

**Schedule 13**  
**Change Request for FY 2010-11 Budget Request Cycle**

Decision Item FY 2010-11  Base Reduction Item FY 2010-11  Supplemental FY 2009-10  Budget Amendment FY 2010-11

Request Title: CBMS Client Correspondence Costs  
 Department: Human Services Dept. Approval by: *Will Hall* Date: *10-5-09*  
 Priority Number: DI-1 OSPB Approval: *JNM 2/* Date: *10-15-09*

	Fund	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2008-09	Appropriation FY 2009-10	Supplemental Request FY 2009-10	Total Revised Request FY 2009-10	Base Request FY 2010-11	Decision/ Base Reduction FY 2010-11	November 1 Request FY 2010-11	Budget Amendment FY 2010-11	Total Revised Request FY 2010-11	Change from Base (Column 5) FY 2011-12
<b>Total of All Line Items</b>	<b>Total</b>	26,078,109	23,740,937	0	23,740,937	23,740,937	1,231,524	24,972,461	0	24,972,461	1,231,524
	FTE	43.3	47.1	0.0	47.1	0.0	0.0	0.0	0.0	0.0	0.0
	GF	3,590,793	5,683,891	0	5,683,891	5,683,891	303,786	5,987,677	0	5,987,677	303,786
	CF	3,258,624	996,712	0	996,712	996,712	57,359	1,054,071	0	1,054,071	57,359
	RF	10,017,619	7,979,611	0	7,979,611	7,979,611	463,422	8,443,033	0	8,443,033	463,422
	FF	9,211,073	9,080,723	0	9,080,723	9,080,723	406,957	9,487,680	0	9,487,680	406,957
	MCF	1,045,164	7,979,611	0	7,979,611	7,979,611	463,422	8,443,033	0	8,443,033	463,422
	MGF	3,863,887	4,427,480	0	4,427,480	4,427,480	229,803	4,657,283	0	4,657,283	229,803
	NGF	7,454,680	10,111,371	0	10,111,371	10,111,371	533,589	10,644,960	0	10,644,960	533,589
<b>(2) Office of Information Technology, Colorado Benefits Mangement System (CBMS)</b>	<b>Total</b>	26,078,109	23,740,937	0	23,740,937	23,740,937	1,231,524	24,972,461	0	24,972,461	1,231,524
	FTE	43.3	47.1	0.0	47.1	0.0	0.0	0.0	0.0	0.0	0.0
	GF	3,590,793	5,683,891	0	5,683,891	5,683,891	303,786	5,987,677	0	5,987,677	303,786
	CF	3,258,624	996,712	0	996,712	996,712	57,359	1,054,071	0	1,054,071	57,359
	RF	10,017,619	7,979,611	0	7,979,611	7,979,611	463,422	8,443,033	0	8,443,033	463,422
	FF	9,211,073	9,080,723	0	9,080,723	9,080,723	406,957	9,487,680	0	9,487,680	406,957
	MCF	1,045,164	7,979,611	0	7,979,611	7,979,611	463,422	8,443,033	0	8,443,033	463,422
	MGF	3,863,887	4,427,480	0	4,427,480	4,427,480	229,803	4,657,283	0	4,657,283	229,803
	NGF	7,454,680	10,111,371	0	10,111,371	10,111,371	533,589	10,644,960	0	10,644,960	533,589

Non-Line Item Request: None  
 Letternote Revised Text: ITS Letternote O - Of these amounts, it is estimated that ~~\$3,292,243~~ \$3,458,622 shall be from the Temporary Assistance for Needy Families Block Grant, \$4,628,260 \$4,868,828 shall be from Food Stamp funds.  
 Cash or Federal Fund Name and COFRS Fund Number: \$57,359 Cash Funds (Old Age Pension) Fund 100; \$166,379 Federal Funds (Temporary Assistance for Needy Families Block Grant) Fund 100; \$240,578 Federal Funds (Food Stamps) Fund 100  
 Reappropriated Funds Source, by Department and Line Item Name: Health Care Policy and Financing - (6) DEPARTMENT OF HUMAN SERVICES MEDICAID-FUNDED PROGRAMS (B) Office of Information Technology-Medicaic Funding, Colorado Benefits Mangement System  
 Approval by OIT? Yes:  No:  N/A:   
 Schedule 13s from Affected Departments: Health Care Policy and Financing

STATE OF COLORADO FY 2010-11 BUDGET REQUEST CYCLE: DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

Schedule 13												
Change Request for FY 2010-11 Budget Request Cycle												
Decision Item FY 2010-11 <input checked="" type="checkbox"/>		Base Reduction Item FY 2010-11 <input type="checkbox"/>			Supplemental FY 2009-10 <input type="checkbox"/>			Budget Amendment FY 2010-11 <input type="checkbox"/>				
Request Title:		DHS - CBMS Client Correspondence Costs										
Department:		Health Care Policy and Financing			Dept. Approval by:		John Bartholomey <i>JB</i>		Date:		November 2, 2009 <i>10/15/09</i>	
Priority Number:		NP-1 (See also DHS DI-1)			OSPB Approval:		<i>Inu</i>		Date:		10-15-09	
		1	2	3	4	5	6	7	8	9	10	
					Total		Decision/ Base	November 1		Total	Change	
		Prior-Year Actual	Appropriation	Supplemental Request	Revised Request	Base Request	Reduction	Request	Budget Amendment	Revised Request	from Base (Column 5)	
	Fund	FY 2008-09	FY 2009-10	FY 2009-10	FY 2009-10	FY 2010-11	FY 2010-11	FY 2010-11	FY 2010-11	FY 2010-11	FY 2011-12	
Total of All Line Items		Total	10,062,216	9,092,405	0	9,092,405	9,414,173	463,422	9,877,595	0	9,877,595	463,422
		FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
		GF	3,886,580	4,433,257	0	4,433,257	4,384,989	229,803	4,614,792	0	4,614,792	229,803
		GFE	0	0	0	0	0	0	0	0	0	0
		CF	1,109,124	90,401	0	90,401	303,624	948	304,572	0	304,572	948
		CFE/RF	66,563	32,036	0	32,036	25,009	1,108	26,117	0	26,117	1,108
		FF	4,999,949	4,536,711	0	4,536,711	4,700,551	231,563	4,932,114	0	4,932,114	231,563
(6) Department of Human Services Medicaid-Funded Programs; (8) Office of Information Technology Services - Medicaid Funding, Colorado Benefits Management System		Total	10,062,216	9,092,405	0	9,092,405	9,414,173	463,422	9,877,595	0	9,877,595	463,422
		FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
		GF	3,886,580	4,433,257	0	4,433,257	4,384,989	229,803	4,614,792	0	4,614,792	229,803
		GFE	0	0	0	0	0	0	0	0	0	0
		CF	1,109,124	90,401	0	90,401	303,624	948	304,572	0	304,572	948
		CFE/RF	66,563	32,036	0	32,036	25,009	1,108	26,117	0	26,117	1,108
		FF	4,999,949	4,536,711	0	4,536,711	4,700,551	231,563	4,932,114	0	4,932,114	231,563
Non-Line Item Request:		None.										
Letternote Revised Text:		None.										
Cash or Federal Fund Name and COFRS Fund Number:				FF: Title XIX, Title XXI, CF: Children's Basic Health Plan Trust Fund 11G								
Reappropriated Funds Source, by Department and Line Item Name:				Old Age Pension Fund managed by Department of Human Services								
Approval by OIT?		Yes: <input type="checkbox"/> No: <input type="checkbox"/>		N/A: <input checked="" type="checkbox"/>								
Schedule 13s from Affected Departments:				Department of Human Services								

**CHANGE REQUEST for FY 2010-11 BUDGET REQUEST CYCLE**

Department(s):	Colorado Department of Human Services & Colorado Department of Health Care Policy and Financing
Priority Number:	1
Change Request Title:	CBMS Client Correspondence Costs

**SELECT ONE (click on box):**

- Decision Item FY 2010-11
- Base Reduction Item FY 2010-11
- Supplemental Request FY 2009-10
- Budget Request Amendment FY 2010-11

**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 \$1,231,524 Total Funds (\$303,786 General Fund, \$57,359 Cash Funds, \$463,422 Reappropriated Funds (Medicaid from the Department of Health Care Policy and Financing) and \$406,957 Federal Funds; \$533,589 Net General Fund) to support the 33% increase in CBMS (Colorado Benefits Management System) client correspondence costs since FY 2006-07.

The Colorado Benefits Management System (CBMS) generates client communications that must be distributed to the client(s). The process of printing, collating, inserting, and mailing these client correspondences and/or communications is a service provided by Integrated Document Solutions (IDS), a work unit within the Division of Central Services, Department of Personnel and Administration.

**Background and Appropriation History:**

CBMS went into operations mode on September 1, 2004, and began the issuance of CBMS client correspondence. Client correspondence expenses include all costs associated with the printing and mailing of benefit notifications for CBMS programs (Food Stamps, Temporary Aid to Needy Families, Medicaid Programs, and Old Age Pension). Types of client correspondence expenses include items such as postage, paper, envelopes, impression costs, and insertion of the notification into the envelope.

CBMS has experienced increases in both the volume of correspondence, and the cost of printing and mailing services over the past three years (please see the table below). Since FY 2006-07, the cost of notifying potential CBMS clients has increased an average of 11% per year.

The CBMS appropriation absorbed the annual increases during FY 2007-08, FY 2008-09, and FY 2009-10, by limiting the amount of CBMS system change requests (changes to the system approved by the CBMS Change Control Board) to only critical changes in FY 2007-08, and deferring changes in FY 2008-09 due to the transition in vendor from EDS to Deloitte Consulting LLP. FY 2009-10 will also be a very lean year for needed system change requests, but with two new projects associated with CBMS (the CBMS Web Portal project, and the IDE Project), change requests to the core system are anticipated to be limited. Due to anticipated budget constraints, CBMS will continue to limit the change requests implemented in FY 2010-11 to only critical items necessary to keep the existing system functioning. In order to address these system change request needs, it is necessary to provide additional funding for client correspondence mailing and printing.

STATE OF COLORADO FY 2010-11 BUDGET REQUEST CYCLE: COLORADO DEPARTMENT OF HUMAN SERVICES & COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

Fiscal Year	Total CBMS Appropriation <sup>1</sup>	Total CBMS Expenditures <sup>1</sup>	Over/ (Under)	Client Correspondence Budget	Client Correspondence Expenditures	Over/ (Under)	Cases	Percent Change
2005-06	\$25,665,930	\$23,087,786	(\$2,578,144)	\$3,318,227	\$3,026,007	(\$292,220)	5,152,720	N/A
2006-07	\$22,815,652	\$21,719,443	(\$1,096,209)	\$3,674,220	\$3,674,220	\$0	5,353,673	3.90%
2007-08	\$25,663,424	\$25,087,976	(\$575,448)	\$4,188,891	\$4,183,901	(\$4,990)	5,500,373	2.74%
2008-09	\$26,134,244	\$26,078,110	(\$56,134)	\$4,768,252	\$4,768,252	\$0	5,824,771	5.90%
2009-10 <sup>2</sup>	\$24,484,558	\$24,484,558	\$0	\$4,905,744	\$4,905,744	\$0	N/A	N/A

<sup>1</sup>These figures include POTS related appropriations and expenditures.  
<sup>2</sup>The FY 2009-10 CBMS appropriation does not account for H.B. 09-1239, since the appropriation will not be made until April 1, 2010 and is dependent on the Department of Health Care Policy and Financing submitting notice to the revisor of statutes that the federal government has approved the waiver establishing the hospital provider fee.

General Description of Request:

This request is for \$1,231,524 Total Funds (\$303,786 General Fund, \$57,359 Cash Funds, \$463,422 Reappropriated Funds (Medicaid from the Department of Health Care Policy and Financing) and \$406,957 Federal Funds; \$533,589 Net General Fund) to support the 33% increase in CBMS (Colorado Benefits Management System) client correspondence costs since FY 2006-07. During the last three years, the cost of notifying potential CBMS clients has increased an average of 11% per year. Recent billing estimates provided by the Department of Personnel and Administration’s Integrated Document Systems for FY 2009-10 are \$1,231,524 more than the \$3,674,220 CBMS base budget for client correspondence.

CBMS will resume the processing of system change requests in FY 2010-11, and the funds budgeted for that purpose and will no longer be available to support increases for client notification.

The FY 2009-10 IDS estimate for client correspondence is the basis for the FY 2010-11 request. The program intends to implement change requests during the spring of 2010 that will stabilize the volume of correspondence at the FY 2009-10 level.

STATE OF COLORADO FY 2010-11 BUDGET REQUEST CYCLE: COLORADO DEPARTMENT OF HUMAN SERVICES & COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

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Consequences if Not Funded:

Not funding the request will require the program to re-evaluate and re-prioritize the backlog of CBMS change requests, implementing only those requests that would be needed to avoid system crashes, and deferring all others until funding for those changes is appropriated.

Calculations for Request:

<b>Summary of Request FY 2010-11</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reapprop. Funds</b>	<b>Federal Funds</b>	<b>Medicaid Cash Funds</b>	<b>Medicaid General Funds</b>	<b>Net General Fund</b>	<b>FTE</b>
Colorado Department of Human Services (2) Office of Information Technology, Colorado Benefits Management System (CBMS)	\$1,231,524	\$303,786	\$57,359	\$463,422	\$406,957	\$463,422	\$229,803	\$533,589	0.0

<b>Summary of Request FY 2011-12</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reapprop. Funds</b>	<b>Federal Funds</b>	<b>Medicaid Cash Funds</b>	<b>Medicaid General Funds</b>	<b>Net General Fund</b>	<b>FTE</b>
Colorado Department of Human Services (2) Office of Information Technology, Colorado Benefits Management System (CBMS)	\$1,231,524	\$303,786	\$57,359	\$463,422	\$406,957	\$463,422	\$229,803	\$533,589	0.0

STATE OF COLORADO FY 2010-11 BUDGET REQUEST CYCLE: COLORADO DEPARTMENT OF HUMAN SERVICES & COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

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IDS Job Type:	FY06-07		FY06-07	FY10-11		FY10-11	Annual
	Actual	FY06-07	Total	Estimated	FY10-11	Total	Cost
	Volume:	Cost Per:	Cost:	Volume:	Cost Per:	Cost:	Increase:
PRESORT LETTERS	4,831	\$0.7370	\$2,189	6,887	\$0.3570	\$2,934	\$745
1ST CLASS FLATS	366,581	\$1.3152	\$490,331	457,970	\$1.7300	\$943,876	\$453,545
1ST. CLASS LETTERS	5,076	\$0.9350	\$2,669	102	\$0.4200	\$50	(\$2,619)
NON-QUALIFYING PRESORT	76,328	\$0.0871	\$6,612	34,471	\$0.0830	\$5,240	(\$1,372)
NON-AUTOMATION	457	\$0.5899	\$294	530	\$0.6640	\$389	\$95
POSTAGE STRIP	263	\$11.1389	\$2,726	1,497	\$0.3389	\$507	(\$2,219)
CBMS 1OZ	3,165,472	\$0.3378	\$1,080,808	3,518,055	\$0.3570	\$1,414,258	\$333,450
CBMS 2 OZ	1,194,458	\$0.5800	\$670,307	1,560,695	\$0.4820	\$842,775	\$172,468
CBMS 3 OZ Inserting	74,831	\$0.8355	\$51,840	13,593	\$0.8630	\$11,731	(\$40,109)
CBMS 3 OZ Metering	0	\$0.0000	\$0	13,593	\$0.0690	\$938	\$938
CBMS Flat Inserting (Manual)	0	\$0.0000	\$0	457,970	\$0.4210	\$192,805	\$192,805
Pre-Sort (PTI)	0	\$0.0000	\$0	5,085,636	\$0.0260	\$132,227	\$132,227
In-Line Metering	0	\$0.0362	\$0	5,078,750	\$0.0070	\$35,551	\$35,551
Number of Impressions	43,799,135	\$0.0547	\$1,121,705	52,307,826	\$0.0190	\$993,849	(\$127,856)
Annual Purchase of Envelopes	0	\$0.0000	\$168,755	0	\$0.0000	\$205,000	\$36,245
Sheets of Paper	10,854,892	\$0.0070	\$75,984	20,602,500	\$0.0060	\$123,614	\$47,630
<b>Grand Total Volume:</b>	<b>59,542,324</b>		<b>\$3,674,220</b>	<b>89,140,075</b>		<b>\$4,905,744</b>	<b>\$1,231,524</b>
			<b>Volume Inc.</b>	<b>49.71%</b>		<b>Cost Inc.:</b>	<b>33.52%</b>

Assumptions for Calculations:

The FY10-11 cost estimate is based on the FY 2009-10 cost estimate provided by IDS. IDS has an annual rate setting process that uses the previous year’s historical data and applies a percentage increase based on discussions with the program regarding volume increases anticipated during the fiscal year.

For FY 2009-10 the IDS cost estimate for CBMS is based on the number of FY 2008-09 actual volumes, increased by 3% (average annual increase over past three years) times the published IDS printing and mailing rates for FY 2009-10 as calculated in the table below. The calculation below generates the estimated FY 2009-10 need (and the Department assumes this will also be the FY 2010-11 need).

Impact on Other Government Agencies:

The Colorado Department of Health Care Policy & Financing is part of CBMS. Based on FY 2008-09 Random Moment Sampling statistics the department has a 38.31% investment in the request.

Summary of Request FY 2010-11	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	Medicaid Cash Funds	Medicaid General Funds	Net General Fund	FTE
Colorado Department of Health Care Policy and Financing (6) Department of Human Services Medicaid-Funded Programs; (B) Office of Information Technology Services-Medicaid Funding, Colorado Benefits Management System Financing	\$463,422	\$229,803	\$948	\$1,108	\$231,563	\$0	\$0	\$0	0.0

STATE OF COLORADO FY 2010-11 BUDGET REQUEST CYCLE: COLORADO DEPARTMENT OF HUMAN SERVICES & COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

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Summary of Request FY 2011-12	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	Medicaid Cash Funds	Medicaid General Funds	Net General Fund	FTE
Colorado Department of Health Care Policy and Financing (6) Department of Human Services Medicaid-Funded Programs; (B) Office of Information Technology Services-Medicaid Funding, Colorado Benefits Management System	\$463,422	\$229,803	\$948	\$1,108	\$231,563	\$0	\$0	\$0	0.0

Cost Benefit Analysis:

The cost benefit analysis does not apply to the request. This increase in cost driven by rate and volume increases of a mandatory Department of Personnel and Administration function.

Implementation Schedule:

Task	Month/Year
CBMS Client Correspondence Printing and Mailing	Ongoing

Statutory and Federal Authority:

*Federal: 45 CFR Part 95, Title XXI Social Security Act; 7 U.S.C. 2011-2036, Food Stamp Act of 1977; 42 U.S.C 601, 603, 604, 606-611, 619, 1308; 31 U.S.C. 7501 et seq.; 42 U.S.C. 654,1302,1308,1337*

*24-102-202 C.R.S. (2009) Authority of the executive director. (1) Consistent with the provisions of this code, the executive director may adopt operational procedures governing the internal functions of the department (2) except as otherwise specifically provided in this code, the executive director shall pursuant to rules: (a) Procure or supervise the procurement of all supplies and services needed by the state; (c) Establish and maintain programs for the inspection, testing and acceptance of supplies. (d) Examine each requisition submitted by a using agency and approve, disapprove, or revise it as to quantity or quality; (e) Develop and maintain programs and procedures to delegate purchasing authority in order to conserve resources for management of the statewide purchasing system; and (f) Develop programs to evaluate and reduce the administrative costs of the procurement function.*

*25.5-4-205, C.R.S. (2009) Application – verification of eligibility – demonstration project – rules – repeal. Authorizes the State to determine the eligibility status of potential Medicaid recipients.*

Performance Measures:

Program	Performance Measure	Outcome	FY-2005-06	FY-2006-07	FY 2007-08	FY 2008-09	FY 2009-10
			Actual	Actual	Actual	Actual	Approp.
Food & Energy Assistance Programs	Increase the percentage of food stamp applications processed within the thirty-day federal guidelines.	<b>Benchmark</b>	90.00%	90.00%	90.00%	95.00%	95.00%
		<b>Actual</b>	N/A	70.67%	70.49% through March 08		

STATE OF COLORADO FY 2010-11 BUDGET REQUEST CYCLE: COLORADO DEPARTMENT OF HUMAN SERVICES & COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

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Program	Workload Indicator	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10
		Actual	Actual	Actual	Actual	Approp.
Aging and Adult Services	Average number of people receiving Old Age Pension financial assistance (OAP A, B, and C) per month.	24,370	23,947	23,052	23,614	23,614