Program except that all payments must be deposited into the Medicare Prescription Drug Account in the Federal Supplementary Medical Insurance Trust Fund. The policy on collection of the Phased-down State contribution payment is the same as the policy that governs collection of Part A and Part B Medicare premiums for State Buy-in.*

42 CFR 423.910 (g) Annual per capita drug expenditures. *CMS notifies each State no later than October 15 before each calendar year, beginning October 15, 2005, of their annual per capita drug payment expenditure amount for the next year.*

25.5-4-105, C.R.S. (2008) *Nothing in this article or articles 5 and 6 of this title 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.*

25.5-5-503, C.R.S. (2008) *(1) The state department is authorized to ensure the participation of Colorado medical assistance recipients, who are also eligible for medicare, in any federal prescription drug benefit enacted for medicare recipients. (2) Prescribed drugs shall not be a covered benefit under the medical assistance program for a recipient who is eligible for a prescription drug benefit program under medicare; except that, if a prescribed drug is not a covered Part D drug as defined in the "Medicare Prescription Drug, Improvement, and Modernization Act of 2003", Pub.L. 108-173, the prescribed drug may be a covered benefit if it is otherwise covered under the medical assistance program and federal financial participation is available.*

Performance Measures:

This request affects the following Department goal:

A. The Department will improve health outcomes for all clients and ensure that the health care the Department purchases are medically necessary, appropriate to the population, and cost-effective.

If the Department does not receive an additional appropriation, and subsequently cannot make the required payment, the Department is at risk of having the amount due for the "clawback" payment plus interest deducted from the federal funds received for the Medicaid program. This deduction would hinder the Department's ability to achieve all performance measures that require State and matching federal funding.