

State of Colorado



John W. Hickenlooper
Governor

Kathy Nesbitt
Executive Director

Jennifer Okes
Deputy Executive Director

DPA

Department of Personnel
& Administration

Executive Office
633 17th Street, Suite 1600
Denver, Colorado 80202
(303) 866-3000
Fax (303) 866-2102
www.colorado.gov/dpa

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Honorable Senator Pat Steadman
Chair, Joint Budget Committee

Honorable Senator Irene Aguilar
Chair, Senate Health and Human Services Committee

Honorable Representative Elizabeth McCann
Chair, House Health and Environment Committee

Honorable Representative Dianne Primavera
Chair, Public Health Care & Human Services

Colorado General Assembly
200 East 14th Avenue
Denver, CO 80203

Dear Senator Steadman, Senator Aguilar, and Representative McCann:

The Department of Personnel & Administration (DPA) staff has prepared this summary report on the Supplemental Contribution for Low-Income State Employee Benefits program, which was established pursuant to H.B. 07-1335. The legislation was intended to encourage lower-income employees with dependent children to enroll in the State's health insurance by supplementing the plan premiums.

Section 24-50-609.5(5), C.R.S. requires DPA to report on the number of eligible state employees receiving supplements in the current fiscal year; the total amount of supplements that have been or will be paid in the current fiscal year; the average monthly and yearly amount of the individual supplements provided for the current fiscal year; the number of dependent children of eligible state employees receiving supplements covered by a qualifying group benefit plan during the current fiscal year; and the amount of increased non-supplemental state contributions for the

current fiscal year. The statute also requires this information be provided for any prior state fiscal years in which supplements were provided.

Table 1 summarizes the information that Section 24-50-609.5(5), C.R.S. requires be reported.

Table 1 - Required Information per C.R.S.24-50-609.5(5)					
	FY 2008-09	FY 2009-2010	FY 2010-11*	FY 2011-12	FY 2012-13
Number of eligible state employees receiving the supplemental contribution (reported as of 12/31 each year)	475	623	358	617	582
Total amount of supplements paid (previous fiscal years) and will be paid (current fiscal year)	\$1,496,279	\$1,553,426	\$451,185	\$1,284,916	\$1,390,172 (projected)
Average monthly amount of the individual supplements provided	\$262.51	\$207.79	\$105.02	\$167.40	\$187.22
Average yearly amount of the individual supplements provided	\$3,150	\$2,493	\$1,260	\$2,009	\$2,247
Number of dependent children of eligible state employees	1,100	1,546	911	1,710	1,736
Amount of increased non-supplemental state contributions	\$135,987	\$144,454	\$58,621	\$89,797	\$90,591

Please Note: The enrollment numbers used in this chart reflect the participants enrolled in the supplement program as of the end of the calendar year. The Total Expenditure by Level demonstrates the actual expenditures from the program to subsidize the enrolled participants' medical insurance through the end of the fiscal year. There may be slight variances in the average monthly and yearly numbers due to rounding or changes in enrollment in the program throughout the fiscal years.

**The numbers displayed in Table 1 for FY 2010-11 are lower due to the funding available for supplement awards in the fiscal year.*

Supplemental Contribution for Low-Income State Employee Benefits

Fiscal Year 2012-13

For FY 2012-13, the funding available for the Supplemental Contribution for Low-Income State Employee Benefits was \$1,390,172.

The funds available for this program are being used to supplement the medical premiums of state employees who applied and qualified for the supplement based on the parameters outlined within the statute as criteria for eligibility. Eligibility criteria includes an employee as defined in Section 24-50-603(7), C.R.S., who is eligible by virtue of employment to enroll in a group benefit plan, has an annual household income of less than 300 percent of the Federal Poverty Level (FPL) and has at least one dependent other than a legal spouse.

The Department processed 910 applications of which 608 were approved for Level 1 (less than 200% of FPL). Eight applications were rejected because they did not meet the requirements of the program and an additional 294 were rejected because of the unavailability of funds for Level 2 (200-249% FPL) or Level 3 (250-299% FPL). As addressed in H.B. 07-1335, funds first must be used to provide those employees in Level 1 with a supplement in the amount needed to reduce the employee contribution to all qualifying group benefit plans to zero before moving on to fund Level 2 and then on to fund Level 3.

Four applicants terminated from the program after being approved but prior to distribution of the supplement. Therefore, the contributions of 481 Level 1 applicants are being supplemented at \$187.22 per month and the contributions of the remaining 123 Level 1 applicants are being paid at 100 percent. There were no remaining funds to supplement other applicant levels.

The \$187.22 monthly amount supplements the 481 applicants enrolled in the Kaiser HMO (employee plus children and employee plus family coverage), Choice Plus self-funded (employee plus family coverage), Kaiser High Deductible Health Plan (HDHP) (employee plus family coverage) and the HDHP self-funded (employee plus family coverage) options of the medical plan. The remaining 123 applicants whose contributions are being paid by the supplement at 100 percent are enrolled in either the Kaiser or self-funded HDHP or the Choice Plus self-funded (employee plus children coverage). As of December 31, 2012, 582 participants remained in the program.

Fourteen new enrollments were made by employees who had previously waived coverage and an additional 23 employees enrolled previously uninsured dependents during the special open enrollment period. There were no withdrawals of coverage after the Special Open Enrollment. Supplemented coverage is in place for 1,736 children in FY 2012-13.

Table 2 - FY 2012-13 Supplemental Information by Federal Poverty Level				
Federal Poverty Level	Enrolled as of 12/31/12	Average Monthly Cost	Annual Cost per Enrollment	Total Expenditure by Level
Level 1 - <200%	582	\$187.22	\$2,247	\$1,356,971
Level 2 - >=200% <250%	0	0	0	0
Level 3 - >=250% <300%	0	0	0	0
Total	582	\$187.22	\$2,247	\$1,356,971

Please Note: The average monthly and yearly costs reflect the projected supplement provided to employees based on enrollment at the beginning of the fiscal year. Total projected expenditure for the fiscal year is lower than originally estimated due to enrollment changes within the fiscal year. There may be slight variances in the average monthly and yearly numbers due to rounding or changes in enrollment in the program throughout the fiscal years.

Fiscal Year 2011-2012

For FY 2011-12, the funding available for the Supplemental Contribution for Low-Income State Employee Benefits was \$1,411,194. This amount consists of \$1,340,222 remaining fund balance at the end of FY 2010-11. This remaining balance resulted when \$1,280,341 was transferred to the fund in April 2011 as required under S.B. 09-269 "Adjust Tobacco Settlement Moneys Allocation." An additional transfer of \$70,971 was made to the fund in July 2011.

The funds available for this program are being used to supplement the medical premiums of state employees who applied and qualified for the supplement based on the parameters outlined within the statute as criteria for eligibility. Eligibility criteria includes an employee as defined in Section 24-50-603(7), C.R.S., who is eligible by virtue of employment to enroll in a group benefit plan, has an annual household income of less than 300 percent of the Federal Poverty Level (FPL) and has at least one dependent other than a legal spouse.

The Department processed 1,483 applications of which 672 were approved for Level 1 (less than 200% of FPL). Those rejected because they did not meet the requirements of the program totaled 306 and an additional 505 were rejected because of the unavailability of funds for Level 2 (200-249% FPL) or Level 3 (250-299% FPL). As addressed in H.B. 07-1335, funds first must be used to provide those employees in Level 1 with a supplement in the amount needed to reduce the employee contribution to all qualifying group benefit plans to zero before moving on to fund Level 2 and then on to fund Level 3. After supplementing the contributions of 34 Level 1 applicants at 100 percent and partially supplementing the remaining 638 at \$167.40 per month, insufficient funds remained to provide a supplement to other applicant levels at any percentage. As of December 31, 2011, 617 participants remained in the program.

The \$167.40 monthly amount partially supplements 636 applicants enrolled in the Kaiser HMO, Choice Plus self-funded, Kaiser High Deductible Health Plan (HDHP) (employee plus family coverage) and the Definity HDHP self-funded (employee plus family coverage) options of the medical plan. The remaining 36 approved applicants whose contributions are supplemented at

100 percent are enrolled in either the Kaiser or self-funded HDHP (employee plus children coverage).

Eight new enrollments were made by employees who had previously waived coverage and an additional 23 employees enrolled previously uninsured dependents during the special open enrollment period. Since most options were not supplemented at 100 percent, six individuals withdrew their enrollments of children or families and reverted to no coverage or employee only coverage. However, supplemented coverage is in place for 1,710 children in FY 2011-12.

Table 3 - FY 2011 – 12 Supplemental Information by Federal Poverty Level				
Federal Poverty Level	Enrolled as of 12/31/11	Average Monthly Cost	Annual Cost per Enrollment	Total Expenditure by Level
Level 1 - <200%	617	\$167.40	\$2,009	\$1,284,916
Level 2 – >=200% <250%	0	0	0	0
Level 3 – >=250% <300%	0	0	0	0
Total	617	\$167.40	\$2,009	\$1,284,916

Please Note: The average monthly and yearly costs reflect the projected supplement provided to employees based on enrollment at the beginning of the fiscal year. Total projected expenditure for the fiscal year is lower than originally estimated due to enrollment changes within the fiscal year. There may be slight variances in the average monthly and yearly numbers due to rounding or changes in enrollment in the program throughout the fiscal years.

Fiscal Year 2010-2011

For FY 2010-11, the funding available for the Supplemental Contribution for Low-Income State Employee Benefits was \$500,344. This amount consisted of \$159,677 transferred from the State Treasury in July 2010 and \$340,667 remaining in the fund at the end of FY 2009-10. The larger transfer from the State Treasury for each program did not occur until April 2011 due to the transfer to the General Fund required under S.B. 09-269 “Adjust Tobacco Settlement Moneys Allocation.”

The funds available for this program were used to supplement the medical premiums of state employees who applied and qualified for the supplement based on the parameters outlined within the statute as criteria for eligibility. Eligibility criteria includes an employee as defined in Section 24-50-603(7), C.R.S., who was eligible by virtue of employment to enroll in a group benefit plan, has an annual household income of less than 300 percent of the Federal Poverty Level (FPL), and has at least one dependent other than a legal spouse.

As July 1, 2010, the Department processed 736 applications of which 362 were approved, 325 declined (83 applications were initially declined because they did not meet eligibility requirements,) and 49 remained incomplete until after the close of the application period. Level 1 (less than 200% of FPL) applications approved totaled 362. Level 2 and Level 3 (200-249% FPL and 250-299% FPL, respectively) applications totaled 235 and were not approved because of the unavailability of funds this fiscal year. As addressed in H.B.07-1335, funds first must be

used to provide those employees in Level 1 with a supplement in the amount needed to reduce the employee contribution to all qualifying group benefit plans to zero before moving on to Level 2 and then to Level 3. After supplementing Level 1, insufficient funds remained to provide a supplement to other applicants at any percentage.

Thirteen new enrollments were made by employees who had previously waived coverage and an additional eight employees enrolled previously uninsured dependents during the special open enrollment period. Coverage for 911 children has been supplemented in FY 2010-11.

The monthly amount of \$107.40 partially supplements 340 individuals enrolled in the Kaiser Permanente HMO and the UnitedHealthcare Choice Plus options of the medical plan and supplements the contributions of 18 approved applicants who are enrolled in either the Kaiser or the UHC High Deductible Health Plans (HDHP) at 100 percent. When the calculations were originally prepared based on 362 approved applicants in Level 1, the supplement amount was \$96.10 per month. Because the Kaiser HMO and UnitedHealthcare Choice Plus options were not supplemented at 100 percent, four individuals withdrew their enrollments who had enrolled their children and/or families for coverage in either of these options during the special open enrollment. As a result, the number remaining in the program for FY 2010-11 is 358. This withdrawal of applicants allowed the Department to increase the supplement amount by approximately \$11.00 per month for those enrolled in these two options.

Federal Poverty Level	Enrolled as of 12/31/10	Average Monthly Cost	Annual Cost per Enrollment	Total Expenditure by Level
Level 1 - <200%	358	\$105.02	\$1,260	\$451,185
Level 2 – >=200% <250%	0	0	0	0
Level 3 – >=250% <300%	0	0	0	0
Total	358	\$105.02	\$1,260	\$451,185

Please Note: The total expenditure cost was updated from an estimated projected cost of \$497,164 (last report submitted in January 2011) to an actual expenditure of \$451,185 for FY 2010-11, resulting in slight changes of average monthly and annual cost. The information presented here is based on actual financial information that was not available at the time of the report submission in January 2011.

Fiscal Year 2009-2010

For FY 2009-10, the funding available for the supplemental contribution fund for low-income state employee benefits was \$1,613,491. This amount consists of \$291,436 remaining in the fund at the end of FY 2008-09 and \$1,322,055 transferred from the State Treasury in July 2009.

The Department processed 964 applications of which 623 were approved, 299 declined (155 applications were initially declined because they did not meet eligibility requirements), and 42 remained incomplete until after close of the application period. After supplementing the first two eligible Levels, insufficient funds remained to provide a supplement to Level 3 applicants at any percentage.

Most employees applying for the supplement were already enrolled in a medical option, however, nine new enrollments were made by employees who had previously waived coverage, and an additional 22 employees enrolled uninsured dependents during the special enrollment period. Coverage for 1546 children was supplemented in FY 2009-10. Level 1 approved applicant employee contributions were reduced to zero. Contributions already paid by Level 1 applicants for July through October 2009 were refunded at 100 percent. Level 2 approved applicant future contributions were reduced to zero. Contributions already paid by Level 2 applicants for July through October 2009 were refunded at 50 percent.

Federal Poverty Level	Enrolled as of 12/31/09	Average Monthly Cost	Annual Cost per Enrollment	Total Expenditure by Level
Level 1 - <200%	420	\$219.70	\$2,636	\$1,107,281
Level 2 -- >=200% <250%	203	\$183.15	\$2,198	\$446,145
Level 3 -- >=250% <300%	0	0	0	\$0
Total	623	\$207.79	\$2,493	\$1,553,426

Please Note: The overall average monthly and annual cost reflect weighted averages across all federal poverty levels.

Fiscal Year 2008-2009

For FY 2008-09, the funding available for the supplemental contribution fund for low-income state employee benefits was \$1,586,744. As of July 1, 2008, DPA received 691 applications, of which 482 were approved. Although most of the employees who applied for the supplement were already enrolled in medical coverage, 16 new enrollments were made by employees who had previously waived coverage and an additional 26 employees enrolled uninsured dependents. Coverage for 1,100 children was supplemented in FY 2008-09. Employee contributions were reduced to zero for all applicants.


Federal Poverty Level	Enrolled as of 12/31/08	Average Monthly Cost	Annual Cost per Enrollment	Total Expenditure by Level
Level 1 - <200%	277	\$272.78	\$3,273	\$906,710
Level 2 -- >=200% <250%	147	\$247.80	\$2,974	\$437,127
Level 3 -- >=250% <300%	51	\$249.09	\$2,989	\$152,442
Total	475	\$262.51	\$3,150	\$1,496,279

Please Note: The enrollment numbers used in Table 5 reflect the participants enrolled in the supplement program as of the end of the calendar year. The Total Expenditure by Level demonstrates the actual expenditures from the program to subsidize the enrolled participants' medical insurance through the end of the fiscal year. The overall average monthly and annual cost reflect weighted averages across all federal poverty levels.

H.B.07-1335 also included a childhood asthma disease management pilot. The pilot was funded for FY 2008-09 only by a short-term grant for innovative health programs. The pilot program

ended on June 30, 2009. The payment of all associated claims was completed in December 2009.

Respectfully Submitted,



Kathy Nesbitt, Executive Director
Department of Personnel and Administration

cc: Members of the Joint Budget Committee
Members of the Senate Health and Human Services Committee
Members of the House Health and Environment Committee