

Schedule 13
1331 Funding Request for the 2012-13 Budget Cycle

Department: Health Care Policy and Financing

Request Title: Emergency Funding for the Public School Health Services Program

Priority Number: _____

Dept. Approval by: John Bartholomew *JB* 6/5/12
 Date

OSPB Approval by: Grant M. Sch... 6/6/12
 Date

- Decision Item FY 2012-13
- Base Reduction Item FY 2012-13
- Supplemental FY 2011-12
- Budget Amendment FY 2012-13

Line Item Information		FY 2011-12		FY 2012-13		FY 2013-14
		1	2	3	4	5
	Fund	Appropriation FY 2011-12	Supplemental Request FY 2011-12	Base Request FY 2012-13	Funding Change Request FY 2012-13	Continuation Amount FY 2013-14
Total of All Line Items	Total	\$30,446,344	\$15,486,243	\$34,737,204	\$0	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	GFE	\$0	\$0	\$0	\$0	\$0
	CF	\$16,010,155	\$4,766,682	\$18,113,309	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$14,436,189	\$10,719,561	\$16,623,895	\$0	\$0
(5) Other Medical Services; Public School Health Services	Total	\$30,446,344	\$15,486,243	\$34,737,204	\$0	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	GFE	\$0	\$0	\$0	\$0	\$0
	CF	\$16,010,155	\$4,766,682	\$18,113,309	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$14,436,189	\$10,719,561	\$16,623,895	\$0	\$0

Letternote Text Revision Required? Yes: No: If yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and COFRS Fund Number: FF: Title XIX

Reappropriated Funds Source, by Department and Line Item Name:

Approval by OIT? Yes: No: Not Required:

Schedule 13s from Affected Departments: N/A

Other Information:



DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

John W. Hickenlooper
Governor

*FY 2011-12 Emergency Supplemental
June 20, 2012*

Susan E. Birch
Executive Director

Department Priority: Emergency Supplemental Public School Health Services Overexpenditure

Summary of Incremental Funding Change for FY 2011-12	Total Funds	Cash Funds	Federal Funds
Public School Health Services Program	\$15,486,243	\$4,766,682	\$10,719,561

Request Summary:

The Department is requesting to increase the FY 2011-12 appropriation for the Public School Health Services line item by \$15,486,243 total funds, of which \$4,766,682 is cash funds and \$10,719,561 is federal funds. The cash funds portion of this line item is comprised entirely of certified public expenditures (CPE). This increase will allow the Department to draw federal matching funds to reimburse program participants for allowable health care services they provided to Medicaid-eligible students. This request has no General Fund impact.

The Public School Health Services (SHS) Program uses Medicaid funds to support local school health services, increase access to primary and preventive care programs to low-income, under or uninsured children, and improve the coordination of care between schools and health care providers. The program allows Colorado public school districts, Boards of Cooperative Education Services (BOCES), and the Colorado School for the Deaf and Blind (providers) to certify the expenditure of state funds on eligible services which are matched by the federal government through Medicaid.

The Department's request for additional spending authority for FY 2011-12 is due to an increase in providers' certified public expenditures in FY 2010-11. The Department makes payments to

SHS providers throughout the year based on projections for that year's Medicaid-eligible costs. In the following year, the Department makes cost settlement payments to providers to reconcile payments made during the previous year to a final cost report for the year. Thus, the Department is just now seeing the increase in expenditures in the last quarter of FY 2011-12 as it performs the annual cost-settlement process to reconcile FY 2010-11. Please see Appendix A for a more detailed description of the SHS reimbursement methodology and estimated expenditures in FY 2011-12.

Due to the successful outreach and training efforts by the Department, there was a large increase in Medicaid-allowable costs for FY 2010-11 which was driven by two factors. First, the statewide random moment time study percentage increased dramatically, meaning that participants spent more time providing Medicaid claimable School Health Services. Second, an increase in their Medicaid Eligibility Rate due to growth in Medicaid enrollment in Colorado further increased the portion of allowable Medicaid costs. The Department identified that this program would overexpend in April 2012 and recommended that the appropriation to this line item be informational only as it is CPE and federal funds, which would have allowed the Department to make the reconciliation payments

without an emergency supplemental. However, this was not included in the final FY 2011-12 appropriation, resulting in the need for this request.

To allow SHS providers to certify all of their allowable costs as public expenditures, the Department is requesting an additional appropriation of \$15,486,243 total funds, of which \$4,766,682 is CPE and \$10,719,561 is federal funds for this line item in FY 2011-12. This request includes a greater amount of federal funds than CPE due to the enhanced federal medical assistance percentage (FMAP) the state received during FY 2010-11, which affected the SHS Program's FY 2010-11 cost settlement. Please see Attachment A for more details. The Department anticipates that the portion of allowable Medicaid costs for the SHS Program will continue to increase as providers become more adept at reporting their costs and increased reimbursement allows them to provide more services. Thus, the Department will submit a request to adjust the appropriation to this line item through the normal budget process. To more easily manage this appropriation, the Department will also request that it be notated as informational only in the Long Bill as the cash funds in this line item are CPE and are not actual State cash funds, and the Department can draw federal funds on all expenditures incurred by districts based on Medicaid claimable School Health Services provided.

Anticipated Outcomes:

Approval of this request will give the SHS Program the expenditure authority to adhere to its cost-reporting and reimbursement methodology. The increase in the federal reimbursement will allow the SHS Program to retain current participants and potentially attract new public school districts and BOCES.

Assumptions for Calculations:

The Department currently contracts with Public Consulting Group (PCG) to facilitate the collection of data from school districts and BOCES and calculate CPE for the SHS Program.

The Department's calculations are based on the latest estimates from PCG.

Consequences if not Funded:

If this request is not approved, the Department will overexpend this line by \$4,766,682 cash funds and \$10,719,561 federal funds in FY 2011-12. As a result, this appropriation will be restricted by \$4,766,682 cash funds in FY 2012-13. This restriction would prevent the Department from allowing participating public school districts and BOCES to certify all of their Medicaid-allowable costs and limit the federal matching funds they receive. Some, if not most, of the public school districts and BOCES relying on the additional funding would leave the program, increasing the attrition rate for the program. Without additional funding from the SHS Program, the amount and quality of health care services public school districts could provide would likely decrease and adversely affect the health of vulnerable Colorado students.

Impact to Other State Government Agency:

None.

Relation to Performance Measures:

This request will assist the Department in meeting its performance measures related to increasing access to health care. By allowing the Department to reimburse participants for incurred Medicaid costs on a timely basis, approval of this request will ensure that the SHS program can retain current participants and potentially attract new providers, thus increasing provider participation and access to health care.

Supplemental, 1331 Supplemental, or Budget Amendment Criteria:

According to newly available data, the Public School Health Services line item must spend over its appropriation in FY 2011-12 in order to fulfill its outstanding obligations. The Department is requesting this 1331 Supplemental to increase the spending authority to this line item to prevent a restriction in FY 2012-13 that would further limit its ability to administer the Public School Health Services Program.

Current Statutory Authority or Needed Statutory Change:

25.5-5-318 C.R.S. (2011), provides guidelines for the SHS Program.

25.5-5-318 (8)(b), C.R.S. (2011), allows the Department to retain a maximum of 10% of federal funds received for the program for administrative purposes.

Appendix A

Providers may receive federal funding through the SHS Program in two ways: 1) for fee-for-service (FFS) costs for direct services, targeted case management and specialized transportation provided to Medicaid-eligible students; and 2) for certain administrative activities necessary to perform those services (MAC). The Department makes MAC payments based on quarterly financial reports. For FFS costs, the Department makes interim payments to providers throughout the fiscal year for estimated costs they incur. After the fiscal year ends, each provider is required to complete a cost report documenting their total and final Medicaid allowable costs for delivering School Health Services and certifying their public expenditures. The Department makes cost settlement payments to providers to reconcile interim payments to final costs approximately nine months after the fiscal year ends. The methodology for calculating the costs for which SHS providers are eligible to receive federal matching funds is complex and attempts to discern the proportion of FFS and MAC services that were provided specifically to Medicaid-eligible students. The portion of the costs SHS providers are allowed to certify increased significantly between FY 2009-10 and FY 2010-11. As the Department is performing the annual cost-reconciliation process to reconcile interim payments to actual costs for FY 2010-11 in the last quarter of FY 2011-12, the Department is just now seeing the increase in expenditures. Table 1 below summarizes this request.

Table 1- Summary of Request FY 2011-12					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
(5) Other Medical Services; Public School Health Services	\$15,486,243	\$0	\$4,766,682	\$0	\$10,719,561

The large increase in Medicaid-allowable costs was due to an increase in two of the factors that determine the proportion of allowable costs for FY 2010-11. First, the statewide random moment time study percentage increased from 21.92% in FY 2009-10 to 33.03% in FY 2010-11. All providers are required to participate in a quarterly random moment time study which is used to determine a statewide percentage of allowable time spent providing Medicaid claimable School Health Services. This ensures that providers receive a payment based on the actual cost incurred for providing Medicaid services. The increase in the amount of time providers were spending providing Medicaid claimable School Health Services led to increased costs which SHS providers can certify as public expenditures and receive federal matching funds. Second, an increase in their Medicaid Eligibility Rate due to growth in Medicaid enrollment in Colorado further increased the portion of allowable Medicaid costs. Although this is a one-time request, the Department anticipates that the portion of allowable Medicaid costs for the SHS Program will continue to increase as providers become more adept at reporting their costs and increased reimbursement allows them to provide more services.

Since states were still receiving enhanced federal medical assistance percentage (FMAP) during FY 2010-11, the Department's request includes federal funds above the usual 50% FMAP for the FY 2010-11 cost settlement. The Department's request would result in total spending authority of \$45,932,587 total funds for the SHS Program, which includes FY 2011-12 FFS interim payments, FY 2011-12 MAC payments and the FY 2010-11 cost settlement. Table 2 below shows the amounts and fund splits for these expenditures.

Table 2- FY 2011-12 Public School Health Services Estimated Expenditures					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
Total FY 2011-12 Interim Payments	\$19,183,200	\$0	\$9,591,600	\$0	\$9,591,600
Total FY 2011-12 MAC Payments	\$4,195,108	\$0	\$2,097,554	\$0	\$2,097,554
FY 2010-11 Cost-Reconciliations	\$22,554,279	\$0	\$9,087,683	\$0	\$13,466,596
Total Expenditures	\$45,932,587	\$0	\$20,776,837	\$0	\$25,155,750

To allow SHS providers to certify all of their allowable costs as public expenditures, the Department is requesting an additional appropriation of \$15,486,243 total funds, of which \$4,766,682 is CPE and \$10,719,561 is federal funds for this line item in FY 2011-12. Table 3 below shows the overexpenditure that would occur in the absence of an increased appropriation.

Table 3- FY 2011-12 Public School Health Services Appropriation and Estimated Expenditures					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
FY 2012-13 Long Bill Add-ons (HB 12-1335) Appropriation	\$30,446,344	\$0	\$16,010,155	\$0	\$14,436,189
Estimated Expenditures	\$45,932,587	\$0	\$20,776,837	\$0	\$25,155,750
Estimated Overexpenditure/(Under-appropriation)	(\$15,486,243)	\$0	(\$4,766,682)	\$0	(\$10,719,561)

The Department's requested appropriation includes all federal matching funds derived from the certification of public expenditures. State statute at 25.5-5-318 (8)(b), C.R.S. (2011) allows states to retain up to 10% of the federal funds to finance the costs of administering the SHS program, with providers receiving the remaining 90%. The Department withholds the 10% maximum and generally decreases the appropriation to this line item accordingly so the federal fund appropriation matches the estimated amount reimbursed to providers. However, this creates difficulties in accounting for the federal funds received in this program. In order to properly account for these federal funds, the Department is including all federal funds in this request and no longer removing the amount it withholds for administration. As a result of this change, federal funds from the SHS Program that are used for administration will appear in the Public School Health Services line item as well as the line items in which those funds are expended, including the Public School Health Services Administration line.

**Schedule 13
Funding Request for the 2012-13 Budget Cycle**

Department: Health Care Policy and Financing

Request Title: HB 12-1281 Departmental Differences Reconciliation

Priority Number: Emergency Supplemental

Dept. Approval by: John Bartholomew *JB* 4/6/12 Date

OSPB Approval by: *Erud N. [Signature]* 6/6/12 Date

<input type="checkbox"/>	Decision Item FY 2012-13
<input type="checkbox"/>	Base Reduction Item FY 2012-13
<input type="checkbox"/>	Supplemental FY 2011-12
<input checked="" type="checkbox"/>	Budget Amendment FY 2012-13

Line Item Information		FY 2011-12		FY 2012-13		FY 2013-14
		1	2	3	4	5
	Fund	Appropriation FY 2011-12	Supplemental Request FY 2011-12	Base Request FY 2012-13	Funding Change Request FY 2012-13	Continuation Amount FY 2013-14
Total of All Line Items	Total	\$29,472,970	\$0	\$29,803,821	\$169,954	\$0
	FTE	313.0	0.0	313.5	0.9	0.0
	GF	\$9,786,153	\$0	\$10,149,592	\$84,977	\$0
	GFE	\$0	\$0	\$0	\$0	\$0
	CF	\$2,797,531	\$0	\$2,608,898	\$0	\$0
	RF	\$461,750	\$0	\$393,871	\$0	\$0
	FF	\$16,427,536	\$0	\$16,651,460	\$84,977	\$0
(1) Executive Director's Office; (A) General Administration, Personal Services	Total	\$21,290,686	\$0	\$21,847,209	\$64,782	\$0
	FTE	313.0	0.0	313.5	0.9	0.0
	GF	\$7,675,241	\$0	\$7,954,067	\$32,391	\$0
	GFE	\$0	\$0	\$0	\$0	\$0
	CF	\$1,974,533	\$0	\$2,058,349	\$0	\$0
	RF	\$448,289	\$0	\$380,410	\$0	\$0
	FF	\$11,192,623	\$0	\$11,454,383	\$32,391	\$0
(1) Executive Director's Office; (A) General Administration, Operating Expenses	Total	\$1,586,232	\$0	\$1,546,560	\$15,172	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$679,994	\$0	\$708,357	\$7,586	\$0
	GFE	\$0	\$0	\$0	\$0	\$0
	CF	\$101,248	\$0	\$53,049	\$0	\$0
	RF	\$13,461	\$0	\$13,461	\$0	\$0
	FF	\$791,529	\$0	\$771,693	\$7,586	\$0
(1) Executive Director's Office; (A) General Administration, General Professional Services and Special Projects	Total	\$6,596,052	\$0	\$6,410,052	\$90,000	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$1,430,918	\$0	\$1,487,168	\$45,000	\$0
	GFE	\$0	\$0	\$0	\$0	\$0
	CF	\$721,750	\$0	\$497,500	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$4,443,384	\$0	\$4,425,384	\$45,000	\$0

Letternote Text Revision Required? Yes: No: If yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and COFRS Fund Number: N/A

Reappropriated Funds Source, by Department and Line Item Name:

Approval by OIT? Yes: No: Not Required:

Schedule 13s from Affected Departments: N/A

Other Information:



DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

John W. Hickenlooper
Governor

*FY 2012-13 Emergency Supplemental
June 20, 2012*

Susan E. Birch
Executive Director

Department Priority: Emergency Supplemental HB 12-1281 Departmental Differences Reconciliation

Summary of Incremental Funding Change for FY 2012-13	Total Funds	General Fund	Federal Funds	FTE
HB 12-1281 Departmental Differences Reconciliation	\$169,954	\$84,977	\$84,977	0.9

Request Summary:

The Department requests overexpenditure authority for the implementation of HB 12-1281, which requires the Department to accept and evaluate payment reform pilot project proposals. The Department requests an additional 0.9 FTE, \$169,954 total funds, \$84,977 General Fund in FY 2012-13.

While funding was appropriated for the implementation of HB 12-1281, the amount of funding is less than the Department indicated would be needed to successfully implement the bill. The Departmental Difference is discussed in the HB 12-1281 fiscal note, and the Department has included a comparison of the differences in table 1 of Appendix A. This request represents the incremental difference between funds appropriated and funds needed to successfully implement HB 12-1281.

The Departmental Difference is primarily the result of a difference in assumptions regarding the cost and amount of actuarial services needed and the amount of analysis the Department will need to conduct for each pilot program proposal. It is the Department's experience that even established rate setting methodologies, such as HMO rate setting, require significant external actuarial contribution and dedicated internal resources. The pilot programs will not be using established rate setting methodologies; without the requested resources to develop sound reimbursement

methodologies, the state would be put at financial risk.

Since the passage of the bill, the Department has been contacted by several current care coordination organizations that have expressed their intent to submit multiple payment reform pilot program proposals. In particular, two vendors have told the Department that they plan to submit as many as four proposals each; the original fiscal note assumed that the Department would only evaluate four proposals total. While the Department has not yet established criteria for the solicitation of proposals, it is clear that there is much interest in payment pilot programs. The Department does not believe that it will be able to select pilot programs by the deadline specified in the bill, July 2013, with the currently appropriated resources.

Resources Requested

The Departmental Differences section of the fiscal note included differences for both actuarial funding and personnel costs. The appropriation for HB 12-1281 provided less funding for actuarial work, and did not provide as many FTE, than the Department requested.

The fiscal note estimated that the Department would require 60 hours of actuarial services at a rate of \$250 per hour; the Department received a total appropriation of \$60,000 for actuarial

services. However, the Department anticipates that the level of actuarial involvement required to evaluate and implement proposals will be significantly higher than estimated by Legislative Council Staff. The Department anticipates that the process to determine the pilot programs will take at least 9 months of negotiations, with rigorous analysis of the proposals to ensure compliance with federal law. On average, the Department currently spends roughly \$90,000 in actuary funding for *each* of its three risk-based Medicaid managed care programs, despite the fact that each of the programs is well established and has been operational for at least a decade. Given this experience, the Department does not believe that multiple new programs, which may have never been tested in a Medicaid system before, can be evaluated with the current appropriation.

The fiscal note stated that the Department would need two 0.5 FTE (0.4 FTE each in the first year): one General Professional IV, and one Rate/Financial Analyst II. The Department's analysis identified the need for 4.0 FTE (1.7 FTE in the first year), including one General Professional V, two General Professional IVs, and one Rate/Financial Analyst II.

The Department would hire two staff, the General Professional V and Rate/Financial Analyst II, by September 1, 2012. These staff would be responsible for the assessment of program methodologies, operational impacts, and estimation of fiscal impact. This includes extensive collaboration with actuaries to deconstruct the proposals, develop a comprehensive understanding of how the proposals can be incorporated within the Medicaid system, and ultimately determining feasibility of implementation. While the requested staff will not be determining the specific proposals, staff will need to assess what risk any proposal puts to the state and to ensure that a proposal is, at a minimum, budget neutral. Stakeholder engagement will also be a key responsibility. Stakeholder engagement is both a federal requirement and necessary to ensure a

viable program. Further, the stakeholder outreach process will result in multiple iterations of the aforementioned responsibilities. Following selection and implementation of the programs, these FTE will be responsible for retrospective analysis of the programs, validation of budget neutrality, and continued stakeholder engagement.

Beginning in April 2013, the two additional staff would be hired to manage the specific contracts and handle day-to-day operations. It is important to recognize the operational complexity introduced when implementing new programs. These FTE will be responsible for a host of responsibilities including, but not limited to following: client enrollment/disenrollment, dispute resolution, customer outreach, policy issues that go beyond the scope of the provider contracts, stakeholder communication in addition to that provided by the other FTE, county outreach, monthly reporting requirements, performance monitoring, and contract management.

The four FTE fill two distinct roles, technical and operational, both of which are critical to the successful implementation of HB 12-1281.

The Department is not able to absorb a project of this magnitude within the current appropriation. This is also why the actuarial request needs to be fully funded. Although HB 12-1281 directs the Department to implement pilot programs, all managed care contracts implemented pursuant to this bill must comply with all applicable federal managed care laws and regulations, without exception. These regulations contain numerous and complicated requirements on rate setting, access to care, and state oversight. If the Department is not able to establish programs that comply with these regulations, the Department is at significant risk of losing federal funding for this program. Further, the loss of federal funds may occur retroactively, putting the state at significant, and unacceptable, risk of paying the federal government back with money from the General Fund.

Implementation Timeline

In order to begin these pilots in 2013 as intended, resources – staffing and actuarial analysis – needs to be available prior to 2013.

Anticipated Outcomes:

With sufficient funding, the Department will be able to accept and evaluate proposals for payment reform pilot programs as required by HB 12-1281.

Assumptions for Calculations:

Calculations for the request are included in Appendix A. Table 1 summarizes the Departmental Difference. Table 2 shows calculation of FTE and operating expenses. Table 3 contains detailed calculations of the resources needed to implement HB 12-1281.

The Department assumes two FTE will be hired in October 2012 and two additional FTE in April 2013. All positions will be full-time.

The Department assumes four pilot programs will be implemented on July 1, 2013.

Additional assumptions are indicated in the tables included in Appendix A.

Consequences if not Funded:

The Department does not believe that it will be able to select pilot programs by July 1, 2013 with the resources that have been appropriated. Therefore, without the requested funding, it is unlikely the Department will be able to implement the payment reform pilot programs as required and intended by HB 12-1281.

Supplemental, 1331 Supplemental, or Budget Amendment Criteria:

The Department cannot absorb the procurement of the requested resources within its existing appropriation.

If the Department utilizes the regular supplemental process, it would not receive spending authority for resources until after the statutory deadline to accept pilot program proposals has passed.

Current Statutory Authority or Needed Statutory Change:

HB 12-1281 Medicaid Payment Reform Pilot Program

Summary of Request				
Table 1a: Department Need to Fully Implement HB 12-1281				
Item		FY 2012-13	FY 2013-14 ⁽¹⁾	FY 2014-15 ⁽¹⁾
FTE and Operating Expenses	Personal Services	\$112,320	\$263,556	\$263,556
	Operating	\$20,713	\$3,800	\$3,800
	FTE	1.7	4.0	4.0
External Administration	Actuary And Consultants	\$250,000	\$450,000	\$450,000
	External Quality Review Organization	\$0	\$202,856	\$202,856
	Enrollment Broker	\$0	\$267,220	\$163,590
Total		\$383,033	\$1,187,432	\$1,083,802
(1) FY 2013-14 and FY 2014-15 are not included in the Emergency Supplemental request. Figures are included for completeness.				
Table 1b: Funding Appropriated in HB 12-1281				
Item		FY 2012-13	FY 2013-14 ⁽²⁾⁽³⁾	FY 2014-15 ⁽²⁾
FTE and Operating Expenses	Personal Services	\$47,538	\$59,423	\$59,423
	Operating	\$5,541	\$5,541	\$5,541
	FTE	0.8	1.0	1.0
External Administration	Actuary And Consultants	\$160,000	\$60,000	\$60,000
	External Quality Review Organization	\$0	\$0	\$0
	Enrollment Broker	\$0	\$0	\$0
Total		\$213,079	\$124,964	\$124,964
(2) FY 2013-14 is the annualization of the HB 12-1281 fiscal note. FY 2014-15 held constant.				
(3) The HB 12-1281 fiscal note did not address costs for external quality review, the enrollment broker, or additional costs for actuarial services and report development beyond the first year.				
Table 1c: Difference (Department Request)				
Item		FY 2012-13	FY 2013-14 ⁽⁴⁾	FY 2014-15 ⁽⁴⁾
FTE and Operating Expenses	Personal Services	\$64,782	\$204,134	\$204,134
	Operating	\$15,172	(\$1,741)	(\$1,741)
	FTE	0.9	3.0	3.0
External Administration	Actuary And Consultants	\$90,000	\$390,000	\$390,000
	External Quality Review Organization	\$0	\$202,856	\$202,856
	Enrollment Broker	\$0	\$267,220	\$163,590
Total		\$169,954	\$1,062,469	\$958,839
(4) FY 2013-14 and FY 2014-15 are not included in the Emergency Supplemental request. Figures are included for completeness.				

Appendix A

Table 2: FTE and Operating Expenses									
								GRAND TOTAL	
Fiscal Year(s) of Request		FY 2012-13	FY 2013-14	FY 2012-13	FY 2013-14	FY 2012-13	FY 2013-14	FY 2012-13	FY 2013-14
PERSONAL SERVICES (100)	Title:	GENERAL PROFESSIONAL V		GENERAL PROFESSIONAL IV		RATE/FINANCIAL ANALYST II			
Number of PERSONS / class title		1	1	2	2	1	1		
Number of months working in FY 2012-13 and FY 2013-14		9	12	3	12	9	12		
Number of months paid in FY 2012-13 and FY 2013-14		8	12	2	12	8	12		
Calculated FTE per classification		0.7	1.0	0.3	2.0	0.7	1.0	1.7	4.0
Annual base salary		\$65,772	\$65,772	\$56,796	\$56,796	\$56,796	\$56,796		
Salary		\$43,848	\$65,772	\$18,932	\$113,592	\$37,864	\$56,796	\$100,644	\$236,160
PERA FY 2012-13 and FY 2013-14	10.15%	\$4,451	\$6,676	\$1,922	\$11,530	\$3,843	\$5,765	\$10,216	\$23,971
Medicare	1.45%	\$636	\$954	\$275	\$1,647	\$549	\$824	\$1,460	\$3,425
Subtotal Personal Services Appropriation 100		\$48,935	\$73,402	\$21,129	\$126,769	\$42,256	\$63,385	\$112,320	\$263,556
OPERATING EXPENSES (118)									
Supplies @ \$500/\$500*	\$500	\$375	\$500	\$250	\$1,000	\$375	\$500	\$1,000	\$2,000
Computer @ \$900/\$0	\$900	\$900	\$0	\$1,800	\$0	\$900	\$0	\$3,600	\$0
Office Suite Software @ \$330/\$0	\$330	\$330	\$0	\$660	\$0	\$330	\$0	\$1,320	\$0
Office Equipment @ \$3,473 /\$0	\$3,473	\$3,473	\$0	\$6,946	\$0	\$3,473	\$0	\$13,892	\$0
Telephone Base @ \$450/\$450 ⁽¹⁾	\$450	\$338	\$450	\$225	\$900	\$338	\$450	\$901	\$1,800
Subtotal Operating Expenses Appropriation 118		\$5,416	\$950	\$9,881	\$1,900	\$5,416	\$950	\$20,713	\$3,800
GRAND TOTAL ALL COSTS		\$54,351	\$74,352	\$31,010	\$128,669	\$47,672	\$64,335	\$133,033	\$267,356

(1) The \$450 for Telephone Base and \$500 for Supplies will carry over each year as an acceptable expense.

External Administration Costs					
Table 3a: Actuary and Consultants					
Row	Item	FY 2012-13	FY 2013-14	FY 2014-15	Source
A	Actuarial Services	\$150,000	\$150,000	\$150,000	Assumed based on cost of similar actuarial projects for the Department's managed care programs
B	Evaluation by Nonprofit Entity or Higher Education	\$0	\$300,000	\$300,000	Assumed based on scope of work to evaluate all pilot projects and draft reports
C	Consultant for Report on Managed Care Administrative Structure	\$100,000	\$0	\$0	Assumed based on scope of work to research and draft report; report due January 1, 2013
D	Total Costs	\$250,000	\$450,000	\$450,000	Row A + Row B + Row C
Table 3b: External Quality Review Organization					
Row	Item	FY 2012-13	FY 2013-14	FY 2014-15	Source
A	Appropriated Amount for EQRO ACC-Related Activities	\$355,000	\$355,000	\$355,000	Current appropriation
B	Appropriated Amount per RCCO	\$50,714	\$50,714	\$50,714	Row A / Row B
C	Estimated Number of Proposed Payment Projects	0	4	4	Assumed, see narrative
D	Percentage of Year in Operation	0.00%	100.00%	100.00%	Assumed implementation date of July 1, 2013
E	Total Costs	\$0	\$202,856	\$202,856	Row B * Row C * Row D
Table 3c: Enrollment Broker					
Row	Item	FY 2012-13	FY 2013-14	FY 2014-15	Source
A	Estimated Number of Enrolled Clients Per Month	0	4,408	2,460	Assumed based on 30,750 initial enrollment, three month ramp-up, and 8% monthly attrition rate
B	Cost of Passive Enrollment Packet	\$4.50	\$4.50	\$4.50	Based on current cost
C	Months in Operation	0	12	12	Assumed implementation date of July 1, 2013
D	Subtotal for New Clients	\$0	\$238,032	\$132,840	Row A * Row B * Row C
E	Estimated Number of Existing Clients	0	28,188	30,750	Average enrolled clients
F	Cost of Annual Open Enrollment Letter	\$1.00	\$1.00	\$1.00	Based on current cost
G	Subtotal for Existing Clients	\$0	\$28,188	\$30,750	Row E * Row F
H	Cost of Designing New Brochure	\$0	\$1,000	\$0	Based on current cost
I	Total Costs	\$0	\$267,220	\$163,590	Row D + Row G + Row H
(1) Because open enrollment letters are sent on the client's birthday, in FY 2013-14 only 75% of enrolled clients will receive an open enrollment letter					

