

STATE OF COLORADO FY 2009-10 BUDGET REQUEST CYCLE: DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

Schedule 13											
Change Request for FY 2009-10 Budget Request Cycle											
Decision Item FY 2009-10 <input checked="" type="checkbox"/>		Base Reduction Item FY 2009-10 <input type="checkbox"/>			Supplemental FY 2008-09 <input type="checkbox"/>			Budget Amendment FY 2009-10 <input type="checkbox"/>			
Request Title:		Additional Leased Space for Standardization			Dept. Approval by: John Bartholomew <i>JB</i>			Date: October 31, 2008			
Department:		Health Care Policy and Financing			OSPB Approval: <i>SMZ</i>			Date: 10-21-08			
Priority Number:		DI-11									
		1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual	Supplemental Request	Supplemental Request	Total Revised Request	Base Request	Decision/ Base Reduction	November 1 Request	Budget Amendment	Total Revised Request	Change from Base
	Fund	FY 2007-08	FY 2008-09	FY 2008-09	FY 2008-09	FY 2009-10	FY 2009-10	FY 2009-10	FY 2009-10	FY 2009-10	(Column 5) FY 2010-11
Total of All Line Items	Total	21,610,742	21,479,205	0	21,479,205	22,065,361	221,334	22,286,695	0	22,286,695	82,800
	FTE	243.8	272.7	0.0	272.7	276.0	0.0	276.0	0.0	276.0	0.0
	GF	9,111,525	9,068,943	0	9,068,943	9,124,027	110,667	9,234,694	0	9,234,694	41,400
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	760,308	0	760,308	811,521	0	811,521	0	811,521	0
	CFE/RF	2,249,404	1,570,778	0	1,570,778	1,578,285	0	1,578,285	0	1,578,285	0
	FF	10,249,813	10,079,176	0	10,079,176	10,551,528	110,667	10,662,195	0	10,662,195	41,400
(1) Executive Director's Office; (A) General Administration, Personal Services	Total	20,382,113	19,251,491	0	19,251,491	19,989,456	15,480	20,004,936	0	20,004,936	0
	FTE	243.8	272.7	0.0	272.7	276.0	0.0	276.0	0.0	276.0	0.0
	GF	8,523,018	7,994,379	0	7,994,379	8,121,243	7,740	8,128,983	0	8,128,983	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	731,501	0	731,501	786,800	0	786,800	0	786,800	0
	CFE/RF	2,219,695	1,557,401	0	1,557,401	1,564,984	0	1,564,984	0	1,564,984	0
	FF	9,639,400	8,968,210	0	8,968,210	9,516,429	7,740	9,524,169	0	9,524,169	0
(1) Executive Director's Office; (A) General Administration, Operating Expenses	Total	980,465	1,833,478	0	1,833,478	1,681,669	123,054	1,804,723	0	1,804,723	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	469,925	882,945	0	882,945	811,165	61,527	872,692	0	872,692	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	23,307	0	23,307	19,221	0	19,221	0	19,221	0
	CFE/RF	24,209	13,377	0	13,377	13,301	0	13,301	0	13,301	0
	FF	486,331	913,849	0	913,849	837,982	61,527	899,509	0	899,509	0

STATE OF COLORADO FY 2009-10 BUDGET REQUEST CYCLE: DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

Schedule 13											
Change Request for FY 2009-10 Budget Request Cycle											
Decision Item FY 2009-10 <input checked="" type="checkbox"/>		Base Reduction Item FY 2009-10 <input type="checkbox"/>			Supplemental FY 2008-09 <input type="checkbox"/>			Budget Amendment FY 2009-10 <input type="checkbox"/>			
Request Title:		Additional Leased Space for Standardization			Dept. Approval by:			John Bartholomew		Date: October 31, 2008	
Department:		Health Care Policy and Financing			OSPB Approval:						
Priority Number:		DI-11			Date:						
		1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual	Appropriation	Supplemental Request	Total Revised Request	Base Request	Decision/ Base Reduction	November 1 Request	Budget Amendment	Total Revised Request	Change from Base
	Fund	FY 2007-08	FY 2008-09	FY 2008-09	FY 2008-09	FY 2009-10	FY 2009-10	FY 2009-10	FY 2009-10	FY 2009-10	FY 2010-11
(1) Executive Director's Office; (A) General Administration, Leased Space											
	Total	248,164	394,236	0	394,236	394,236	82,800	477,036	0	477,036	82,800
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	118,582	191,619	0	191,619	191,619	41,400	233,019	0	233,019	41,400
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	5,500	0	5,500	5,500	0	5,500	0	5,500	0
	CFE/RF	5,500	0	0	0	0	0	0	0	0	0
	FF	124,082	197,117	0	197,117	197,117	41,400	238,517	0	238,517	41,400
Non-Line Item Request:		None									
Letternote Revised Text:		None									
Cash or Federal Fund Name and COFRS Fund Number:				FF: Title XIX							
Reappropriated Funds Source, by Department and Line Item Name:				N/A							
Approval by OIT?		Yes: <input type="checkbox"/> No: <input type="checkbox"/>		N/A: <input checked="" type="checkbox"/>							
Schedule 13s from Affected Departments:		N/A									

CHANGE REQUEST for FY 2009-10 BUDGET REQUEST CYCLE

Department:	Health Care Policy and Financing
Priority Number:	DI-11
Change Request Title:	Additional Leased Space for Standardization

SELECT ONE (click on box):

- Decision Item FY 2009-10
- Base Reduction Item FY 2009-10
- Supplemental Request FY 2008-09
- Budget Request Amendment FY 2009-10

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 is to increase funding for Leased Space, Operating Expenses, and Personal Services in FY 2009-10 by a total of \$221,334 to obtain needed office space for 5 new appropriated FTE, and 13 current staff that will be displaced due to remodeling of the Department's facilities at 1570 Grant Street. Funding to remodel the Grant Street building was provided in FY 2008-09. This Request includes increases of \$82,800 for Leased Space, \$15,480 for Personal Services to fund one-time moving costs, and \$123,054 for one-time moving related Operating Expenses.

Background and Appropriation History:

The Department of Health Care Policy and Financing is the second largest General Fund/General Fund Exempt budget in State government and one of the smallest Executive branch departments in terms of staff size. With the Department's ever-growing caseload, expenditures and programs, staffing levels have been increasing, but the space that the Department is appropriated to house staff has not kept pace with these changes.

In May 2003, the Department moved to its current location at 1570 Grant Street. When the Department moved to this location, it was apparent that the Department would not be able to accommodate much growth. 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.

The table below shows the historical FTE count for each fiscal year since the Department moved to its current location at 1570 Grant Street. This table indicates that FTE appropriations have increased a total of 40.2% since May 2003.

Year	Long Bill FTE Appropriation	Special Bill FTE Appropriations	Total FTE	Percent Increase over Prior Year
FY 2002-03	193.3	1.2	194.5	N/A
FY 2003-04	196.6	3.8	200.4	3.03%
FY 2004-05	196.1	6.7	202.8	1.19%
FY 2005-06	207.1	7.3	214.4	6.21%
FY 2006-07	222.7	8.0	230.7	7.60%
FY 2007-08	238.0	19.5	257.5	11.61%
FY 2008-09	273.2	(0.5)	272.7	5.90%

The table above shows the number of approved FTE, not the number of positions. The Department had 305 positions (though not all filled) as of June 30, 2008, not including contractors, temporary staff, interns, or auditors. On average the Department employs 10 temporary staff at any given time during a fiscal year. The Department employs a number of temporary staff to comply with legislation and to complete special projects. For example, as of June 2008, the Department employed 35 total different temporary staff and interns during FY 2007-08.

The Department's space issues are not new, for FY 2005-06 the Department received one time funding of \$36,278 total funds to house 15 temporary employees charged with the implementation of the Medicare Modernization Act of 2005. Additionally, HB 05-1262 (the Tobacco Tax bill) and two 1331 Emergency supplementals were approved that provided an additional \$38,903 to house employees authorized through legislative initiatives for a total FY 2005-06 appropriation of \$75,181.

For FY 2006-07 the one-time funding for leased space for the Medicare Modernization Act of 2005 was removed. However, the Department requested supplemental funding (Increase Funding for Commercial Leased Space; BA - 8, January 24, 2006) to acquire additional Leased Space for two floors at 225 E. 16th Avenue containing an additional 62 spaces to alleviate overcrowding at 1570 Grant Street, providing a total of 294 spaces for employees to work.

For FY 2007-08, the Department was appropriated \$391,072 through Common Policies for space at 1570 Grant Street. This space currently has a capacity of 232 workstations. Funding was also appropriated for \$218,950 (annualized) to lease an additional 13,056 square feet of office space to accommodate the increased staff from other FTE appropriations (DI - 5, November 1, 2006.). This space provided the Department with critically needed room to place staff and provide two conference rooms for staff and the Medical Services Board to meet. Additionally, this allowed the Department to relieve overcrowded conditions at 1570 Grant Street.

Due to timing issues associated with the Department's FY 2007-08 Leased Space requests, the Department was inadvertently appropriated \$53,369 too much. Therefore, when the Department requested additional funding for Leased Space for FY 2008-09 and beyond, it deducted this over-appropriation from its Request, for a net annualized appropriation of \$121,918 to provide accommodations for the additional 26.8 appropriated FTE (Funding for Additional Leased Space; DI - 10, November 1, 2007, S - 7, BA - 2, January 2, 2008). This funding allowed the Department to house the employees appropriated through special bills and the dissolution of the Governor's Office of Colorado Benefits Management System. The Department leased 8,347 square feet of space to house these appropriated FTE providing space for 35 employees and bringing the total workstations to 329.

These Leased Space appropriations provided the Department the space necessary to house the increase in authorized FTE, but provided no additional space to accommodate future appropriations of FTE. Therefore, as the Department receives additional FTE to

address the needs of Medicaid clients, it must continue to request additional space to house the new FTE.

Additionally, due to the Department's outreach programs and the Governor's initiatives, it has obtained grant funding from a variety of organizations including the Colorado Trust, the Colorado Health Foundation, and the Academy Health/Commonwealth Fund/Robert Wood Johnson Foundations, for staff to perform tasks designed to provide a baseline assessment of the needs of Medicaid clients, to determine the resources available to them when accessing medical services, and to identify best practice for addressing the identified shortcomings of the system, resulting in additional employees. Although these positions are funded through these grants and not appropriated, there is still a need to provide work space for them.

General Description of Request:

For FY 2009-10, the Department is forecasting a need for space to house 18 positions. This need is due to the remodeling of the Department's primary offices at 1570 Grant Street and an anticipated increase of 12 employees (including 5 new positions and 7 grant funded employees).

The remodel of the offices at 1570 Grant Street will result in a more efficient office and cubicle layout, but due to an increase in the size of workspaces from an average of 36 square feet (6 feet by 6 feet) to 63 square feet (7 feet by 9 feet) this remodel is estimated to result in a net reduction of 20 workstations at the Grant Street location.

The Department is requesting space to house this increase of 18 net positions in FY 2009-10 (see Table A-1). As part of other Decision Items, the Department is seeking additional positions to increase efficiencies in the administration of the Medicaid program. Additionally, the Department is seeking 3 employees to administer the Department's Colorado Benefits Management System central eligibility implementation request, 1 FTE to manage the new Durable Medical Equipment program, and 1 FTE to work with program management in defining system requirements for customer service requests involving enhancements to the Medicaid Management Information. Additionally, the Department will need space for seven grant funded positions, and space

for an average of 10 temporary employees that the Department employs at any given moment.

The Department is requesting an increase in funding for Leased Space of \$82,800 total funds for 3,600 square feet of office space to house the additional positions (See Table A-2). The Department will also require one-time funding for personal services and operating expenses to build out the acquired space with cubicles, chairs, telecommunications and information technology equipment, wiring and associated data transmission equipment. The Department projects these costs will total \$138,534 (see Table B).

The reasons funding is needed for this space are:

1. As stated above, the Department is currently projecting an increase in staff of 18 positions between FY 2008-09 and FY 2009-10 and is projecting a reduction in capacity at 1570 Grant Street of 20 cubicles. The need for space for these positions is compounded by the need to house contractors, temporary staff, interns, auditors and to implement the recommendations of the 208 Commission. Therefore, if additional space is not available, many of these positions would need to remain vacant, and could result in additional costs due to the loss in efficiency caused by delays in implementing required programs and initiatives.
2. The Department cannot expand into its basement space at 1570 Grant to accommodate this growth as cost estimates to address life and safety issues are prohibitive. In June 2008, the Department met with the State Architect, building management personnel from the Department of Personnel and Administration and a contractor to discuss further modifications to the building needed to make the space habitable for staff housing needs. Based on this meeting and information provided, the Department determined that modifying the basement to rectify the issues cited would be too costly for the Department to implement at this time. Therefore, the potential for the Department to use the basement space is still not feasible.

As stated previously, the Department had 322 total positions (305 regular, 10 temporary, and 7 grant funded positions) and 329 workstations to house them as of June 30, 2008. Additionally, the Department is also requesting a total of 5 additional FTE as part of various decision items, bringing the total to 327 positions. However, the Department anticipates that modifications to the building at 1570 Grant Street will result in a net loss of 20 workstations, leaving 309 workstations available to house the estimated 327 positions. In total, the Department will have a shortfall of 18 cubicles. Additionally, these available cubicles are disbursed throughout various locations in the two buildings and are not conducive to placing staff in a contiguous group.

This request includes funding for 13 cubicles, the difference between the existing positions and the amount of current workstations. Costs for cubicles for new positions requested as part of other decisions items are included as part of those decision items.

Consequences if Not Funded:

If this request is not funded, the Department would have no available space to house employees that were authorized by special bills passed during the 2008 legislative session, and would not be adequately prepared to take on staff to support the implementation of proposed health care reform initiatives. Additionally, the Department could be forced to implement a hiring freeze 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 with federal and State requirements and turnover would increase as the work environment become more crowded and less conducive to staff efficiency.

Calculations for Request:

Summary of Request FY 2009-10	Total Funds	General Fund	Federal Funds
Total Request	\$221,334	\$110,667	\$110,667
(1) Executive Director's Office; (A) General Administration, Personal Services	\$15,480	\$7,740	\$7,740
(1) Executive Director's Office; (A) General Administration, Operating Expenses	\$123,054	\$61,527	\$61,527
(1) Executive Director's Office; (A) General Administration, Leased Space	\$82,800	\$41,400	\$41,400

Summary of Request FY 2010-11	Total Funds	General Fund	Federal Funds
Total Request	\$82,800	\$41,400	\$41,400
(1) Executive Director's Office; (A) General Administration, Leased Space	\$82,800	\$41,400	\$41,400

Table A-1 Workspace Need		
A	Total Workstations June 30, 2008 (Both Grant Street and 225 E. 16th Avenue locations)	329
B	Remodel of 1570 Grant Street - net reduction of cubicles	(20)
C	Total Workstations June 30, 2009 (Row A + Row B)	309
D	Current Total Employees	305
E	Average Temporary employees	10
F	Grant Funded Positions created during FY 2008-09	7
G	Total Staff: (Row D + Row E + Row F)	322
FY 2009-10 FTE Requests:		
H	DI-5 Improved Eligibility and Enrollment Processing FTE Request	3
I	DI-12 Enhance Medicaid Management Information System Effectiveness FTE Request	1
J	BRI-2 Medicaid Program Efficiencies FTE Request	1
K	Total FTE Requests (Row H + Row I + Row J)	5
L	Total Positions 7/1/2009 (Row G + Row K)	327
M	Total Positions Requiring Space (Row L - Row C)	18

Table A-2 Leased Space Cost				
Square Feet Per Employee	Number of Employees/Spaces	Total Square Feet Required	Annual Cost per Square Foot	Total Leased Space Cost
200	18	3,600	\$23.00	\$82,800
Total Leased Space Need				\$82,800

Table B Estimated Build-Out Costs	
<i>(1) Executive Director's Office; (A) General Administration, Personal Services</i>	
Contract for Furniture Movers and Installers	\$10,630
Electrical Installation	\$4,850
Subtotal Personal Services	\$15,480
<i>(1) Executive Director's Office; (A) General Administration, Operating Expenses</i>	
Purchase and Installation of 13 cubicles at the Common Policy rate of \$3,998 per Cubicle	\$51,974
Printers, Shredders and Fax Machines	\$10,819
Telephone Installation and Equipment	\$2,100
Wiring for Data Equipment	\$8,250
Data Equipment – Ethernet Switch, Panel Patch and conference Room Phone	\$9,800
Miscellaneous Office, Conference Room, Reception Area Furniture and peripherals (Trash Cans, Staplers, Mouse Pads, etc.)	\$40,111
Subtotal Operating Expenses	\$123,054
Total One Time Personal Services and Operating Expenses	\$138,534

Assumptions for Calculations:

The Department's total need for Leased Space uses the Department's current Leased Space cost at 225 E. 16th Avenue of \$23.00 per square foot. This rate is based on an offer from the Department's current landlord at 225 E. 16th Avenue for space that was available in August 2008; the Department believes that if this particular space is not

available for rent as of July 2009, comparable space at a comparable price can be obtained. If adequate leased space cannot be found for \$23.00 per square foot, additional funding will be requested through the regular supplemental budget process.

The Department projects each employee will require 200 square feet of space to work. The Department is basing its request for space using the state standard for a Category # 1 lease, which is deemed by the Department of Personnel and Administration, Division of Finance and Procurement to be an efficient use of space, of 204 rentable square feet per office worker.

The Department will also require one-time funding for personal services and operating expenses to build out the acquired space with cubicles, chairs, telecommunications equipment, a network printer, fax machines, and wiring and associated data transmission equipment. Due to the complicated nature of the calculated FTE need, the Department is also requesting funding for 13 cubicles at the Common Policy amount of \$3,998 per cubicle (Table B), based on the difference between the number of employees and the number of cubicles the Department will have after remodeling. Cubicle costs for new positions are included in the request for each FTE.

The Department is basing the costs for this request on an actual offer received from the landlord for leased space at 225 E. 16th Avenue. The Personal Services request reflect the costs the Department projects to convert the space to useable offices and is based on the actual costs the Department incurred to refurbish its most recently acquired leased space. The Operating Expenses request is also based on an average of actual expenditures incurred for technological upgrades to the facilities, and for required equipment that the Department will need to make the acquired space functional.

Impact on Other Government Agencies: None.

Cost Benefit Analysis:

Cost	Benefits
\$221,334 in FY 2009-10, \$82,800 in FY 2010-11	The Department would be able to lease, build out and furnish approximately 3,600 square feet of additional office space for staff use. Increasing the Department's ability to meet the ever growing demands placed on it.
\$0	If funding is not approved, the Department would be forced to stop hiring, convert existing conference rooms to employee workstations, and possibly lay off staff, jeopardizing the completion of required projects. The Department would experience greater turnover as the work environment become less tolerable.

Implementation Schedule:

Task	Month/Year
Lease Awarded/Signed	May 2009
Build Out and Tenant Preparation Begins	July 1, 2009
Build Out and Tenant Preparation Complete	July 31, 2009
Move Date	August 1, 2009

Statutory and Federal Authority:

24-1-107, C.R.S. (2008). 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. (2008). 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.*

Performance Measures:

This Request will help provide more administrative resources in order to support nearly all of the Department's Performance Measures, including those that are aligned with the Governor's *The Colorado Promise*:

- Increase the number of clients served through targeted, integrated care management programs.
- Increase the number of children served through a dedicated medical home service delivery model.
- Increase number of managed care options for clients enrolling in Medicaid.
- Increase the number of clients enrolled in viable managed care options.
- Improve access to and the quality of Medicaid health care as demonstrated through improvements in Medicaid Health plan scores on Health Plan Employer Data Information Set (HEDIS) measures.