

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

| Schedule 13  |  |  |                        |   |                                |  |                                   |  |                           |                                |                                      |
|--|--|--|------------------------|---|--------------------------------|--|-----------------------------------|--|---------------------------|--------------------------------|--------------------------------------|
| Change Request for FY 08-09 Budget Request Cycle   |  |  |                        |   |                                |  |                                   |  |                           |                                |                                      |
|  |  | Decision Item FY 08-09 <input checked="" 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 type="checkbox"/> |                           |                                |                                      |
| <b>Request Title:</b>  | Additional Children's Basic Health Plan Outreach |  |                        |   |                                |  |                                   |  |                           |                                |                                      |
| <b>Department:</b>   | Health Care Policy and Financing                 |  |                        | <b>Dept. Approval by:</b> John Bartholomew            |                                |  |                                   | <b>Date:</b> November 1, 2007                              |                           |                                |                                      |
| <b>Priority Number:</b>  | DI-3A  |  |                        | <b>OSPB Approval:</b> <i>[Signature]</i>              |                                |  |                                   | <b>Date:</b> 10/29/07                                      |                           |                                |                                      |
|  |  | 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   |  |                        |   |                                |  |                                   |  |                           |                                |                                      |
| <b>Total of All Line Items</b>   | <b>Total</b>                                     | 2,359,512,034  | 2,443,274,021          | 0   | 2,443,274,021                  | 2,449,816,423                                  | 23,933,495                        | 2,473,749,918  | 0                         | 2,473,749,918                  | 23,933,495                           |
|  | FTE  | 0.00   | 0.00                   | 0.00  | 0.00                           | 0.00   | 0.00                              | 0.00   | 0.00                      | 0.00                           | 0.00                                 |
|  | GF   | 734,453,659  | 743,748,157            | 0   | 743,748,157                    | 742,851,150                                    | 4,415,375                         | 747,266,525  | 0                         | 747,266,525                    | 4,415,375                            |
|  | GFE  | 343,100,000  | 343,900,000            | 0   | 343,900,000                    | 343,900,000                                    | 0                                 | 343,900,000  | 0                         | 343,900,000                    | 0                                    |
|  | CF   | 232,136  | 285,199                | 0   | 285,199                        | 286,950  | 39,520                            | 326,470  | 0                         | 326,470                        | 39,520                               |
|  | CFE  | 87,723,837   | 118,124,336            | 0   | 118,124,336                    | 121,560,562                                    | 5,526,162                         | 127,086,724  | 0                         | 127,086,724                    | 5,526,162                            |
|  | FF   | 1,194,002,402  | 1,237,216,329          | 0   | 1,237,216,329                  | 1,241,217,761                                  | 13,952,438                        | 1,255,170,199  | 0                         | 1,255,170,199                  | 13,952,438                           |
| <b>(2) Medical Services Premiums</b>   | <b>Total</b>                                     | 2,061,396,808  | 2,147,858,908          | 0   | 2,147,858,908                  | 2,147,626,990                                  | 7,063,080                         | 2,154,690,070  | 0                         | 2,154,690,070                  | 7,063,080                            |
|  | 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                                    | 3,531,540                         | 655,044,282  | 0                         | 655,044,282                    | 3,531,540                            |
|  | 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                                  | 3,531,540                         | 1,078,913,365  | 0                         | 1,078,913,365                  | 3,531,540                            |
| <b>(3) Medicaid Mental Health Community Programs (A) Mental Health Capitation Payments</b> | <b>Total</b>                                     | 184,640,568  | 196,303,651            | 0   | 196,303,651                    | 198,145,072                                    | 735,240                           | 198,880,312  | 0                         | 198,880,312                    | 735,240                              |
|  | FTE  | 0.00   | 0.00                   | 0.00  | 0.00                           | 0.00   | 0.00                              | 0.00   | 0.00                      | 0.00                           | 0.00                                 |
|  | GF   | 89,832,730   | 91,315,646             | 0   | 91,315,646                     | 91,315,646                                     | 367,620                           | 91,683,266   | 0                         | 91,683,266                     | 367,620                              |
|  | GFE  | 0  | 0                      | 0   | 0                              | 0  | 0                                 | 0  | 0                         | 0                              | 0                                    |
|  | CF   | 0  | 0                      | 0   | 0                              | 0  | 0                                 | 0  | 0                         | 0                              | 0                                    |
|  | CFE  | 2,481,026  | 6,829,511              | 0   | 6,829,511                      | 7,750,222                                      | 0                                 | 7,750,222  | 0                         | 7,750,222                      | 0                                    |
|  | FF   | 92,326,812   | 98,158,494             | 0   | 98,158,494                     | 99,079,204                                     | 367,620                           | 99,446,824   | 0                         | 99,446,824                     | 367,620                              |
| <b>(4) Indigent Care Program HB 97-1304 Children's Basic Health Plan Trust</b>             | <b>Total</b>                                     | 11,475,351   | 256,475                | 0   | 256,475                        | 271,456  | 555,735                           | 827,191  | 0                         | 827,191                        | 555,735                              |
|  | FTE  | 0.00   | 0.00                   | 0.00  | 0.00                           | 0.00   | 0.00                              | 0.00   | 0.00                      | 0.00                           | 0.00                                 |
|  | GF   | 11,243,215   | 11,011                 | 0   | 11,011                         | 22,762   | 516,215                           | 538,977  | 0                         | 538,977                        | 516,215                              |
|  | GFE  | 0  | 0                      | 0   | 0                              | 0  | 0                                 | 0  | 0                         | 0                              | 0                                    |
|  | CF   | 232,136  | 245,464                | 0   | 245,464                        | 248,694  | 39,520                            | 288,214  | 0                         | 288,214                        | 39,520                               |
|  | CFE  | 0  | 0                      | 0   | 0                              | 0  | 0                                 | 0  | 0                         | 0                              | 0                                    |
|  | FF   | 0  | 0                      | 0   | 0                              | 0  | 0                                 | 0  | 0                         | 0                              |                                      |

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

| 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 |                                |                                      |            |
| <b>Request Title:</b>   | Additional Children's Basic Health Plan Outreach   |                              |                               |  |                       |                                   |                               |                                   |                                |                                      |            |
| <b>Department:</b>  | Health Care Policy and Financing   |                              |                               | <b>Dept. Approval by:</b> John Bartholomew |                       |                                   | <b>Date:</b> November 1, 2007 |                                   |                                |                                      |            |
| <b>Priority Number:</b>   | DI-3A  |                              |                               | <b>OSPB Approval:</b>                      |                       |                                   | <b>Date:</b>                  |                                   |                                |                                      |            |
|   | 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   |                              |                               |  |                       |                                   |                               |                                   |                                |                                      |            |
| <b>(4) Indigent Care Program<br/>Children's Basic Health Plan Administration</b>                              | <b>Total</b>   | 5,507,031                    | 5,541,590                     | 0  | 5,541,590             | 5,536,590                         | 1,400,000                     | 6,936,590                         | 0                              | 6,936,590                            | 1,400,000  |
|   | <b>FTE</b>   | 0.00                         | 0.00                          | 0.00                                       | 0.00                  | 0.00                              | 0.00                          | 0.00                              | 0.00                           | 0.00                                 | 0.00       |
|   | <b>GF</b>  | 0                            | 0                             | 0  | 0                     | 0                                 | 0                             | 0                                 | 0                              | 0                                    | 0          |
|   | <b>GFE</b>   | 0                            | 0                             | 0  | 0                     | 0                                 | 0                             | 0                                 | 0                              | 0                                    | 0          |
|   | <b>CF</b>  | 0                            | 0                             | 0  | 0                     | 0                                 | 0                             | 0                                 | 0                              | 0                                    | 0          |
|   | <b>CFE</b>   | 2,459,420                    | 2,474,735                     | 0  | 2,474,735             | 2,472,951                         | 537,670                       | 3,010,621                         | 0                              | 3,010,621                            | 537,670    |
| <b>FF</b>   | 3,047,611  | 3,066,855                    | 0                             | 3,066,855                                  | 3,063,639             | 862,330                           | 3,925,969                     | 0                                 | 3,925,969                      | 862,330                              |            |
| <b>(4) Indigent Care Program<br/>Children's Basic Health Plan Premium Costs</b>                               | <b>Total</b>   | 89,657,433                   | 86,426,598                    | 0  | 86,426,598            | 91,098,718                        | 12,888,400                    | 103,987,118                       | 0                              | 103,987,118                          | 12,888,400 |
|   | <b>FTE</b>   | 0.00                         | 0.00                          | 0.00                                       | 0.00                  | 0.00                              | 0.00                          | 0.00                              | 0.00                           | 0.00                                 | 0.00       |
|   | <b>GF</b>  | 0                            | 0                             | 0  | 0                     | 0                                 | 0                             | 0                                 | 0                              | 0                                    | 0          |
|   | <b>GFE</b>   | 0                            | 0                             | 0  | 0                     | 0                                 | 0                             | 0                                 | 0                              | 0                                    | 0          |
|   | <b>CF</b>  | 0                            | 1,479                         | 0  | 1,479                 | 0                                 | 0                             | 0                                 | 0                              | 0                                    | 0          |
|   | <b>CFE</b>   | 31,530,990                   | 30,408,342                    | 0  | 30,408,342            | 32,045,063                        | 4,536,628                     | 36,581,691                        | 0                              | 36,581,691                           | 4,536,628  |
| <b>FF</b>   | 58,126,443   | 56,016,777                   | 0                             | 56,016,777                                 | 59,053,655            | 8,351,772                         | 67,405,427                    | 0                                 | 67,405,427                     | 8,351,772                            |            |
| <b>(4) Indigent Care Program<br/>Children's Basic Health Plan Dental Benefit Costs</b>                        | <b>Total</b>   | 6,834,843                    | 6,886,799                     | 0  | 6,886,799             | 7,137,597                         | 1,291,040                     | 8,428,637                         | 0                              | 8,428,637                            | 1,291,040  |
|   | <b>FTE</b>   | 0.00                         | 0.00                          | 0.00                                       | 0.00                  | 0.00                              | 0.00                          | 0.00                              | 0.00                           | 0.00                                 | 0.00       |
|   | <b>GF</b>  | 0                            | 0                             | 0  | 0                     | 0                                 | 0                             | 0                                 | 0                              | 0                                    | 0          |
|   | <b>GFE</b>   | 0                            | 0                             | 0  | 0                     | 0                                 | 0                             | 0                                 | 0                              | 0                                    | 0          |
|   | <b>CF</b>  | 0                            | 0                             | 0  | 0                     | 0                                 | 0                             | 0                                 | 0                              | 0                                    | 0          |
|   | <b>CFE</b>   | 2,392,195                    | 2,410,380                     | 0  | 2,410,380             | 2,498,159                         | 451,864                       | 2,950,023                         | 0                              | 2,950,023                            | 451,864    |
| <b>FF</b>   | 4,442,648  | 4,476,419                    | 0                             | 4,476,419                                  | 4,639,438             | 839,176                           | 5,478,614                     | 0                                 | 5,478,614                      | 839,176                              |            |
| <b>Letternote revised text:</b>   |  |                              |                               |  |                       |                                   |                               |                                   |                                |                                      |            |
| <b>Cash Fund name/number, Federal Fund Grant name:</b>  | CF: Annual enrollment fees of CBHP enrollees. CFE: Tobacco Master Settlement Funds, Fund 11G (CBHP Trust Fund), Fund 18K (Health Care Expansion Fund), Supplemental Tobacco Litigation Settlement Account in the CBHP Trust Fund, and Colorado Immunization Fund; FF: Title XXI, Title XIX |                              |                               |  |                       |                                   |                               |                                   |                                |                                      |            |
| <b>IT Request:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No                        |  |                              |                               |  |                       |                                   |                               |                                   |                                |                                      |            |
| <b>Request Affects Other Departments:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | <b>If Yes, List Other Departments Here:</b>  |                              |                               |  |                       |                                   |                               |                                   |                                |                                      |            |

**CHANGE REQUEST for FY 08-09 BUDGET REQUEST CYCLE**

|                       |  |
|-----------------------|--|
| Department:           | Health Care Policy and Financing                 |
| Priority Number:      | DI-3A  |
| Change Request Title: | Additional Children's Basic Health Plan Outreach |

**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 an increase of \$1,400,000 to the Children's Basic Health Plan Administration appropriation to expand outreach efforts to find and enroll existing eligible but uninsured clients. The expanded outreach efforts are expected to increase caseload in both the Children's Basic Health Plan and Medicaid, as children in the Children's Basic Health Plan must first be found ineligible for Medicaid. This request also includes the physical health, mental health, and dental costs associated with the anticipated caseload increases in the Children's Basic Health Plan and Medicaid.

Background and Appropriation History:

Federal regulations allow for federal financial participation for administration costs in the Children's Basic Health Plan up to 10% of total costs. The Children's Basic Health Plan Administration line item funds private contracts for administrative services associated with the operation of the Children's Basic Health Plan. Most administrative services are contracted out to a primary private vendor who provides enrollment and customer services to members of the Children's Basic Health Plan. Auxiliary administrative functions are contracted out separately to various vendors for professional services such as actuarial analysis, claims audit, marketing and outreach, and quality assurance.

Under federal law, children eligible for Medicaid may not enroll in the Children's Basic Health Plan, yet many of the children who apply for the Children's Basic Health Plan are determined to be Medicaid eligible. Thus, some of the costs of eligibility processing and enrollment functions, as well as marketing and outreach efforts, provided by the Children's Basic Health Plan's primary administrative services contractors are attributable to the Medicaid Program. Based on a study that identified the portion of workload generated by Medicaid, the Department and the Centers for Medicare and Medicaid Services have agreed upon a cost allocation methodology for charging costs to the correct program. The Children's Basic Health Plan Administration line item does not receive the full Children's Basic Health Plan enhanced federal medical assistance percent of 65%, but rather a blend with the Medicaid federal match of 50%. In particular, marketing and outreach in the Children's Basic Health Plan Administration line item receives the Children's Basic Health Plan enhanced match for 77.3% of expenditures and the Medicaid federal match on the remaining 22.7%.

HB 05-1262 (Tobacco Tax bill) provides funding for cost effective marketing of the Children's Basic Health Plan. A contract in the amount of \$1,300,000 with Maximus was executed in January 2006, and marketing started on April 1, 2006. A new marketing campaign for the Children's Basic Health Plan program began on January 29, 2007. This television and radio campaign was launched statewide, and targeted low-income and Hispanic populations. The marketing campaign has been successful, and the Department believes that it has had a positive effect on caseload, in both the children and prenatal programs. In addition, because children applying for the Children's Basic Health Plan must first be found ineligible for Medicaid, the Department believes that marketing has also had a positive effect on Medicaid caseload. However, the Department does not currently have the resources to directly measure the effect marketing has had on caseload in either program.

General Description of Request:

Recent research by the Department using Current Population Survey data indicates that there are approximately 44,000 uninsured children that may be eligible for the Children's Basic Health Plan under current income guidelines, and an estimated 65,000 uninsured

children within the Medicaid income guidelines. In order to pursue Governor Ritter's 'Colorado Promise', the Department is requesting funding to expand outreach efforts to help find and enroll children that may currently be eligible. This funding may be used for things such as (but not limited to):

- Increasing the availability of applications (i.e., in hospitals, pharmacies, and clinics);
- Sending direct mailings to families with children that qualify for free or reduced price lunches in their schools;
- Expanding community and local outreach throughout the State by increasing the number of Regional Outreach Coordinators, and;
- Coordinating and promoting community enrollment events where families can receive application assistance.

The Department's current marketing budget of \$1,300,000 has been largely utilized for purchasing radio and television advertising. However, given the large number of uninsured children that appear to be within current income guidelines for Medicaid and the Children's Basic Health Plan, the Department believes that strong outreach is needed to reduce the gap. The Department is requesting an increase of \$1,400,000 to expand outreach efforts. This would approximately double the current funding for marketing and outreach of the Children's Basic Health Plan, with a large portion to be used to concentrate on outreach through active face-to-face community involvement. The Department believes that by targeting additional outreach rather than marketing, the impact of the requested funding will be maximized by supplementing the current campaign with alternative activities.

Of the proposed \$1,400,000 total funds increase, \$537,670 is Cash Funds Exempt. The Department is currently utilizing \$518,545 of the \$540,000 from the Health Care Expansion Fund that was provided in HB 05-1262 (Tobacco Tax bill). This request includes maximizing the available funding from the Health Care Expansion Fund, with the remaining funding to come from the Children's Basic Health Plan Trust Fund. As shown in Decision Item #3, "Children's Basic Health Plan Medical Premium and Dental Benefit Costs", the Department will fully utilize funds in the Children's Basic Health Plan Trust

Fund for costs associated with base projections. Therefore, the Department is requesting a General Fund appropriation in the amount of the remaining Cash Funds Exempt needed for the outreach increase.

*Caseload Impacts*

As outlined in the Department's Decision Item #3, the children's caseload in the Children's Basic Health Plan is forecasted to increase by 9,276 between FY 06-07 and FY 07-08. In FY 06-07, there were many factors effecting caseload, including the removal of the Medicaid asset test, the Deficit Reduction Act of 2005, and marketing. In FY 07-08, the impacts of Medicaid asset test removal and the Deficit Reduction Act will have been incorporated in the caseload, and all caseload increases should be due to current marketing efforts. As discussed in Decision Item #3, the effects of the Deficit Reduction Act were not present in the first three months of FY 06-07, and caseload declined by approximately 4,300 between June and October 2006 due to the Medicaid asset test removal. If marketing had been the prime factor contributing to caseload growth in FY 06-07, as was seen during the second half of the fiscal year, the average caseload would have been higher in FY 06-07. This would have decreased the projected caseload increase between FY 06-07 and FY 07-08. The Department estimates that, had marketing been the only factor effecting caseload in FY 06-07, the caseload growth in FY 07-08 would be approximately 8,000. The Department believes that with the new outreach efforts, the FY 08-09 caseload impact would be approximately equal to that described for FY 07-08. Although the impact of marketing can be expected to decrease as more people have seen and responded to the advertising, the Department believes that such caseload impacts can be maintained because the outreach efforts will try to reach families through different and complimentary avenues.

All children applying for the Children's Basic Health Plan must first be found ineligible for Medicaid. Because of this, it is reasonable to expect that Children's Basic Health Plan outreach would find some children that end up being Medicaid eligible. Because Medicaid serves families with much lower incomes than the Children's Basic Health Plan and Medicaid eligible children are often less healthy than Children's Basic Health Plan eligible

children, the Department believes that Medicaid children have a greater incentive to apply for benefits. This would tend to decrease the number of children in Medicaid income ranges that have not already applied for benefits and that would respond positively to outreach efforts. Due to this and the fact that the outreach efforts will target the Children's Basic Health Plan, the Department anticipates that the Medicaid caseload impact will be less than that in the Children's Basic Health Plan. The Department estimates that the caseload increase in Medicaid will be half of that in the Children's Basic Health Plan, or 4,000 children in FY 08-09.

As previously discussed, the Department has no way to directly measure the effect marketing has had on caseload in either program. These estimates are based on the available information and caseload data, and the Department does not know at this time the actual expected impacts from additional outreach. The Department will be able to refine estimates once the outreach plan is solidified with a selected contractor.

Consequences if Not Funded:

Without approval of this request, the Department would not be able to expand Children's Basic Health Plan outreach efforts. The Department would continue to utilize the current funding to maintain marketing efforts, including television and radio advertising. The Department believes that without expanding outreach to complement these efforts, the return on these dollars in terms of new children enrolled will begin to decline. It is expected that marketing efforts alone will begin to become less effective, as more families are exposed to the campaigns and either apply or actively decide not to. Without the requested outreach funding, the Department believes that it would be more difficult to find and enroll children that are currently eligible for either the Children's Basic Health Plan or Medicaid. The Department does not believe that it would be able to enroll the additional 12,000 uninsured children that may be found through additional outreach, as estimated above.

Calculations for Request:

| <b>Table 1: Summary of Request FY 08-09 for Medicaid Programs</b> |                    |                     |                      |
|---|--------------------|---------------------|----------------------|
| <b>Medicaid Programs</b>  | <b>Total Funds</b> | <b>General Fund</b> | <b>Federal Funds</b> |
| Medical Services Premiums   | \$7,063,080        | \$3,531,540         | \$3,531,540          |
| Medicaid Mental Health Community Programs                         | \$735,240          | \$367,620           | \$367,620            |
| <b>Total</b>  | <b>\$7,798,320</b> | <b>\$3,899,160</b>  | <b>\$3,899,160</b>   |

| <b>Table 2: Summary of Request FY 08-09 for Children's Basic Health Plan</b> |                     |                     |                   |                          |                      |
|--|---------------------|---------------------|-------------------|--------------------------|----------------------|
| <b>Children's Basic Health Plan</b>  | <b>Total Funds</b>  | <b>General Fund</b> | <b>Cash Funds</b> | <b>Cash Funds Exempt</b> | <b>Federal Funds</b> |
| Children's Basic Health Plan Trust Fund                                      | \$555,735           | \$516,215           | \$39,520          | \$0                      | \$0                  |
| Children's Basic Health Plan Administration                                  | \$1,400,000         | \$0                 | \$0               | \$537,670                | \$862,330            |
| Children's Basic Health Plan Premiums  | \$12,888,400        | \$0                 | \$0               | \$4,536,628              | \$8,351,772          |
| Children's Basic Health Plan Dental Benefit Costs                            | \$1,291,040         | \$0                 | \$0               | \$451,864                | \$839,176            |
| <b>Total</b>   | <b>\$16,135,175</b> | <b>\$516,215</b>    | <b>\$39,520</b>   | <b>\$5,526,162</b>       | <b>\$10,053,278</b>  |

| <b>Table 3: Calculation of Cash Funds Exempt Splits for the Children's Basic Health Plan FY 08-09 Request</b> |                                |  |                                   |   |                                   |
|---|--------------------------------|--|-----------------------------------|---|-----------------------------------|
| <b>Children's Basic Health Plan Cash Funds Exempt Fund Splits</b>   | <b>Total Cash Funds Exempt</b> | <b>Children's Basic Health Plan Trust Fund</b> | <b>Health Care Expansion Fund</b> | <b>Supplemental Tobacco Litigation Settlement Account</b> | <b>Colorado Immunization Fund</b> |
| Children's Basic Health Plan Administration   | \$537,670                      | \$516,215                                      | \$21,455                          | \$0   | \$0                               |
| Children's Basic Health Plan Premiums   | \$4,536,628                    | \$39,520                                       | \$4,369,176                       | \$62,605  | \$65,327                          |
| Children's Basic Health Plan Dental Benefit   | \$451,864                      | \$0  | \$451,864                         | \$0   | \$0                               |
| <b>Total</b>  | <b>\$5,526,162</b>             | <b>\$555,735</b>                               | <b>\$4,842,495</b>                | <b>\$62,605</b>   | <b>\$65,327</b>                   |

Notes:

- 1) Per the State's Cost Allocation methodology, 77.3% of the outreach budget is funded through the Children's Basic Health Plan and the remaining 22.7% is funded through Medicaid. See Section G, Exhibits for DI-3, Exhibit C.4, Page C-4.3.
- 2) The Department is requesting to maximize the \$540,000 available from the Health Care Expansion Fund for cost-effective marketing, per 24-22-117 (2) (a) (II) (G), C.R.S. (2007). The remaining Cash Funds Exempt is to come from the Children's Basic Health Plan Trust Fund.
- 3) Projected annual enrollment fees in the Children's Basic Health Plan are \$4.94 in FY 08-09, and are not eligible for federal match. This amount is shown as Cash Funds revenue to the Trust Fund and Cash Funds Exempt expenditures in the Children's Basic Health Plan Premium Costs. See Section G, Exhibits for

DI-3, Exhibit C.3, Page C-3.1.

4) Because enrollment in the Children's Basic Health Plan is forecasted to exceed the FY 03-04 enrollment in FY 08-09 and FY 09-10, these clients are funded through the Health Care Expansion Fund. In addition, for the medical per capita for all children in the Plan, the Supplemental Tobacco Litigation Account in the Trust Fund is the source of 1.38% and the Colorado Immunization Fund is the source of 1.44%. See Section G, Exhibits for DI-3, Exhibit C.3, Page C-3.2.

**Table 4: Calculation of FY 08-09 Expenditure**

|  |                           | Medicaid   | Children's Basic Health Plan |                                  |
|--|---------------------------|--|------------------------------|----------------------------------|
| 1  | Estimated Caseload Impact | 4,000  | 8,000                        | See narrative, pages G.6 to G.7. |
| 2  | Medical Per Capita        | \$1,765.77   | \$1,611.05                   | See source information below.    |
| 3  | Mental Health Per Capita  | \$183.81   | -                            | See source information below.    |
| 4  | Dental Per Capita         | -  | \$161.38                     | See source information below.    |
| 5  | Total Medical Cost        | \$7,063,080  | \$12,888,400                 | Row 1 * Row 2.                   |
| 6  | Total Mental Health Cost  | \$735,240  | -                            | Row 1 * Row 3.                   |
| 7  | Total Dental Cost         | -  | \$1,291,040                  | Row 1 * Row 4.                   |
| <b>Source Information</b>                            |                           |  |                              |                                  |
| Children's Basic Health Plan Per Capita              |                           | Section G, Exhibits for DI-3, Exhibit C.10, Page C-10.1                                  |                              |                                  |
| Medical Services Premiums Per Capita                 |                           | Section E, Exhibits for Medical Services Premiums, Exhibit C, Page EC-1                  |                              |                                  |
| Medicaid Mental Health Community Programs Per Capita |                           | Section F, Exhibits for Medicaid Mental Health Community Programs, Exhibit DD, page DD.2 |                              |                                  |

Assumptions for Calculations:

All calculations, formulas, and source information are included in the table presented above. For caseload impacts, the Department assumes that the proposed expansion in Children's Basic Health Plan outreach will result in approximately 8,000 new Children's Basic Health Plan clients. The Department further assumes that one new Medicaid child will be enrolled for every two new Children's Basic Health Plan children, or 4,000 new Medicaid children. However, the Department does not know at this time what the caseload impacts will be, and these estimates will be refined once the outreach plans are finalized.

Impact on Other Government Agencies: Not applicable.

Cost Benefit Analysis:

| <b>Cost</b>   | <b>Benefit</b>   |
|---|--|
| \$1,400,000 total funds for expanded outreach efforts, including \$21,455 from the Health Care Expansion Fund and \$516,215 General Fund. | The Department would be able to expand outreach efforts to complement the current Children's Basic Health Plan marketing campaign. The Department estimates that it would be able to find and enroll 8,000 new Children's Basic Health Plan children and 4,000 new Medicaid children, thus reducing the number of uninsured children in the State. |

Implementation Schedule:

| <b>Task</b>                       | <b>Month/Year</b> |
|-----------------------------------|-------------------|
| Internal Research/Planning Period | May – June 2008   |
| RFP Issued                        | July 2008         |
| Contract or MOU Awarded/Signed    | October 2008      |
| Start-Up Date                     | November 2008     |

Statutory and Federal Authority:

24-22-117 (2) (a) (II), C.R.S. (2007) ...moneys in the Health Care Expansion Fund shall be annually appropriated by the general assembly to the Department of Health Care Policy and Financing for the following purposes: ... (F) To pay for enrollment increases above the average enrollment for state fiscal year 2003-04 in the Children's Basic Health Plan, Article 19 of Title 25.5, C.R.S.; (G) To provide up to five hundred forty thousand dollars for cost-effective marketing to increase the enrollment of eligible children and pregnant women in the children's basic health plan, article 8 of title 25.5, C.R.S.

25.5-8-111 (1) (a), C.R.S. (2007) The department may: (I) Pursuant to section 24-50-504 (2)(a), C.R.S., enter into personal services contracts for the administration of the children's basic health plan. Any contracts established pursuant to this section shall contain performance measures that shall be monitored by the department.

Performance Measures:

The Department believes that providing funding to expand outreach efforts in the Children's Basic Health Plan will increase the number of eligible children served in the Children's Basic Health Plan and Medicaid. This would ensure that these previously uninsured children are receiving care, thus ensuring that they have overall better health outcomes. As such, the Department believes that this request supports the following Performance Measures:

- Increase the number of clients served through targeted, integrated care management programs.
- Increase the number of children served through a dedicated medical home service delivery model.