

**Updated Schedule 10
Summary of FY 08-09 Change Requests**

Department Name: Health Care Policy and Financing

Submission Date: January 23, 2008

Total Impact of FY 08-09 Change Requests				\$190,165,322	7.30	\$92,378,478	\$61,226	(\$17,195,050)	\$114,920,668
Schedule 10 Priority	November 1 Priority	Title	IT Request?	Total Request (FY 08-09)	FTE	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds
FY 08-09 Decision Items									
1	DI - 1	Request for FY 08-09 Medical Services Premiums	No	\$113,786,826	0.00	\$60,266,483	(\$38,256)	(\$2,888,520)	\$56,447,119
2	DI - 2	Request for FY 08-09 Medicaid Community Mental Health Programs	No	(\$22,530,475)	0.00	\$4,140,689	\$0	(\$31,568,588)	\$4,897,424
3	DI - 3	Children's Basic Health Plan Medical Premium and Dental Benefit Costs	No	\$33,995,928	0.00	\$2,382,423	\$59,962	\$11,083,854	\$20,469,689
3A	DI - 3A	Additional Children's Basic Health Plan Outreach	No	\$23,933,495	0.00	\$4,415,375	\$39,520	\$5,526,162	\$13,952,438
4	DI - 4	Increase Funding for State Contribution Payment	No	\$2,854,636	0.00	\$2,854,636	\$0	\$0	\$0
5	DI - 5	MMIS Fixed Price Increase	No	\$313,010	0.00	\$75,905	\$0	\$3,287	\$233,818
6	DI - 6	Provider Rate Increases	No	\$17,091,875	0.00	\$8,264,081	\$0	\$281,858	\$8,545,936
7	DI - 7	Additional FTE to Restore Department Efficiency and Functionality	No	\$488,048	7.30	\$269,735	\$0	(\$51,420)	\$269,733
8	DI - 8	Training for Department Staff	No	\$100,000	0.00	\$50,000	\$0	\$0	\$50,000
9	DI - 9	Information Technology Replacement Plan	No	\$94,337	0.00	\$47,169	\$0	\$0	\$47,168
10	DI - 10	Funding for Additional Leased Space	No	\$286,534	0.00	\$143,267	\$0	\$0	\$143,267
11	DI - 11	Restore Enrollment Broker Contract Funding	No	\$159,570	0.00	\$79,785	\$0	\$0	\$79,785
12	DI - 12	Increase Health Maintenance Organization Rates to 100% of Fee-for-Service	No	\$4,372,996	0.00	\$2,186,498	\$0	\$0	\$2,186,498
13	DI - 13	Web Portal Contract Adjustments and Enhancements	No	\$117,833	0.00	\$29,458	\$0	\$0	\$88,375
14	DI - 14	Move Non-Emergency Transportation Services to Medical Services Premiums	No	\$0	0.00	\$0	\$0	\$0	\$0
15	DI - 15	Accuracy in Budgeting - Administrative Case Management	No	\$1,300,000	0.00	\$650,000	\$0	\$0	\$650,000
FY 08-09 Decision Item Subtotal				\$176,364,613	7.30	\$85,855,504	\$61,226	(\$17,613,367)	\$108,061,250
FY 08-09 Base Reduction Items									
1	BRI - 1	Revised Tobacco Tax Funding for CBMS	No	\$0	0.00	(\$417,996)	\$0	\$417,996	\$0
2	BRI - 2	Implement Preferred Drug List	No	(\$793,091)	0.00	(\$320,510)	\$0	\$0	(\$472,581)
FY 08-09 Base Reduction Item Subtotal				(\$793,091)	0.00	(\$738,506)	\$0	\$417,996	(\$472,581)

**Updated Schedule 10
Summary of FY 08-09 Change Requests**

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Submission Date: January 23, 2008

Total Impact of FY 08-09 Change Requests				\$190,165,322	7.30	\$92,378,478	\$61,226	(\$17,195,050)	\$114,920,668
Schedule 10 Priority	November 1 Priority	Title	IT Request?	Total Request (FY 08-09)	FTE	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds
FY 08-09 Non-Prioritized Items									
1	NP - 1	DHS - Population Impact on Contract Placement	No	\$41,208	0.00	\$20,604	\$0	\$0	\$20,604
2	NP - 2	Commission on Family Medicine - Leveraging Federal Matching Funds	No	\$270,000	0.00	\$135,000	\$0	\$0	\$135,000
3	NP - 3	DHS - Human Resources Staff	No	\$32,915	0.00	\$16,458	\$0	\$0	\$16,457
4	NP - 4	DHS - Regional Center ICF - MR Conversion and Year 2 of Staffing Study	No	\$2,201,627	0.00	\$1,065,711	\$0	\$0	\$1,135,916
5	NP - 5	DHS - IT Infrastructure Support	No	\$6,552	0.00	\$3,276	\$0	\$0	\$3,276
6	NP - 6	DHS - Adjustment to Statewide Multiuse Network Payments	No	\$12,377	0.00	\$6,189	\$0	\$0	\$6,188
7	NP - 7	DHS - Statewide C-SEAP Program Staffing	No	\$27,178	0.00	\$13,589	\$0	\$0	\$13,589
8	NP - 8	DHS - Adjustment to Statewide Vehicle Lease Payments	No	(\$35,715)	0.00	(\$17,857)	\$0	\$0	(\$17,858)
9	NP - 9	DHS - Provider Rate Increase	No	\$4,696,011	0.00	\$2,347,686	\$0	\$321	\$2,348,004
10	NP - 10	DHS - Division for Developmental Disabilities New Resources Request	No	\$7,341,299	0.00	\$3,670,650	\$0	\$0	\$3,670,649
11	NP - 11	DPA - Statewide C-SEAP Program Staffing	No	\$348	0.00	\$174	\$0	\$0	\$174
FY 08-09 Non-Prioritized Items Subtotal				\$14,593,800	0.00	\$7,261,480	\$0	\$321	\$7,331,999
GRAND TOTAL FY 08-09				\$190,165,322	7.30	\$92,378,478	\$61,226	(\$17,195,050)	\$114,920,668

**Schedule 12
Summary of FY 08-09 Budget Request Amendments**

Department Name: Health Care Policy and Financing
Submission Date: January 23, 2008
Number of Prioritized Budget Amendments: 3

Priority#	Page #	Title	IT Request	Total Request (FY 08-09)	FTE	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds
Health Care Policy and Financing FY 08-09 Stand Alone Budget Request Amendments									
BA-7	BA.7-1	Reduction in Medical Services Premiums in Support of Regional Center ICF/MR Conversion by the Department of Human Services	No	(\$31,024)	0.00	(\$15,512)	\$0	\$0	(\$15,512)
BA-8	BA.8-1	FY 08-09 Funding Increase for Old Age Pension State Medical Program	No	\$2,130,232	0.00	\$0	\$0	\$2,130,232	\$0
BA-9	BA.9-1	Efficiencies in Medicaid Cost Avoidances and Provider Recoveries	No	#####	5.50	#####	\$0	\$0	(\$637,781)
FY 08-09 HCPF Stand Alone Budget Request Amendments Subtotal				(\$1,554)	5.50	#####	\$0	\$2,130,232	(\$653,293)
Health Care Policy and Financing FY 08-09 Non-Prioritized Budget Request Amendments Associated with Supplementals									
NP-BA12	NP-BA12.1	December Update for Total Compensation	No	\$281,026	0.00	\$145,839	\$0	\$4,078	\$131,109
NP-BA13	NP-BA13.1	DHS - Adjustment to Statewide Vehicle Lease Payments	No	\$10,274	0.00	\$5,137	\$0	\$0	\$5,137
NP-BA14	NP-BA14.1	DHS - Mental Health Institute Menu Planning and Food Preparation and Office of Operations Consolidation of Food Purchases	No	(\$6,823)	0.00	(\$3,412)	\$0	\$0	(\$3,411)
NP-BA15	NP-BA15.1	DHS - December Update for Total Compensation	No	\$484,761	0.00	\$283,249	\$0	\$0	\$201,512
FY 08-09 HCPF Non-Prioritized Budget Request Amendments Associated				\$769,238	0.00	\$430,813	\$0	\$4,078	\$334,347
GRAND TOTAL FY 08-09 Budget Request Amendments				\$767,684	5.50	#####	\$0	\$2,134,310	(\$318,946)

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET REQUEST CYCLE

Schedule 13 Change Request for FY 08-09 Budget Request Cycle											
Decision Item FY 08-09 <input type="checkbox"/>		Base Reduction Item FY 08-09 <input type="checkbox"/>		Supplemental FY 07-08 <input type="checkbox"/>		Budget Request Amendment FY 08-09 <input checked="" type="checkbox"/>					
Request Title:	Reduction in Medical Services Premiums in Support of Regional Center ICF/MR Conversion by the Department of Human Services										
Department:	Health Care Policy and Financing			Dept. Approval by: John Bartholomew <i>JB</i>		Date: January 23, 2008					
Priority Number:	BA - 7			OSPB Approval: <i>[Signature]</i>		Date: 1/17/08					
		1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 06-07	Appropriation FY 07-08	Supplemental Request FY 07-08	Total Revised Request FY 07-08	Base Request FY 08-09	Decision/Base Reduction FY 08-09	November 1 Request FY 08-09	Budget Amendment FY 08-09	Total Revised Request FY 08-09	Change from Base (Column 5) FY 09-10
	Fund										
Total of All Line Items	Total	2,061,396,808	2,147,858,908	0	2,147,858,908	2,147,626,990	0	2,147,626,990	(31,024)	2,147,595,966	(55,566)
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	633,377,714	652,421,500	0	652,421,500	651,512,742	0	651,512,742	(15,512)	651,497,230	(27,783)
	GFE	343,100,000	343,900,000	0	343,900,000	343,900,000	0	343,900,000	0	343,900,000	0
	CF	0	38,256	0	38,256	38,256	0	38,256	0	38,256	0
	CFE	48,860,206	76,001,368	0	76,001,368	76,794,167	0	76,794,167	0	76,794,167	0
	FF	1,036,058,888	1,075,497,784	0	1,075,497,784	1,075,381,825	0	1,075,381,825	(15,512)	1,075,366,313	(27,783)
(2) Medical Services Premiums	Total	2,061,396,808	2,147,858,908	0	2,147,858,908	2,147,626,990	0	2,147,626,990	(31,024)	2,147,595,966	(55,566)
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	633,377,714	652,421,500	0	652,421,500	651,512,742	0	651,512,742	(15,512)	651,497,230	(27,783)
	GFE	343,100,000	343,900,000	0	343,900,000	343,900,000	0	343,900,000	0	343,900,000	0
	CF	0	38,256	0	38,256	38,256	0	38,256	0	38,256	0
	CFE	48,860,206	76,001,368	0	76,001,368	76,794,167	0	76,794,167	0	76,794,167	0
	FF	1,036,058,888	1,075,497,784	0	1,075,497,784	1,075,381,825	0	1,075,381,825	(15,512)	1,075,366,313	(27,783)
Letternote revised text:											
Cash Fund name/number, Federal Fund Grant name:				Title XIX							
IT Request: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>											
Request Affects Other Departments: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>				If Yes, List Other Departments Here: Department of Human Services							

CHANGE REQUEST for FY 08-09 BUDGET REQUEST CYCLE

Department:	Health Care Policy and Financing
Priority Number:	BA - 7
Change Request Title:	Reduction in Medical Services Premiums in Support of Regional Center ICF/MR Conversion by the Department of Human Services

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:

The Department requests a reduction of \$31,024 in Medical Services Premiums in support of Decision Item 6 by the Department of Human Services titled “Regional Center ICF/MR Conversion and Year Two of the Staffing Study (Wheat Ridge).” The request by the Department of Human Services will begin transition of the Regional Centers’ group homes to certification under the Centers for Medicare and Medicaid Services (CMS) regulations for Intermediate Care Facilities for Persons with Mental Retardation (ICF/MR).

Background and Appropriation History:

The trend in treatment for persons with developmental disabilities has been deinstitutionalization and transfer to the least restrictive settings. During FY 03-04, the federal Centers for Medicare and Medicaid Services (CMS) reviewed Colorado’s Home and Community Based Services – Developmentally Disabled waiver programs and approved renewal conditional on the following key changes: removal of certain services from the waiver and transition of these services to the Medicaid State Plan, and improved financial oversight and accountability of the program.

As part of the first change, the Regional Centers are no longer allowed to provide medical, psychiatric and therapy services to waiver individuals. These services are critical in meeting the needs of this population. The second change, improved financial oversight and accountability has resulted in a new fee-for-service rate structure that is expected to be inadequate for individuals with severe, extensive treatment needs who reside at the Regional Centers. The Regional Centers must begin to access home health services under the Medicaid State Plan. Finally, the Regional Centers will be required to access Community Centered Board case management, utilization review, and quality assurance activities.

General Description of Request:

This request would allow 20 of the Regional Centers' 40 Home and Community Based Services – Developmentally Disabled group homes to convert to ICF/MR certification during FY 08-09. These 20 homes are all of the waiver groups homes located at the Wheat Ridge Regional Center. The remaining homes at Grand Junction and Pueblo Regional Centers may be requested for conversion in a later fiscal year.

To offset the increased funding that will be necessary when the conversion to the ICF/MR arrangement occurs, the Department of Health Care Policy and Financing can decrease the amount of Medicaid funding currently paid through the Department's Medical Services Premiums line item because the funding will be included within the ICF/MR funding instead. However, the funding previously used in the Medical Services Premiums line item has not been large in comparison to the total need for funding by the ICF/MR. The Medical Services Premiums line item has paid claims for non-waiver services provided by medical practitioners, physicians, and dentists that will be moved into the ICF/MR funding. This would cause a reduction in funding for Medical Services Premiums in both FY 08-09 in the amount of \$31,024 and FY 09-10 in the amount of \$55,566.

Consequences if Not Funded:

If this request is not funded, then the Department of Human Services would convert group homes to ICF/MR status and certification by the federal Centers for Medicare and Medicaid Services outside of a Medical Services Premiums offset.

Calculations for Request:

Summary of Request FY 08-09	Total Funds	General Fund	Federal Funds
Total Request	(\$31,024)	(\$15,512)	(\$15,512)
(2) Medical Services Premiums, Medical Services Premiums (Column 8)	(\$31,024)	(\$15,512)	(\$15,512)

Summary of Request FY 09-10	Total Funds	General Fund	Federal Funds
Total Request	(\$55,566)	(\$27,783)	(\$27,783)
(2) Medical Services Premiums, Medical Services Premiums (Column 10)	(\$55,566)	(\$27,783)	(\$27,783)

The conversion is estimated by the Department of Human Services to be completed in 6.7 months in FY 08-09 as shown below.

Location	Transition Date	Number of Homes	Number of Months	Total Months
Wheat Ridge Regional Center	July 1, 2008	2.0	12.0	24.0
Wheat Ridge Regional Center	September 1, 2008	2.0	10.0	20.0
Wheat Ridge Regional Center	November 1, 2008	3.0	8.0	24.0
Wheat Ridge Regional Center	January 1, 2009	7.0	6.0	42.0
Wheat Ridge Regional Center	March 1, 2009	6.0	4.0	24.0
Totals		20.0		134.0
Number of Months in Full Fiscal Year for all 20 homes (= 20 homes X 12 months)				240.0
Number of Months of Conversion in FY 08-09 (= total months / available months 134/240 * 12)				6.7 Months

Assumptions for Calculations:

To identify the savings to the Medical Services Premiums line, the Department examined data from the Medicaid Management Information System for FY 06-07 for all Medicaid State Plan services that would become the responsibility of the ICFs/MR as a result of the transition. Clients at the Wheat Ridge Regional Center were identified by the presence of at least one residential habilitation claim from the Wheat Ridge Regional Center at some time during FY 06-07. Subsequently, all non-waiver practitioner, physician, and dental claims in FY 06-07 were pulled for these clients. The Department determined that the total amount for these state plan services provided to Wheat Ridge Regional Center clients during FY 06-07 was \$55,566.

The full annual funding reduction was adjusted to equal 6.7 months of funding in FY 08-09 since the conversion would be in effect for only that number of months, with an impact of \$31,024 for those months. ($\$55,566 * 6.7 \text{ months}/12$)

Only services not presently included in the Regional Center list of provided services should be separated from the Medical Services Premiums line item.

If this funding is reduced for FY 08-09, funding would be reduced for FY 09-10 only for the Wheat Ridge group homes. There may be other funding reductions in FY 09-10 for Regional Center conversions in Pueblo and Grand Junction. These requests would be submitted at a future time.

The funding reduced in the Medical Services Premiums line item includes both General Fund and matching federal funds.

Impact on Other Government Agencies:

This reduced funding at the Department of Health Care Policy and Financing would provide an offset to new additional funding requested for the ICF/MR conversion by the Department of Human Services.

Cost Benefit Analysis:

Cost/ Benefit	Funding Impacts
Benefit: Provides an offset to Department of Human Services in Total Funds	\$31,024 in Total Funds Offset

This request is clearly a benefit to the State by providing an offset to the request by the Department of Human Services.

Statutory and Federal Authority:

42 C.F.R., §442.105 *If a survey agency finds a facility deficient in meeting the standards for ICFs/MR, as specified under subpart I of part 483 of this chapter, the agency may certify the facility for Medicaid purposes under the following conditions: (a)*

The agency finds that the facility's deficiencies, individually or in combination, do not jeopardize the patient's health and safety, nor seriously limit the facility's capacity to give adequate care. (b) The agency finds acceptable the facility's written plan for correcting the deficiencies.

25.5-6.402 (2), C.R.S. (2007) The General Assembly intends that the State Department [of Health Care Policy and Financing] and the Department of Human Services shall cooperate to the maximum extent possible in designing, implementing, and administering the programs authorized under this Part 4.

26.6-6-404 (2), C.R.S. (2007) The State Department [of Health Care Policy and Financing] and the Department of Human Services shall, subject to appropriation, utilize any available federal, State, local, or private funds, including but not limited to Medicaid funds available under Title XIX of the federal "Social Security Act", as amended, such as Medicaid home-and community-based waivers, to carry out the purposes of this Part 4.

Performance Measures:

This Change Request affects the following Performance Measures:

- Increase the number of clients served through targeted, integrated care management programs.
- Maintain or reduce the difference between the Department's spending authority and actual expenditures for Medicaid services.

The Department believes that the ICF/MR arrangement will be cost-effective and satisfy the clients' needs in a well managed environment.

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET REQUEST CYCLE

Schedule 13 Change Request for FY 08-09 Budget Request Cycle												
		<input type="checkbox"/> Decision Item FY 08-09			<input type="checkbox"/> Base Reduction Item FY 08-09			<input type="checkbox"/> Supplemental FY 07-08		<input checked="" type="checkbox"/> Budget Request Amendment FY 08-09		
Request Title:		FY 08-09 Funding Increase for Old Age Pension State Medical Program										
Department:		Health Care Policy and Financing			Dept. Approval by:		John Bartholomew <i>JB</i>		Date:		January 23, 2008	
Priority Number:		BA - 8			OSPB Approval:		<i>Jan 23</i>		Date:		<i>4/17/08</i>	
		1	2	3	4	5	6	7	8	9	10	
		Prior-Year Actual FY 06-07	Appropriation FY 07-08	Supplemental Request FY 07-08	Total Revised Request FY 07-08	Base Request FY 08-09	Decision/ Base Reduction FY 08-09	November 1 Request FY 08-09	Budget Amendment FY 08-09	Total Revised Request FY 08-09	Change from Base (Column 5) FY 09-10	
Total of All Line Items	Total	12,578,662	13,293,672	0	13,293,672	13,181,483	0	13,181,483	2,130,232	15,311,715	0	
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	GF	0	0	0	0	0	0	0	0	0	0	
	GFE	0	0	0	0	0	0	0	0	0	0	
	CF	0	0	0	0	0	0	0	0	0	0	
	CFE	12,578,662	13,293,672	0	13,293,672	13,181,483	0	13,181,483	2,130,232	15,311,715	0	
	FF	0	0	0	0	0	0	0	0	0	0	
(5) Other Medical Services	Total	12,578,662	13,293,672	0	13,293,672	13,181,483	0	13,181,483	2,130,232	15,311,715	0	
Services for Old Age Pension State Medical Program clients	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	GF	0	0	0	0	0	0	0	0	0	0	
	GFE	0	0	0	0	0	0	0	0	0	0	
	CF	0	0	0	0	0	0	0	0	0	0	
	CFE	12,578,662	13,293,672	0	13,293,672	13,181,483	0	13,181,483	2,130,232	15,311,715	0	
	FF	0	0	0	0	0	0	0	0	0	0	
Letternote revised text:												
Cash Fund name/number, Federal Fund Grant name:		Old Age Pension Health and Medical Care Fund (OAP H & MC Fund) and Supplemental OAP H & MC Fund/ Fund 15k										
IT Request:		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No										
Request Affects Other Departments:		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, List Other Departments Here:										

CHANGE REQUEST for FY 08-09 BUDGET REQUEST CYCLE

Department:	Health Care Policy and Financing
Priority Number:	BA - 8
Change Request Title:	FY 08-09 Funding Increase for Old Age Pension State Medical Program

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:

An additional \$2,130,232 is requested to be appropriated from the Supplemental Old Age Pension Health and Medical Care Fund to the Services for Old Age Pension State Medical Program client line item for FY 08-09. This reflects the current projected costs of services for this program based on maintaining the same reimbursement rates effective July 1, 2007.

Background and Appropriation History:

The Old Age Pension was established in 1936 by an amendment to the State Constitution, creating article XXIV. This article was amended in 1956 to add the Health and Medical Care Program and Fund. Old Age Pension benefits specified in article XXIV of the State Constitution require that a health and medical program be provided to anyone who qualifies to receive an Old Age Pension cash payment and is not a patient in an institution for tuberculosis or mental disease. Eligible recipients for these program benefits are over the age of sixty but do not meet the Supplemental Security Income criteria and are therefore ineligible for Medicaid. This population is not sufficiently disabled to qualify for Supplemental Security Income.

Funding for the Old Age Pension State Medical Program is comprised of three sources: 1) the Colorado Constitution Article XXIV, Old Age Pension Health and Medical Care Fund which is allocated \$10,000,000 annually; 2) \$750,000 annually appropriated by the General Assembly from the Supplemental Old Age Pension Health and Medical Care Fund per Senate Bill 03-299; and 3) the Cash Fund for Health Related Purposes appropriated through the passage of House Bill 05-1262. House Bill 05-1262 allocated \$1,000,000 of state sales and use tax revenues annually to the supplemental fund and any moneys appropriated to the supplemental fund by the General Assembly. Starting in FY 03-04, the amount allocated annually from sales and use taxes by statute was reduced to \$750,000 by Senate Bill 03-299. An additional source of funding for the Supplemental Old Age Pension Health and Medical Care Fund was created in House Bill 05-1262. This bill implemented the provisions of Amendment 35, approved by voters, which increased taxes on tobacco products. The bill specifies that three percent of annual estimated taxes collected under Amendment 35 be appropriated to the Cash Fund for Health Related Purposes. Of the funds appropriated to the Cash Fund for Health Related Purposes, by statute, fifty percent is to be deposited into the Supplemental Old Age Pension Health and Medical Care Fund. Any unspent moneys appropriated for Services for Old Age Pension State Medical Program clients at the end of each fiscal year are credited to (or remain in) the Supplemental Old Age Pension Health and Medical Care Fund.

Senate Bill 07-133 requires that the Department utilize the cash system of accounting for the Old Age Pension Health and Medical Care fund and the Supplemental Old Age Pension Health and Medical Care Fund starting July 1 2007.

General Description of Request:

The request is for an increased level of funding for FY 08-09 to maintain the current reimbursement rates in effect as of July 1, 2007 through June 30, 2009. The increase in funding will provide stability for the program for at least the current fiscal year and next fiscal year. During the last two fiscal years, frequent reimbursement rate changes enacted by the Department have been necessary to keep program expenditures within the appropriation while still using available funds in the most effective manner. This

management strategy has created uncertainties for the providers and may have affected their willingness to provide services to Old Age Pension clients. It has also been difficult for the Department to predict utilization of services by clients when the rates are often changing. A period of reimbursement rate stability will help the Department assess program utilization as it continues to examine other opportunities to change the structure of the Old Age Pension State Medical program within the discussions on health care reform.

The Old Age Pension State Medical Program is 100% State-funded and not an entitlement program. Total payments to providers for services to eligible Old Age Pension clients are limited to the funds appropriated for any given fiscal year and the Department must manage to the available appropriation. As eligibility for the program is defined in the State Constitution and State Statute, the Department's options to manage expenditures are limited to either adjusting the rates paid to providers for services or limiting the utilization of services by clients. The program's caseload has fluctuated over the years, but has risen steadily since FY 02-03.

The rates paid to providers of services for Old Age Pension clients are tied to the rates the Colorado Medicaid program pays for the same services provided to Old Age Pension clients. As Medicaid rates have increased over the years costs of providing medical services to Old Age Pension clients have risen as well. Since FY 99-00, the Department has attempted to manage costs to utilize the maximum funding available to reimburse providers without exceeding the appropriation for the fiscal year. The Department's primary strategy has been to adjust the rates paid for selected services provided to Old Age Pension clients based on a percentage of the Medicaid rates for the same services. The history of actions taken by the Department is outlined in the "Report to the Joint Budget Committee on Old Age Pension State Medical Program" dated November 1, 2007 in response to Footnote 35 in the Long Bill, Senate Bill 07-239. Changing the reimbursement rates has had indirect effects. When rates are changed, utilization may also change and providers' willingness to provide services may vary as rates are increased or decreased. As a result, the effects of rate changes are difficult to measure and predict and

constant monitoring is required to determine if subsequent modifications of reimbursement rates are necessary. In addition, providers have been subject to a level of uncertainty regarding their reimbursement for services to Old Age Pension clients.

Consequences if Not Funded:

Reimbursement rates paid for medical services for Old Age Pension clients may need to be reduced for FY 08-09 in order to manage to the current appropriation request for the Old Age Pension State Medical Program as of November 1, 2007 to insure the appropriation is not overspent. Lower rates could reduce the number of providers willing to provide medical care to the Old Age Pension clients or cause providers to reduce or limit the amount of services they are willing to provide to this eligibility group.

Calculations for Request:

Summary of Request FY 08-09	Total Funds	Cash Funds Exempt
Total Request	\$2,130,232	\$2,130,232
Other Medical Services: Services for Old Age Pension State Medical Program clients (Column 8)	\$2,130,232	\$2,130,232

Table 1 (below) shows the estimated final expenditures for FY 06-07 pending closing of the accounts payable for the year and the projections using the forecast model for FY 07-08 and FY 08-09 using the higher ranges of projections for the service categories.

Table 1				
Old Age Pension State Medical Program Projections Based on July 1, 2007 Rates				
Service Category/Claim Type	FY 07-08 % of Medicaid Rates as of 7/1/07	Actual	Projected	Projected
		FY 06-07	FY 07-08	FY 08-09
Capitation	100.0%	\$0	\$ 0	\$0
Pharmacy	70.0%	\$4,875,034	\$4,064,740	\$4,222,993
Inpatient	10.0%	\$1,035,713	\$859,171	\$811,637
Outpatient	60.0%	\$2,306,092	\$3,118,474	\$3,560,414
Practitioner/Physician	60.0%	\$2,779,869	\$3,562,099	\$5,646,287
Dental	60.0%	\$30,726	\$20,367	\$6,759
Independent Laboratory	60.0%	\$186,270	\$180,756	\$184,207
Medical Supply	60.0%	\$529,524	\$551,158	\$572,692
Home Health	60.0%	\$228,517	\$150,586	\$155,880
Transportation	60.0%	\$39,268	\$48,840	\$52,607
Medicare Part A Crossover	100.0%	\$4,197	\$1,704	\$601
Medicare Part B Crossover	100.0%	\$21,827	\$30,973	\$74,977
Medicare UB92 Part B Crossover	100.0%	\$30,413	\$23,569	\$22,662
Projected Totals Before Adjustments		\$12,067,450	\$12,612,438	\$15,311,715
Minus Prior Year Accounts Payable (1)		(\$746,694)	(\$810,544)	\$0
Plus Current Year Accounts Payable (1)		\$810,544	\$0	\$0
Total Estimated Expenditures (2)		\$12,131,300	\$11,801,893	\$15,311,715
Current Appropriation or Appropriation Request		\$12,578,662	\$13,293,672	\$13,181,483
Projected Under/(Over) Appropriation/Current Request (3)		\$447,362	\$1,491,779	(\$2,130,232)

Notes:

(1) Adjustments for Accounts Payable are to convert the cash based monthly projections to accrual accounting for FY 06-07 and reflect a one-time savings for FY 07-08 for the change to cash-based accounting starting in FY 07-08.

(2) The FY 06-07 total differs from the Colorado Financial Reporting System (COFRS) final closing expenditures as the projected expenditures do not include accounting adjustments for estimated accrued accounts payable and other adjusting entries.

(3) Unused appropriations remain available for the health and medical care costs of Old Age Pension clients and may not be used for any other purposes. Therefore, negative supplemental budget requests are not submitted.

Table 2 shows the estimated impact on the Supplemental Old Age Pension Health and Medical Care Fund using the expenditures projected by the forecasting model for FY 07-08 and FY 08-09:

Table 2			
Supplemental Old Age Pension Health and Medical Care Fund Analysis			
	Actual	Projected	Projected
	FY 06-07	FY 07-08	FY 08-09
Beginning Fund Balance (Estimated for FY 08-09)	\$1,850,147	\$2,542,498	\$4,422,686
Annual Transfer or Sales and Use Tax Revenue from Department of Revenue	\$750,000	\$750,000	\$750,000
Estimated HB 05-1262 Tobacco Taxes (Note A)	\$2,580,180	\$2,500,500	\$2,433,000
Estimated Reversion from Prior Year Accounts Payable		\$433,098	
Adjustment for Actual Tobacco Taxes Credited to the Fund	(\$57,650)		
Total Revenues	\$3,272,530	\$3,683,598	\$3,183,000
Total Funds Available	\$5,122,677	\$6,226,096	\$7,605,686
Actual Expenditures from Supplemental Fund for the Fiscal Year	(\$2,580,179)		
Original Appropriation or Request for Funding from Supplemental OAP Fund		(\$3,975,968)	(\$3,183,000)
SB 07-122 Reduction for Change to Cash Based Accounting		\$680,779	
Projected Underexpenditure for FY 07-08 Based on Projection Model		\$1,491,779	
Projected Additional Need for FY 08-09 Based on Projection Model			(\$2,130,232)
Total Expenditures	(\$2,580,179)	(\$1,803,410)	(\$5,313,232)
Estimated Ending Fund Balance (Actual for FY 06-07)	\$2,542,498	\$4,422,686	\$2,292,454

Note: Source: November 1, 2007 Health Care Policy and Financing Budget Request for FY 08-09 Schedule 3 Pages D 5-4 and 5-5.

Assumptions for Calculations:

The calculations for this request differ significantly from those used for the Department's November 1, 2007 Budget Request for FY 08-09 for the Old Age Pension State Medical Program. The November 1 request is based on a calculation of a continuation level of funding without regard to the projected costs of providing services at a given rate of reimbursement for various services relative to Medicaid rates. The November 1 request assumes that rates will be adjusted as necessary during the year in order to manage as closely as possible to the appropriation and insure the line item is not overspent at fiscal year-end. The caseload projections for the November 1 request are based on the average annual caseload growth rates for the previous two fiscal years and are not used in calculating the request amount. For this request, expenditure projections are made for FY 07-08 and FY 08-09 based on maintaining the reimbursement rates for client services in effect on July 1, 2007 for the duration of both fiscal years. Caseload projections are based on monthly caseloads and are an integral part of the calculations of estimated expenditures.

The expenditure projections for this request are intended to provide assurance that the reimbursement rates in effect on July 1, 2007 for each service category (expressed as a percentage of the Medicaid rates for the same services) can be maintained through the end of FY 08-09 while remaining within the appropriation for the fiscal years. By stabilizing rates for at least two years, the Department believes providers can better predict reimbursement for their services and utilization can be assessed over time at a given level of reimbursement.

The expenditure projections are based on a forecasting model using monthly caseload and paid claims history for the 12 service categories (claim types) paid for Old Age Pension clients starting July of 2002. The model is updated each month with the caseload and paid claims data derived from the Medicaid Management Information System used to process provider claims for the Old Age Pension State Medical Program.

Expenditures are forecast at an average weekly per capita basis for each of the 12 claim types. These weekly forecasts are extended to monthly values, which can be summed to obtain forecasts by fiscal year. The model includes fields to specify the reimbursement rate (as a percentage of Medicaid's reimbursement rate) for each claim type, and these rates can be adjusted for each month to predict the future effect of rate changes. However, the model assumes utilization of services by clients is not affected by changes in reimbursement rates and does not attempt to predict and incorporate any changes in utilization resulting from changes in reimbursement rates. Frequent rate changes over the last two fiscal years have precluded collection of sufficient data to predict the impacts on utilization. In addition, some claim types are not billed and paid for several months, so the effect of rate changes does not bring immediate results. Therefore, the model considers the lag effect of all claim types.

Regarding specific forecasting techniques, historical Medicaid Management Information System data is converted to average per-capita expenditures by claim type by week, and forecasts are calculated with the assistance of forecasting software to predict a range of possible expenditures for each claim type. For most claim types (service categories), the higher ranges of projections were chosen to increase the likelihood that the requested appropriation will be adequate to cover the costs of services based on the July 1, 2007 reimbursement rates. Any remaining unspent appropriations to the Old Age Pension State Medical Program at fiscal year-end are credited to or remain in the Supplemental Old Age Pension Health and Medical Care Fund and are not available for appropriation for other uses.

Impact on Other Government Agencies: None anticipated.

Cost Benefit Analysis:

Benefits	Cost
Reimbursement rates will be stabilized for the Old Age Pension State Medical Program for at least the current and next fiscal years.	\$2,130,232
Health care providers will know what to expect in payment for the services they render to Old Age Pension clients to aid in their decision making regarding the services they are willing to provide.	
The continuity of care for Old Age Pension clients may be improved and possible disruptions in services avoided.	
The Department's knowledge of program utilization will be improved to aid in decision-making as the Department examines other opportunities to change the structure of the program within the discussions on health care reform.	

Implementation Schedule:

Task	Month/Year
Continue to monitor and project program expenditures monthly to determine if rate changes are needed to manage to current appropriations	On-going
If necessary, notify providers of proposed rate changes and write rule changes for approval by Medical Services Board	Starting March 2008 and on-going

Statutory and Federal Authority:

Colorado Constitution, Article XXIV, Section 7 (c) *Any moneys remaining in the old age pension fund, ... shall be transferred to a health and medical care fund. The state board ... shall promulgate rules and regulations for administration of a program to provide health and medical care to persons who qualify to receive old age pensions ..., not to exceed ten million dollars in any fiscal year,...*

25.5-2-101 (2), C.R.S. (2007) *Old age pension health and medical care fund - supplemental old age pension health and medical care fund. Any moneys remaining in the state old age pension fund after full payment of basic minimum awards to qualified old age pension recipients and after establishment and maintenance of the old age pension stabilization fund in the amount of five million dollars shall be transferred to a fund to be known as the old age pension health and medical care fund, which is hereby created. The state board shall establish and promulgate rules for administration of a program to provide health and medical care to persons who qualify to receive old age pensions...*

25.5-2-101 (3) *There is hereby established in the state department a supplemental health and medical care program to provide health and medical care to persons who qualify to receive old age pensions...*

25.5-2-101(4) *The state department shall utilize the cash system of accounting, as enunciated by the governmental accounting standards board, regardless of the source of revenues involved, for all activities of the state department relating to the financial administration of any nonadministrative expenditure for the health and medical care programs described in subsections (2) and (3) of this section.*

24-22-117 (1) (c) (II), C.R.S (2007) (c) *For the 2004-05 fiscal year and each fiscal year thereafter, the general assembly shall annually appropriate three percent of the moneys estimated to be deposited in that fiscal year into the cash fund, plus three percent of the interest earned on the moneys in the cash fund, for health-related purposes to provide revenue for the state's general fund and old age pension fund and for municipal and county governments to compensate proportionately for tax revenue reductions*

attributable to lower cigarette and tobacco sales resulting from the implementation of the tax imposed pursuant to section 21 of article X of the state constitution, as follows:

(II) Fifty percent of the moneys specified in this paragraph (c) to the supplemental old age pension health and medical care fund to provide services under the supplemental health and medical care program, section 25.5-2-101 (3), C.R.S., for persons who qualify to receive old age pensions;

39-26-123(3) (a) (2007) For any state fiscal year commencing on or after July 1, 2006, eighty-five percent of all net revenue collected under the provisions of this article shall be credited to the old age pension fund created in section 1 of article XXIV of the state constitution. The remaining fifteen percent shall be allocated among the sales and use tax holding fund created in subsection (2) of this section, the general fund, the older Coloradans cash fund created in section 26-11-205.5 (5), C.R.S., and the supplemental old age pension health and medical care fund created in section 25.5-2-101 (3), C.R.S., and credited to the funds by the state treasurer as follows:

(IV) Seven hundred fifty thousand dollars to the supplemental old age pension health and medical care fund.

Performance Measures:

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. Maintain or reduce the difference between the Department's spending authority and actual expenditures for Medicaid services.

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET REQUEST CYCLE

Schedule 13 Change Request for FY 08-09 Budget Request Cycle											
Request Title:		Decision Item FY 08-09	Base Reduction Item FY 08-09			Supplemental FY 07-08		Budget Request Amendment FY 08-09			
Efficiencies in Medicaid Cost Avoidances and Provider Recoveries		Health Care Policy and Financing			Dept. Approval by: John Bartholomey		Date: January 23, 2008				
Priority Number: BA - 9		OSPB Approval:			<i>[Signature]</i>		Date: 1/17/08				
	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	2,105,110,552	2,189,454,599	0	2,189,454,599	2,192,017,136	0	2,192,017,136	(2,100,762)	2,189,916,374	(5,360,226)
	FTE	225.36	245.30	0	245.30	259.50	0	259.50	5.50	265.00	6.00
	GF	646,774,200	666,107,835	0	666,107,835	665,735,833	0	665,735,833	(1,462,981)	664,272,852	(2,742,612)
	GFE	343,100,000	343,900,000	0	343,900,000	343,900,000	0	343,900,000	0	343,900,000	0
	CF	62,998	639,041	0	639,041	1,635,410	0	1,635,410	0	1,635,410	0
	CFE	49,866,112	77,328,124	0	77,328,124	79,575,519	0	79,575,519	0	79,575,519	0
	FF	1,065,307,242	1,101,479,599	0	1,101,479,599	1,101,170,374	0	1,101,170,374	(637,781)	1,100,532,593	(2,617,614)
(1) Executive Director's Office											
	Total	15,260,951	16,715,590	0	16,715,590	18,860,743	0	18,860,743	377,611	19,238,354	414,476
Personal Services											
	FTE	225.36	245.30	0.00	245.30	259.50	0.00	259.50	5.50	265.00	6.00
	GF	6,054,845	7,261,822	0	7,261,822	7,768,653	0	7,768,653	188,805	7,957,458	207,238
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	140,495	0	140,495	212,681	0	212,681	0	212,681	0
	CFE	399,006	592,486	0	592,486	2,121,195	0	2,121,195	0	2,121,195	0
	FF	8,807,100	8,720,787	0	8,720,787	8,758,214	0	8,758,214	188,806	8,947,020	207,238
(1) Executive Director's Office											
SB 04-257 Amortization											
	Total	93,197	178,339	0	178,339	243,206	0	243,206	5,413	248,619	5,906
Equalization Disbursement											
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	41,256	76,448	0	76,448	108,110	0	108,110	2,706	110,816	2,953
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	2,092	5,855	0	5,855	12,070	0	12,070	0	12,070	0
	FF	49,849	96,036	0	96,036	123,026	0	123,026	2,707	125,733	2,953

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET REQUEST CYCLE

Schedule 13												
Change Request for FY 08-09 Budget Request Cycle												
	Decision Item FY 08-09	<input type="checkbox"/>	Base Reduction Item FY 08-09	<input type="checkbox"/>	Supplemental FY 07-08	<input type="checkbox"/>	Budget Request Amendment FY 08-09	<input checked="" type="checkbox"/>				
Request Title:	Efficiencies in Medicaid Cost Avoidances and Provider Recoveries											
Department:	Health Care Policy and Financing				Dept. Approval by: John Bartholomew				Date: January 23, 2008			
Priority Number:	BA - 9				OSPB Approval:				Date:			
		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 06-07	FY 07-08	FY 07-08	FY 07-08	FY 08-09	Reduction	FY 08-09	FY 08-09	FY 08-09	(Column 5)	
(1) Executive Director's Office Supplemental Amortization Equalization Disbursement (SB 06-235)	Total	0	34,950	0	34,950	77,872	0	77,872	2,538	80,410	1,846	
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	GF	0	13,722	0	13,722	34,615	0	34,615	1,269	35,884	923	
	GFE	0	0	0	0	0	0	0	0	0	0	
	CF	0	0	0	0	0	0	0	0	0	0	
	CFE	0	1,220	0	1,220	3,866	0	3,866	0	3,866	0	
	FF	0	20,008	0	20,008	39,391	0	39,391	1,269	40,660	923	
(1) Executive Director's Office Operating Expenses	Total	1,196,014	1,039,465	0	1,039,465	1,023,940	0	1,023,940	59,230	1,083,170	38,500	
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	GF	586,457	494,229	0	494,229	486,342	0	486,342	29,615	515,957	19,250	
	GFE	0	0	0	0	0	0	0	0	0	0	
	CF	0	14,395	0	14,395	3,800	0	3,800	0	3,800	0	
	CFE	8,151	14,546	0	14,546	27,093	0	27,093	0	27,093	0	
	FF	601,406	516,295	0	516,295	506,705	0	506,705	29,615	536,320	19,250	
(1) Executive Director's Office Legal Services and Third Party Recovery Legal Services	Total	763,821	913,629	0	913,629	913,629	0	913,629	19,415	933,044	19,415	
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	GF	318,913	370,501	0	370,501	370,501	0	370,501	9,708	380,209	9,708	
	GFE	0	0	0	0	0	0	0	0	0	0	
	CF	62,998	76,924	0	76,924	76,924	0	76,924	0	76,924	0	
	CFE	0	6,319	0	6,319	6,319	0	6,319	0	6,319	0	
	FF	381,910	459,885	0	459,885	459,885	0	459,885	9,707	469,592	9,707	

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET REQUEST CYCLE

Schedule 13											
Change Request for FY 08-09 Budget Request Cycle											
	Decision Item FY 08-09	<input type="checkbox"/>	Base Reduction Item FY 08-09	<input type="checkbox"/>	Supplemental FY 07-08	<input type="checkbox"/>	Budget Request Amendment FY 08-09	<input checked="" type="checkbox"/>			
Request Title:	Efficiencies in Medicaid Cost Avoidances and Provider Recoveries										
Department:	Health Care Policy and Financing				Dept. Approval by: John Bartholomew			Date:	January 23, 2008		
Priority Number:	BA - 9				OSPB Approval:			Date:			
		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 06-07	FY 07-08	FY 07-08	FY 07-08	FY 08-09	Reduction	FY 08-09	FY 08-09	FY 08-09	(Column 5)
											FY 09-10
(1) Executive Director's Office Administrative Law Judge Services	Total	380,930	407,509	0	407,509	453,207	0	453,207	9,631	462,838	9,631
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	190,465	203,755	0	203,755	226,604	0	226,604	4,816	231,420	4,816
	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	190,465	203,754	0	203,754	226,603	0	226,603	4,815	231,418	4,815
(1) Executive Director's Office Medicaid Management Information System Contract	Total	26,018,831	22,306,209	0	22,306,209	22,817,549	0	22,817,549	50,400	22,867,949	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	6,204,550	5,265,858	0	5,265,858	5,228,266	0	5,228,266	12,600	5,240,866	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	368,971	0	368,971	1,303,749	0	1,303,749	0	1,303,749	0
	CFE	596,657	706,330	0	706,330	610,809	0	610,809	0	610,809	0
	FF	19,217,624	15,965,050	0	15,965,050	15,674,725	0	15,674,725	37,800	15,712,525	0
(1) Executive Director's Office Enhanced Fraud Detection Contracting (new line item)	Total	0	0	0	0	0	0	0	1,250,000	1,250,000	500,000
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	0	0	0	0	0	0	0	225,000	225,000	187,500
	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	1,025,000	1,025,000	312,500

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET REQUEST CYCLE

Schedule 13											
Change Request for FY 08-09 Budget Request Cycle											
	Decision Item FY 08-09	<input type="checkbox"/>	Base Reduction Item FY 08-09	<input type="checkbox"/>	Supplemental FY 07-08	<input type="checkbox"/>	Budget Request Amendment FY 08-09	<input checked="" type="checkbox"/>			
Request Title:	Efficiencies in Medicaid Cost Avoidances and Provider Recoveries										
Department:	Health Care Policy and Financing				Dept. Approval by: John Bartholomew			Date: January 23, 2008			
Priority Number:	BA - 9				OSPB Approval:			Date:			
		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 06-07	FY 07-08	FY 07-08	FY 07-08	FY 08-09	Reduction	FY 08-09	FY 08-09	FY 08-09	(Column 5)
(2) Medical Services											
Premiums	Total	2,061,396,808	2,147,858,908	0	2,147,858,908	2,147,626,990	0	2,147,626,990	(3,875,000)	2,143,751,990	(6,350,000)
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	633,377,714	652,421,500	0	652,421,500	651,512,742	0	651,512,742	(1,937,500)	649,575,242	(3,175,000)
	GFE	343,100,000	343,900,000	0	343,900,000	343,900,000	0	343,900,000	0	343,900,000	0
	CF	0	38,256	0	38,256	38,256	0	38,256	0	38,256	0
	CFE	48,860,206	76,001,368	0	76,001,368	76,794,167	0	76,794,167	0	76,794,167	0
	FF	1,036,058,888	1,075,497,784	0	1,075,497,784	1,075,381,825	0	1,075,381,825	(1,937,500)	1,073,444,325	(3,175,000)
Letternote revised text:											
Cash Fund name/number, Federal Fund Grant name:	FF: Title XIX										
IT Request:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No									
Request Affects Other Departments:	<input type="checkbox"/> es	<input checked="" type="checkbox"/> lo	If Yes, List Other Departments Here:								

CHANGE REQUEST for FY 08-09 BUDGET REQUEST CYCLE

Department:	Health Care Policy and Financing
Priority Number:	BA - 9
Change Request Title:	Efficiencies in Medicaid Cost Avoidances and Provider Recoveries

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 is for 5.5 FTE annualizing to 6.0 FTE and a net reduction in funding of \$2,100,762 in FY 08-09. The Department is seeking funding to strengthen the Medicaid provider re-enrollment process and implement enhanced fraud detection technology. These improvements are expected to reduce the amount of fraudulent and erroneous Medicaid payments.

Background and Appropriation History:

The Department's Program Integrity section monitors and improves provider accountability for the Medicaid program. Program Integrity staff identify potentially excessive or improper utilization, or improper billing of the Medicaid program by providers. If a situation is identified, staff follow-up to investigate, classify, and recover payments and/or refer the providers to legal authorities for possible prosecution when appropriate. Providers are currently selected for review in one of three ways. The first way is when the section receives complaints or referrals questioning improper or incorrect payments, and a preliminary investigation is conducted. If it is deemed necessary based on this preliminary review, a case is opened to perform a full investigation of the provider.

The second way of identifying a provider for review is through review of comparison reports of like providers – if a particular provider is not similar to those in the same group, the Department opens a case for review. Finally, the third way providers are selected for review is by developing a study by which payments to all providers in the same category of service will be examined under the criteria developed for the study. Interventions for improper use of the Medicaid program can range from education and recovery of overpayments, to restriction or exclusion from participation in the program. Civil and criminal sanctions may also be pursued by the Department and the Medicaid Fraud Control Unit.

As of August 2007 Colorado contracted with over 50,000 healthcare providers who are actively engaged in the delivery of healthcare related goods and services to low-income Coloradans enrolled in the state's Medicaid program.¹ More than 54 types of providers contract with the state including doctors, dentists, chiropractors, hospitals, laboratories, pharmacies, durable medical equipment, and emergency and non-emergency transportation providers.

General Description of Request:

This request is for total funds of \$1,774,238 and an additional 5.5 FTE in FY 08-09 (6.0 FTE annualized beginning in FY 09-10) to implement improvements to the Medicaid provider re-enrollment process as well as purchase enhanced fraud detection technology. These improvements are expected to result in savings of \$3,875,000 total funds in FY 08-09, resulting in a net decrease in funding of \$2,100,762.

Strengthening Provider Enrollment

The Department of Health Care Policy and Financing does not currently require Medicaid providers to re-apply once their application for participation has been approved. Once a provider has been approved, they remain enrolled in the program indefinitely, although they are required to update affiliations, logistics, disclosures of convictions and ownership

¹ Colorado Department of Health Care Policy and Financing, COLD MARS Report #M222200 – Provider Participation Analysis For the Period of 05/01/2007 through 05/31/2007.

(if they own 5% or more of an entity) by either letter or fax to Affiliated Computer Systems, the State's contracted fiscal agent.

Approval involves a desk review by Affiliated Computer Systems of the providers' applications without on-site inspection or investigation because Colorado currently has no field staff to perform such reviews. Affiliated Computer Systems checks a List of Excluded Individuals and Entities (LEIE) – exclusions from any federal program – to see if a provider has been excluded or debarred in another state. The Department's Program Integrity section has acquired a comprehensive provider database from the Centers for Medicare and Medicaid Services. The Department is in the process of cross referencing this database against the State's current list of providers to see if any exclusions have been missed by Affiliated Computer Systems' process and database.

Colorado law cites conviction for fraud or another felony as good causes for the Medicaid program exclusion. During the prior Governor's term, few providers were removed from the program as a result of such convictions. However, over-billing and other program abuse is not considered "good cause" for termination unless the Department's Program Integrity section can document a "pattern of abuse." Currently, approximately one provider per year is removed from the program for this reason.

In 2004 the U.S. Office of Inspector General published a report listing the approaches used by the states to maintain a qualified pool of providers and limit Medicaid fraud. States' approaches for keeping 'bad actors' out of the Medicaid program included:

- Measures applied to all providers
 - Review and update provider enrollment information
 - Time-limited enrollment
 - Cancellation or suspension of inactive billing numbers

- Measures applied to high-risk providers
 - Surety bonds
 - On-site inspections

- Criminal background checks
- Intensified claims review and auditing
- Targeted provider education
- Time limited enrollment

California experienced over \$200 million in cost avoidance for the state and federal government in one year after implementing measures to more closely scrutinize provider enrollment applications.²

Colorado currently employs only three of these techniques: cancellation of inactive billing numbers, intensified claims review, and targeted provider education of high risk providers. At one time about four years ago, Colorado employed a fourth technique by un-enrolling one of its Medicaid transportation providers and requiring them to reapply.

The Department's plan to strengthen provider enrollment includes the following:

- Requiring more frequent re-enrollment of providers deemed as high-risk by the Department's Program Integrity section. Working jointly with the Colorado Attorney General's Medicaid Fraud Control Unit, the Program Integrity section will examine the State's experience, as well as that of other states, to determine which providers or categories of providers should be required to re-enroll more frequently. The Department will re-enroll approximately one-tenth of the providers every year, and will verify provider information including medical credentials, ownership in an enrolled entity, and licensure status.

The estimated cost of increasing the frequency of provider re-enrollments, including printing and mailing applications and all related correspondence, as well as contractor costs for employees to process applications, is estimated to be \$80,550 in FY 08-09. These are on-going costs, as 10% of providers will be re-enrolled every year.

² Medicaid Program Integrity: State and Federal Efforts to Prevent and Detect Improper Payments, Highlights of GAO-04-707, a report to the Chairman, Committee on Finance, U.S. Senate, July 2004, page 14.

- As part of the reenrollment process, the providers identified as high-risk by the Program Integrity section will also be required to undergo a criminal background check and tender a surety bond, at the discretion of the Department. Current state statute (25.5-1-303(3) (f), C.R.S. (2007)) gives the Medical Services Board authority to adopt rules governing the "requirements, obligations, and rights of providers". The Department assumes that such background checks and surety bonds should be considered to be requirements of providers, and are therefore subject to the Medical Services Board's rulemaking authority. It is assumed that only Medical Services Board Rule changes are required to grant the Department authority to determine which provider types will be subject to criminal background checks and surety bonds. Over time, the types of providers posing the highest risk may change, and the Department should be given the flexibility to modify its designation of provider categories over time to reflect changing conditions within the program.

The Department assumes that the cost of performing background checks on medical personnel is \$50 per check. The estimated annual cost of performing background checks on providers identified as high-risk is \$169,450. In addition, the Medicaid Management Information System will need to be modified to allow the results of the background checks to be added to the existing database of provider information. The development cost is estimated to be \$50,400 in FY 08-09, and is a one-time cost.

The Department also assumes that 25% of the providers required to re-enroll annually (10% of the total Provider population) will appeal the Department's new requirement to re-enroll, or the Department's decision regarding the provider's eligibility to participate in the program. This will increase the Department's Legal Services and Third Party Recovery Legal Services and Administrative Law Judge Services expenditures. Currently, approximately 85% of the Department's Legal Services and Third Party Recovery Legal Services and Administrative Law Judge Services are related to provider issues and appeals. The annual estimated costs for increased provider appeals are \$19,415 for Legal Services and Third Party Recovery Legal Services and \$9,631 for Administrative Law Judge Services.

- The Department will pilot on-site inspections of existing and new provider applicants. Such visits help validate a provider's existence and generate information on its service capacity. The inspections will be conducted for providers identified as high-risk, and may include pharmacies, physicians, billing agents, nurses, and other types of providers. In the first phase, a random sample of high-risk providers currently enrolled in Colorado's Medicaid program will be inspected, with new provider applicants to be added later. In order to conduct on-site inspections of high-risk applicants' facilities, inventories, and vehicles, the Department assumes that it would require 4.6 FTE Program Integrity Nurse Reviewers (General Professional V) in FY 08-09, equivalent to 5.0 FTE annualized in FY 09-10. The Department estimates that these employees will conduct 220 one day on-site reviews at an estimated mileage cost of \$40 per day and 60 two night on-site reviews per year at an average estimated total cost of \$200 per day for mileage, per diems, hotels and incidentals. The total estimated FY 08-09 cost for the described 4.6 FTE Program Integrity Nurse Reviewers, including the projected travel costs is \$383,605.

In addition to the Nurse Reviewers described above, the Department is requesting 1.0 FTE Program Integrity Nurse Reviewer (General Professional IV) to enhance the Department's current Program Integrity capacity. Because of the Department's subject matter expertise, the U.S. Attorney's office is requesting that Program Integrity staff assist with investigations and case preparations. In addition to participating in federal prosecutions, this position would review and monitor podiatry, chiropractic, occupational therapy, and physical therapy provider types, and perform preliminary investigations of referred cases to determine if full investigations were warranted. Such referred cases will come from the new on-site Nurse Reviewers described above, as well as existing Program Integrity staff. The total estimated FY 08-09 cost of this 0.9 FTE Program Integrity Nurse Reviewer, equivalent to 1.0 FTE annualized is \$61,187.

Fraud Detection Technology

Although the vast majority of the healthcare providers who care for Medicaid patients are honest and dedicated, numerous studies suggest that between 5 and 13 percent of funds paid to Medicaid providers have been paid in error nationwide (per Public Works research). If Colorado were to experience the same level of erroneous payments it would translate to between \$150 and \$390 million in state and federal funds that were spent inappropriately.

Every state has a Surveillance Utilization Review Subsystem which profiles providers to identify suspicious provider claims activity after claims have been made. The Surveillance Utilization Review Subsystem measures a provider's claims information against all other providers who reported themselves to be of the same specialty and type. The Surveillance Utilization Review Subsystem uses "edits" and "audits" to identify claims requiring further review, and the state's claims contractor, Affiliated Computer Systems, runs a monthly report on providers whose claims must be reviewed. Edits include computer programming that prevents payment of inconsistent claims, such as a hysterectomy for a male.

Unfortunately, once a payment has been made to a provider committing fraud, recovering the money can be extremely difficult. Several states including Kansas, Florida, North Carolina, Texas, and Illinois, use advanced Medicaid fraud detection software to prevent the payment of suspicious claims. Per Public Works research, in the first half of 2007, Texas recovered more than \$200 million in erroneous or fraudulent billings using its arsenal of fraud detection activities including fraud detection software.

Such fraud detection software utilizes neural network and learning technology to detect fraud, abuse or waste in the Medicaid Program. It is able to support functions such as compliance monitoring, provider referrals, and utilization review. In addition, the technology will support the Department's Program Integrity section by providing additional research on potential fraud and abuse; receiving and accessing licensing board data to compare with provider data; looking for known abusive or fraudulent practices

using target queries on procedure or diagnosis codes, and tracking the progress of individual cases, including case hours, investigative cost and travel expenses related to the Medicaid program.

Per Public Works, the estimated cost of such fraud detection technology is \$1,000,000 in the first year for the software, which will receive a 90% federal match. In subsequent years, the cost of the technology maintenance is estimated to be \$250,000, which will receive a 75% federal match.

The Department recommends that all costs regarding provider re-enrollments and fraud detection technology be appropriated to a new line item in the Department's Executive Director's Office long bill group, to be titled Enhanced Fraud Detection Contracting.

Savings

Strengthening provider re-enrollment and using enhanced fraud detection technology is expected to result in savings. By enhancing the arsenal of fraud detection activities, including additional staff and technological resources, the Department expects to see an increase in the amount of erroneous payments to providers that are avoided or recovered.

Public Works estimates assume that 5% of all Medicaid payments are made in error, and further that 20% of these payments are recoverable or avoidable. This translates to approximately \$24,800,000 in total recoverable payments. The Department recovered approximately \$8,500,000 in FY 06-07, or an estimated 7% of the assumed 5% of erroneous payments. Public Works estimates assume that the Department will recover 10% in the first year, increasing to 20% by the fourth year. Thus, the total additional savings assumed to be achieved by increasing fraud detection activities is approximately \$3,900,000 in the first year, increasing to \$16,300,000 in the fourth year. These are savings to the Department's Medical Services Premiums line item.

Consequences if Not Funded:

Without additional funding, the Department's Program Integrity section would not have the resources to implement strengthening provider enrollment as described above, and

would not be able to purchase advanced fraud detection technology. The Department would continue to recover fraudulent or erroneous payments at the current rate, and would forego all estimated savings from implementing the changes outlined.

Calculations for Request:

Table 1: Summary of Request FY 08-09				
	Total Funds	General Fund	Federal Funds	FTE
Total Request (Column 8)	(\$2,100,762)	(\$1,462,981)	(\$637,781)	5.5
(1) Executive Director's Office, Personal Services	377,611	188,805	188,806	5.5
(1) Executive Director's Office, SB 04-257 Amortization Equalization Disbursement	5,413	2,706	2,707	0.0
(1) Executive Director's Office, Supplemental Amortization Equalization Disbursement (SB 06-235)	2,538	1,269	1,269	0.0
(1) Executive Director's Office, Operating Expenses	59,230	29,615	29,615	0.0
(1) Executive Director's Office, Legal Services and Third Party Recovery Legal Services	19,415	9,708	9,707	0.0
(1) Executive Director's Office, Administrative Law Judge Services	9,631	4,816	4,815	0.0
(1) Executive Director's Office, Medicaid Management Information System Contract	50,400	12,600	37,800	0.0
(1) Executive Director's Office, Enhanced Fraud Detection Contracting (new line item)	1,250,000	225,000	1,025,000	0.0
(2) Medical Services Premiums	(3,875,000)	(1,937,500)	(1,937,500)	0.0

Table 1.1: Summary of Request FY 09-10				
	Total Funds	General Fund	Federal Funds	FTE
Total Request (Column 10)	(\$5,360,226)	(\$2,742,612)	(\$2,617,614)	6.0
(1) Executive Director's Office, Personal Services	\$414,476	\$207,238	\$207,238	6.0
(1) Executive Director's Office, SB 04-257 Amortization Equalization Disbursement	\$5,906	\$2,953	\$2,953	0.0
(1) Executive Director's Office, Supplemental Amortization Equalization Disbursement (SB 06-235)	\$1,846	\$923	\$923	0.0
(1) Executive Director's Office, Operating Expenses	\$38,500	\$19,250	\$19,250	0.0
(1) Executive Director's Office, Legal Services and Third Party Recovery Legal Services	\$19,415	\$9,708	\$9,707	0.0
(1) Executive Director's Office, Administrative Law Judge Services	\$9,631	\$4,816	\$4,815	0.0
(1) Executive Director's Office, Medicaid Management Information System Contract	\$0	\$0	\$0	0.0
(1) Executive Director's Office, Enhanced Fraud Detection Contracting (new line item)	\$500,000	\$187,500	\$312,500	0.0
(2) Medical Services Premiums	(\$6,350,000)	(\$3,175,000)	(\$3,175,000)	0.0

Table 2: FY 08-09 Provider Re-enrollment Cost Calculations			
1	Active Provider Enrollment	50,844	As of 8/31/2007
2	Providers to Apply for Re-enrollment	5,084	Assuming 10% of total providers will be required to re-enroll.
3	Provider Applicants for Re-enrollment	3,389	Assuming 66.7% of selected providers will apply for re-enrollment.
4	Background Checks	\$169,450	For all providers applying for re-enrollment, assuming \$50 per background check. Row 3 * \$50.
5	General Fund	\$84,725	Assuming that background checks will receive a 50% federal match.
6	Federal Funds	\$84,725	
7	Printing, Mailing, and Other Communications Costs	\$80,550	Assuming annual costs for printing and mailing provider correspondence regarding re-enrollment applications, as well as FTE at the Department's fiscal agent to provide customer service and process provider applications.
8	General Fund	\$40,275	Assuming that printing, postage, and other communication costs for fiscal agent processes will receive a 50% federal match.
9	Federal Funds	\$40,275	
10	Total Ongoing Estimated Cost for Provider Re-enrollment	\$250,000	Row 4 + Row 7, This is part of the (1) Executive Director's Office, Enhanced Fraud Detection Contracting (new line item).
11	General Fund	\$125,000	Row 5 + Row 8, This is part of the (1) Executive Director's Office, Enhanced Fraud Detection Contracting (new line item).
12	Federal Funds	\$125,000	Row 6 + Row 9, This is part of the (1) Executive Director's Office, Enhanced Fraud Detection Contracting (new line item).
13	Medicaid Management Information System Development Costs	\$50,400	To add background check results to database, assuming 400 hours at \$126 per hour. \$126 * 400.
14	General Fund	\$12,600	Assuming that Medicaid Management Information System development costs will receive a 75% federal match.
15	Federal Funds	\$37,800	
16	Legal Services and Third Party Recovery Legal Services	\$19,415	Assuming 85% of the Department's Legal Services and Third Party Recovery Legal services are related to provider issues and appeals.
17	General Fund	\$9,708	Assuming that Legal Services and Third Party Recovery Legal Services costs will receive a 50% federal match.
18	Federal Funds	\$9,707	
19	Administrative Law Judge Services	\$9,631	Assuming 85% of the Administrative Law Judge Services are related to provider issues and appeals.
20	General Fund	\$4,816	Assuming that Administrative Law Judge Services costs will receive a 50% federal match.
21	Federal Funds	\$4,815	

Table 3: Personal Services and Operating Expenses Calculations							
FTE and Operating Costs						GRAND TOTAL	
Fiscal Year(s) of Request		FY 08-09	FY 09-10	FY 08-09	FY 09-10	FY 08-09	FY 09-10
PERSONAL SERVICES	Title:	General Professional IV		General Professional V			
Number of PERSONS / class title		1	1	5	5		
Number of months working in FY 08-09 and FY 09-10		12	12	12	12		
Number months paid in FY 08-09 and FY 09-10*		11	12	11	12		
Calculated FTE per classification		0.92	1.00	4.58	5.00	5.50	6.00
Annual base salary		\$54,360	\$54,360	\$62,952	\$62,952		
Salary		\$49,830	\$54,360	\$288,530	\$314,760	\$338,360	\$369,120
PERA	10.15%	\$5,058	\$5,518	\$29,286	\$31,948	\$34,344	\$37,466
Medicare	1.45%	\$723	\$788	\$4,184	\$4,564	\$4,907	\$5,352
Prior Year SAED	N/A	\$0	\$374	\$0	\$2,164	\$0	\$2,538
Subtotal Personal Services at Division Level		\$55,611	\$61,040	\$322,000	\$353,436	\$377,611	\$414,476
Subtotal AED at EDO Long Bill Group Level	1.60%	\$797	\$870	\$4,616	\$5,036	\$5,413	\$5,906
Subtotal SAED at EDO Long Bill Group Level	Varies	\$374	\$272	\$2,164	\$1,574	\$2,538	\$1,846
OPERATING EXPENSES							
Supplies @ \$500/\$500**	\$500	\$500	\$500	\$2,500	\$2,500	\$3,000	\$3,000
Computer @ \$900/\$0	\$900	\$900	\$0	\$4,500	\$0	\$5,400	\$0
Office Suite Software @ \$330/\$0	\$330	\$330	\$0	\$1,650	\$0	\$1,980	\$0
Office Equipment @ \$2,225 /\$0	\$2,225	\$2,225	\$0	\$11,125	\$0	\$13,350	\$0
Telephone Base @ \$450/\$450**	\$450	\$450	\$450	\$2,250	\$2,250	\$2,700	\$2,700
On-Site Inspection Travel Costs		\$0	\$0	\$32,800	\$32,800	\$32,800	\$32,800
Subtotal Operating Expenses		\$4,405	\$950	\$54,825	\$37,550	\$59,230	\$38,500
GRAND TOTAL ALL COSTS		\$61,187	\$63,132	\$383,605	\$397,596	\$444,792	\$460,728

*Initial year full salary is 11 months to account for Pay Date Shift.

**These costs are incurred every year.

Table 4: Incremental Savings Calculations			
	Item	Amount	Description
1	Medical Services Premiums Appropriation	\$2,144,000,000	Per Public Works analysis, approximate FY 07-08 Medical Services Premium appropriation.
2	Department of Human Services- Medicaid Disability Program Appropriation	\$331,000,000	Per Public Works analysis, approximate FY 07-08 Department of Human Services appropriations for Medicaid services.
3	Total Medicaid Spending	\$2,475,000,000	Row 1 + Row 2.
4	Assumed Spent in Error Annually	(\$123,750,000)	Assuming that 5% of Medicaid payments are spent in error.
5	Current Recoveries	\$8,500,000	Total Funds recoveries in FY 06-07.
6	Estimated Amount to be Recovered in Year 1 (FY 08-09)	(\$3,875,000)	Assuming that a total of 10% of erroneous payments will be recouped in first year. (Row 4 * 10%) - Row 5.
7	Estimated Amount to be Recovered in Year 2 (FY 09-10)	(\$6,350,000)	Assuming that a total of 12% of erroneous payments will be recouped in second year. (Row 4 * 12%) - Row 5.
8	Estimated Amount to be Recovered in Year 3 (FY 10-11)	(\$10,062,500)	Assuming that a total of 15% of erroneous payments will be recouped in third year. (Row 4 * 15%) - Row 5.
9	Estimated Amount to be Recovered in Year 4 (FY 11-12)	(\$16,250,000)	Assuming that a total of 20% of erroneous payments will be recouped in fourth year. (Row 4 * 20%) - Row 5.
10	Estimated Amount to be Recovered in Year 5 (FY 12-13)	(\$16,250,000)	Assuming that a total of 20% of erroneous payments will be recouped in fifth year. (Row 4 * 20%) - Row 5.
11	Estimated Savings Over 5-year Period	(\$52,787,500)	Sum of Rows 6 through 10.

Assumptions for Calculations: All assumptions for calculations, as well as formulas, are included in the above tables.

Impact on Other Government Agencies: None.

Cost Benefit Analysis:

As shown in the below tables, the Department anticipates that implementing the changes to provider re-enrollment and fraud detection activities in FY 08-09 will result in net savings totaling more than \$47,000,000 over the next five years.

Estimated Gross Savings	Total Funds	State Funds	Federal Funds
FY 08-09	(\$3,875,000)	(\$1,937,500)	(\$1,937,500)
FY 09-10	(\$6,350,000)	(\$3,175,000)	(\$3,175,000)
FY 10-11	(\$10,062,500)	(\$5,031,250)	(\$5,031,250)
FY 11-12	(\$16,250,000)	(\$8,125,000)	(\$8,125,000)
FY 12-13	(\$16,250,000)	(\$8,125,000)	(\$8,125,000)

Estimated Costs	Total Funds	State Funds	Federal Funds
FY 08-09	\$1,774,238	\$474,520	\$1,299,718
FY 09-10	\$989,774	\$432,388	\$557,386
FY 10-11	\$989,774	\$432,388	\$557,386
FY 11-12	\$989,774	\$432,388	\$557,386
FY 12-13	\$989,774	\$432,388	\$557,386

Estimated Net Savings	Total Funds	State Funds	Federal Funds
FY 08-09	(\$2,100,762)	(\$1,462,980)	(\$637,782)
FY 09-10	(\$5,360,226)	(\$2,742,612)	(\$2,617,614)
FY 10-11	(\$9,072,726)	(\$4,598,862)	(\$4,473,864)
FY 11-12	(\$15,260,226)	(\$7,692,612)	(\$7,567,614)
FY 12-13	(\$15,260,226)	(\$7,692,612)	(\$7,567,614)

Implementation Schedule:

Task	Month/Year
Internal Research/Planning Period	June 2008
FTE Hired	October 2008
RFP Issued	August 2008
System Modifications Made	October 2008
Rules Written	July 2008
Rules Passed	October 2008
Contract or MOU Awarded/Signed	November 2008
Start-Up Date	December 2008

Statutory and Federal Authority:

42 CFR Part 455: *This part sets forth requirements for a State fraud detection and investigation program, and for disclosure of information on ownership and control...*

25.5-4-301 C.R.S. (2007): *Year Recoveries - overpayments - penalties - interest - adjustments - liens - review or audit procedures... (2) Any overpayment to a provider, including those of personal needs funds made pursuant to section 25.5-6-206, shall be recoverable regardless of whether the overpayment is the result of an error by the state department, a county department of social services, an entity acting on behalf of either department, or by the provider or any agent of the provider as follows...*

Performance Measures:

Actively audit expenditures to decrease fraud and abuse and increase recoveries.

Conduct provider post payment audits to decrease fraud and abuse and increase recoveries.

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET REQUEST CYCLE

Schedule 13 Change Request for FY 08-09 Budget Request Cycle											
Request Title:		Decision Item FY 08-09	Base Reduction Item FY 08-09				Supplemental FY 07-08	Budget Request Amendment FY 08-09			
Department:		Health Care Policy and Financing		Dept. Approval by:		John Bartholomew <i>JB</i>		Date:		January 23, 2008	
Priority Number:		NP - BA12		OSPB Approval:		<i>John Bartholomew</i>		Date:		1/18/08	
		1	2	3	4	5	6	7	8	9	10
	Fund	Prior-Year Actual FY 06-07	Appropriation FY 07-08	Supplemental Request FY 07-08	Total Revised Request FY 07-08	Base Request FY 08-09	Decision/ Base Reduction FY 08-09	November 1 Request FY 08-09	Budget Amendment FY 08-09	Total Revised Request FY 08-09	Change from Base (Column 5) FY 09-10
Total of All Line Items	Total	1,316,099	1,849,559	0	1,849,559	2,226,934	0	2,226,934	281,026	2,507,960	281,026
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	581,219	823,013	0	823,013	978,554	0	978,554	145,839	1,124,393	145,839
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	37,935	66,987	0	66,987	130,330	0	130,330	4,078	134,408	4,078
	FF	696,945	959,559	0	959,559	1,118,050	0	1,118,050	131,109	1,249,159	131,109
(1) Executive Director's Office - Health, Life, and Dental	Total	748,309	929,293	0	929,293	1,051,422	0	1,051,422	162,939	1,214,361	162,939
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	334,784	414,460	0	414,460	456,357	0	456,357	90,186	546,543	90,186
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	24,355	37,568	0	37,568	71,371	0	71,371	(7,844)	63,527	(7,844)
	FF	389,170	477,265	0	477,265	523,694	0	523,694	80,597	604,291	80,597
(1) Executive Director's Office - Short-term Disability	Total	15,110	19,548	0	19,548	19,761	0	19,761	1,435	21,196	1,435
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	6,286	8,509	0	8,509	8,784	0	8,784	694	9,478	694
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	401	635	0	635	981	0	981	162	1,143	162
	FF	8,423	10,404	0	10,404	9,996	0	9,996	579	10,575	579

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET REQUEST CYCLE

Schedule 13												
Change Request for FY 08-09 Budget Request Cycle												
	Decision Item FY 08-09 <input type="checkbox"/>		Base Reduction Item FY 08-09 <input type="checkbox"/>		Supplemental FY 07-08 <input type="checkbox"/>		Budget Request Amendment FY 08-09 <input checked="" type="checkbox"/>					
Request Title:	December Update for Total Compensation											
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew		Date:	January 23, 2008				
Priority Number:	NP - BA12			OSPB Approval:			Date:					
		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 06-07	FY 07-08	FY 07-08	FY 07-08	FY 08-09	Reduction	FY 08-09	FY 08-09	FY 08-09	(Column 5)	
											FY 09-10	
(1) Executive Director's Office - SB 04-257	Total	93,197	178,339	0	178,339	243,206	0	243,206	17,674	260,880	17,674	
	Amortization	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	Equalization	GF	41,256	76,448	0	76,448	108,110	0	108,110	8,541	116,651	8,541
	Disbursement	GFE	0	0	0	0	0	0	0	0	0	0
		CF	0	0	0	0	0	0	0	0	0	0
		CFE	2,092	5,855	0	5,855	12,070	0	12,070	1,999	14,069	1,999
		FF	49,849	96,036	0	96,036	123,026	0	123,026	7,134	130,160	7,134
(1) Executive Director's Office - SB 06-235	Total	0	34,950	0	34,950	77,872	0	77,872	5,730	83,602	5,730	
	Supplemental	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	Amortization	GF	0	13,722	0	13,722	34,615	0	34,615	2,766	37,381	2,766
	Equalization	GFE	0	0	0	0	0	0	0	0	0	
	Disbursement	CF	0	0	0	0	0	0	0	0	0	
		CFE	0	1,220	0	1,220	3,866	0	3,866	645	4,511	645
		FF	0	20,008	0	20,008	39,391	0	39,391	2,319	41,710	2,319
(1) Executive Director's Office - Salary Survey and Senior Executive Service	Total	459,483	480,923	0	480,923	600,470	0	600,470	76,216	676,686	76,216	
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	GF	198,893	217,149	0	217,149	266,581	0	266,581	35,419	302,000	35,419	
	GFE	0	0	0	0	0	0	0	0	0	0	
	CF	0	0	0	0	0	0	0	0	0	0	
	CFE	11,087	15,225	0	15,225	30,417	0	30,417	7,194	37,611	7,194	
	FF	249,503	248,549	0	248,549	303,472	0	303,472	33,603	337,075	33,603	

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET REQUEST CYCLE

Schedule 13											
Change Request for FY 08-09 Budget Request Cycle											
	Decision Item FY 08-09	<input type="checkbox"/>	Base Reduction Item FY 08-09	<input type="checkbox"/>	Supplemental FY 07-08	<input type="checkbox"/>	Budget Request Amendment FY 08-09	<input checked="" type="checkbox"/>			
Request Title:	December Update for Total Compensation										
Department:	Health Care Policy and Financing				Dept. Approval by:	John Bartholomew		Date:	January 23, 2008		
Priority Number:	NP - BA12				OSPB Approval:			Date:			
		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 06-07	FY 07-08	FY 07-08	FY 07-08	FY 08-09	Reduction	FY 08-09	FY 08-09	FY 08-09	(Column 5)
											FY 09-10
(1) Executive Director's Office - Performance - based Pay Awards	Total	0	206,506	0	206,506	234,203	0	234,203	17,032	251,235	17,032
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	0	92,725	0	92,725	104,107	0	104,107	8,233	112,340	8,233
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	6,484	0	6,484	11,625	0	11,625	1,922	13,547	1,922
	FF	0	107,297	0	107,297	118,471	0	118,471	6,877	125,348	6,877
Letternote revised text:											
Cash Fund name/number, Federal Fund Grant name:	FF: Title XIX										
IT Request:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No										
Request Affects Other Departments:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No										
	If Yes, List Other Departments Here:				Department of Personnel and Administration						

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET REQUEST CYCLE

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:	DHS - Adjustment to Statewide Vehicle Lease Payments										
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew <i>JB</i>			Date:	January 23, 2008		
Priority Number:	NP - BA13 (See also DHS NP-02-DPA)			OSP Approval:	<i>[Signature]</i>			Date:	1-22-08		
		1	2	3	4	5	6	7	8	9	10
	Fund	Prior-Year Actual FY 06-07	Appropriation FY 07-08	Supplemental Request FY 07-08	Total Revised Request FY 07-08	Base Request FY 08-09	Decision/ Base Reduction FY 08-09	November 1 Request FY 08-09	Budget Amendment FY 08-09	Total Revised Request FY 08-09	Change from Base (Column 5) FY 09-10
Total of All Line Items	Total	5,279,829	6,002,337	0	6,002,337	6,151,223	0	6,151,223	10,274	6,161,497	(25,441)
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	2,639,915	3,001,169	0	3,001,169	3,078,114	0	3,078,114	5,137	3,083,251	(12,721)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	2,639,914	3,001,168	0	3,001,168	3,073,109	0	3,073,109	5,137	3,078,246	(12,720)
(6) Department of Human Services Medicaid - Funded Programs. (C) Office of Operations - Medicaid Funding	Total	5,279,829	6,002,337	0	6,002,337	6,151,223	0	6,151,223	10,274	6,161,497	(25,441)
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	2,639,915	3,001,169	0	3,001,169	3,078,114	0	3,078,114	5,137	3,083,251	(12,721)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	2,639,914	3,001,168	0	3,001,168	3,073,109	0	3,073,109	5,137	3,078,246	(12,720)
Letternote revised text:											
Cash Fund name/number, Federal Fund Grant name: FF: Title XIX											
IT Request: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No											
Request Affects Other Departments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, List Other Departments Here: Department of Personnel and Administration, Department of Human Services											

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET REQUEST CYCLE

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:		DHS - Mental Health Institute Menu Planning and Food Preparation and Office of Operations Consolidation of Food Purchases									
Department:		Health Care Policy and Financing			Dept. Approval by: John Bartholomew <i>JB</i>			Date: January 23, 2008			
Priority Number:		NP - BA14 (See also DHS SBA - 01)			OSP Approval: <i>John Z...</i>			Date: 1-18-08			
		1	2	3	4	5	6	7	8	9	10
	Fund	Prior-Year Actual FY 06-07	Appropriation FY 07-08	Supplemental Request FY 07-08	Total Revised Request FY 07-08	Base Request FY 08-09	Decision/ Base Reduction FY 08-09	November 1 Request FY 08-09	Budget Amendment FY 08-09	Total Revised Request FY 08-09	Change from Base (Column 5) FY 09-10
Total of All Line Items	Total	5,279,829	6,002,237	0	6,002,237	6,151,223	0	6,151,223	(6,823)	6,144,400	(13,647)
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	2,639,915	3,001,069	0	3,001,069	3,078,114	0	3,078,114	(3,412)	3,074,702	(6,824)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	2,639,914	3,001,168	0	3,001,168	3,073,109	0	3,073,109	(3,411)	3,069,698	(6,823)
(6) Department of Human Services Medicaid - Funded Programs. (C) Office of Operations - Medicaid Funding	Total	5,279,829	6,002,237	0	6,002,237	6,151,223	0	6,151,223	(6,823)	6,144,400	(13,647)
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	2,639,915	3,001,069	0	3,001,069	3,078,114	0	3,078,114	(3,412)	3,074,702	(6,824)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	2,639,914	3,001,168	0	3,001,168	3,073,109	0	3,073,109	(3,411)	3,069,698	(6,823)
Letternote revised text:											
Cash Fund name/number, Federal Fund Grant name:				FF: Title XIX							
IT Request: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>											
Request Affects Other Departments: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>				If Yes, List Other Departments Here:				Department of Human Services			

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET REQUEST CYCLE

Schedule 13 Change Request for FY 08-09 Budget Request Cycle												
Request Title:		Decision Item FY 08-09	Base Reduction Item FY 08-09	Supplemental FY 07-08	Budget Request Amendment FY 08-09							
Department:		Health Care Policy and Financing		Dept. Approval by:	John Bartholomew <i>JB</i>			Date:	January 23, 2008			
Priority Number:		NP - BA15 (See also DHS SBA-NP-2)		OSPB Approval:	<i>[Signature]</i>			Date:	1-22-08			
	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	3,081,121	12,509,047	0	12,509,047	13,782,333	0	13,782,333	484,761	14,267,094	484,761
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	1,540,561	6,253,141	0	6,253,141	6,880,397	0	6,880,397	283,249	7,163,646	283,249	283,249
	GFE	0	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	6,901,936	0	6,901,936	0	6,901,936	0	0
	FF	1,540,560	6,255,906	0	6,255,906	0	0	0	201,512	201,512	0	201,512
(6) Department of Human Services Medicaid-Funded Programs (A) Executive Director's Office - Medicaid Funding		Total	3,081,121	12,509,047	0	12,509,047	13,782,333	0	13,782,333	484,761	14,267,094	484,761
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	1,540,561	6,253,141	0	6,253,141	6,880,397	0	6,880,397	283,249	7,163,646	283,249	283,249
	GFE	0	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	6,901,936	0	6,901,936	0	6,901,936	0	0
	FF	1,540,560	6,255,906	0	6,255,906	0	0	0	201,512	201,512	0	201,512
Letternote revised text:												
Cash Fund name/number, Federal Fund Grant name:				FF: Title XIX								
IT Request: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No												
Request Affects Other Departments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				If Yes, List Other Departments Here:				Department of Personnel and Administration, Department of Human Services				