PREFACE

The Medical Services Board respectfully submits the following annual report to the Joint Budget Committee, the House of Representatives Health, Environment, Welfare, and Institutions Committee, and the Senate Health, Environment, Children and Families Committee of the State of Colorado General Assembly. The report covers state fiscal year (SFY) 2001, which spans from July 1, 2000 to June 30, 2001, and is in accordance with the C.R.S. 25.5-1-303 (7). The statute states the following:

…the board shall report annually to the Joint Budget Committee of the General Assembly and the Health, Environment, Welfare and Institutions Committee of the House of Representatives on the implementation and performance of the Children's Basic Health Plan program, including but not limited to the extent to which private sector strategies and resources are effectively used as part of the program.

In response to this legislative mandate, the Medical Services Board requested the assistance of staff at the State of Colorado Department of Health Care Policy and Financing (Department). Those who prepared the report strove to accurately summarize activities over the past year by reviewing all relevant documents and interviewing key individuals involved in the administration of the plan.

Many programmatic changes have occurred since the SFY 2001 program year ended. These changes will have a significant impact on Children's Basic Health Plan (CBHP) administration and enrollments and are not fully reflected in this retrospective review. They include:

- Developing a dental benefit;
- Revising the Satellite Eligibility Determination Site program; and
- Establishing quality assurance methodologies.

EXECUTIVE SUMMARY

CBHP is a public/private partnership providing subsidized health insurance for children in low-income families statewide who are not eligible for Medicaid. By the end of SFY 2001, 35,138 children were enrolled in the program, representing an average monthly enrollment of 29,513. This constitutes a 28% increase from the SFY 2000 average monthly enrollment of 23,015.

In SFY 2001, CBHP was administered by the Department of Health Care Policy and Financing through private contractors who provided various services. The CBHP Policy Board provided oversight and policy development. These organizations designed and implemented the eligibility, enrollment, and premium rules enacted in this fiscal year, in addition to managing the routine administrative matters associated with CBHP. National data and three years of experience have shown that reaching out on a local level is the most effective way to reach eligible families. CBHP has continued its efforts to partner with many community-based organizations throughout the year. CBHP created partnerships with approximately 2000 community-based organizations including: schools; Head Start programs; family resource centers; community health centers; United Way agencies; public health departments; county departments of social services; Women, Infants, and Children programs; and many others. These extensive partnerships represent an extraordinary commitment statewide to enroll uninsured children as part of the CBHP comprehensive marketing and outreach strategy. In addition, it initiated a targeted television advertising campaign and began testing employer-based outreach activities. All of these activities represent CBHP's interest in reaching families in every way possible.

CBHP also has a strong commitment to quality health care services. This year the CBHP Policy Board's Quality Improvement Working Group recommended a specific Quality Improvement Plan. This plan will establish improvement measures relevant to children.

For SFY 2001, the General Assembly allocated about $33 million to CBHP. Benefits accounted for almost $25.8 million, while core administrative functions were approximately $5.4 million. The HMO risk pool, a component of the benefits funding, was just over $1.7 million.

CBHP is poised to capitalize on the experiences gained from three years of operation. Administratively, CBHP is becoming more efficient and cost effective; organizational responsibilities are more defined, outreach is improving and the breadth of partners is increasing.

As CBHP progresses, it will not lose sight of its three goals:

1. Enrolling every eligible child in Colorado;
2. Improving the health status for participants by assuring access to appropriate health care services; and

3. Maximizing the effectiveness of CBHP as a public/private partnership.

A COMMITMENT TO CHILDREN: PROGRAM OVERVIEW

State Children's Health Insurance Programs Nationwide

Created in 1997 under Title XXI of the Social Security Act, the State Children's Health Insurance Program was allocated $48 billion nationally, over ten years, to expand health care coverage to uninsured children. The program enables states to insure children from working families with incomes too high to qualify for Medicaid but too low to afford private health insurance, with some latitude to adjust upper-income limits.

The authorizing federal legislation allows states considerable discretion in designing a program to meet their particular needs. As of July 1, 2000, all 50 states, the District of Columbia, and five U.S. Territories had implemented a State Children's Health Insurance Program covering over two million children. Of these states, 15 have created a separate child health program, 23 have expanded Medicaid, and 18 have developed a combination of the two.

Children's Basic Health Plan in Colorado

The State of Colorado elected to develop a separate program that is not a Medicaid expansion. The Program was enacted as the Children's Basic Health Plan (CBHP) through C.R.S. 26-19-101, et seq., and is marketed as the Child Health Plan *Plus* (CHP+).

CBHP provides subsidized health insurance coverage for low-income children under 19 years of age statewide who are not eligible for Medicaid. It offers a wide variety of services including:

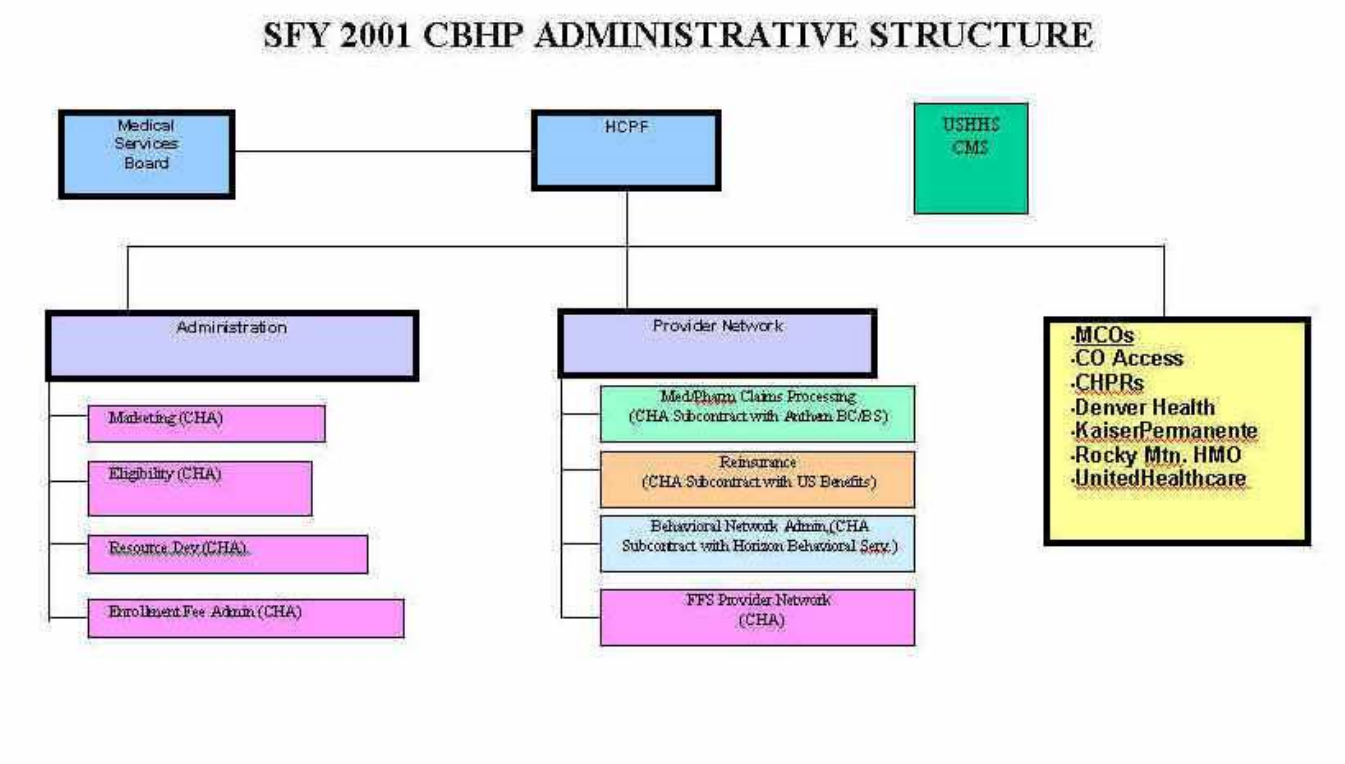
- Check-ups and shots
- Doctor visits
- Hospitalization and hospital services
- Prescribed medications
- Mental health services
- Hearing Aids
- Glasses

The primary goals of the CBHP program are to:

- Enroll every eligible child in Colorado;
- Improve health status for participants by assuring access to appropriate health care services; and
- Maximize the effectiveness of CBHP as a public/private partnership.

By the end of SFY 2001, 35,138 children were enrolled, representing an average monthly enrollment of 29,513. This constitutes a 28% increase from the SFY 2000 average monthly enrollment of 23,015. In addition, more than 72,799 children have been served since the program began. **It appears that families are using CBHP as a bridge to other health care coverage.**

The CBHP, by statute and operation, is a non-entitlement, commercial-coverage health plan with largely privatized administration. (See SFY 2001 Administrative Structure Chart below.) Public/ private collaboration and cooperation are hallmarks of CBHP.



The combined efforts of the CBHP Policy Board, the Department, private contractors, as well as involvement from numerous community partners, have contributed to the successful implementation of the program statewide. These working relationships are still developing as policy and operational issues occur.

In SFY 2001, CBHP received 30,437 applications, compared to 24,152 and 14,080 for the same time period the previous two years. This represents an increase of 26% over SFY 2000 and 116% over SFY 1999. Although all of these applications were processed, only some of them resulted in CBHP enrollments. Some children may be determined ineligible for CBHP primarily because their families are over the income limits or they are eligible for Medicaid.

CBHP Policy Board and the Medical Services Board

State law established the CBHP Policy Board, which was authorized to adopt rules for the operation and financial management of the program. Other responsibilities included:

- Reporting on certain matters to the Joint Budget Committee
- Approving the benefit schedule for the program
- Performing other policy-related functions

The board consisted of 11 members, seven of whom were appointed by the Governor from designated businesses and health-care-related fields. The other four members were the Executive Directors of the Departments of Health Care Policy and Financing, Human Services, Public Health and the Environment, and the Commissioner of the Department of Education. As of August 2001, the Policy Board responsibilities have been transferred to the Colorado Medical Services Board and the Department of Health Care Policy and Financing.

Department of Health Care Policy and Financing

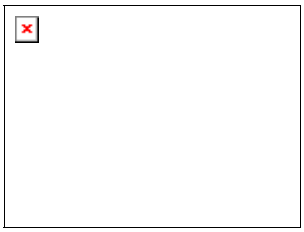
The Department of Health Care Policy and Financing (Department) is the agency responsible for three of Colorado's major, publicly funded health care programs including:

- The Children's Basic Health Plan (CBHP);
- The Colorado Indigent Care Program; and

- Medicaid.

By statute, the Department fulfills the following responsibilities:

- Compliance with all related federal laws and regulations;
- Compliance with all related state laws and regulations;
- Establishment of the schedule of benefits, financial management rules and cost-sharing structures, and submittal of them to the board for approval;
- Contract procurement and management with providers that emphasizes a managed care model;
- Contract procurement and management for all other services;
- Evaluation and program development;
- Administrative support of the CBHP Policy Board;
- Coordination with other public and private health care delivery and financing programs.



Child Health Advocate

Child Health Advocates is the Department's CBHP administrative services contractor and fulfills the following contractual obligations:

- Marketing and outreach, including statewide mass media, and community organization recruitment, training and support;
- Eligibility and enrollment, including processing mail-in applications, recruit-ment, training and support to statewide community partners, and referring non-eligible applicants to Medicaid or other resources;
- Statewide customer service including application assistance, information and problem resolution for CBHP plan members, agencies and providers;
- Information systems management and development, including maintenance and user assistance for the Internet-based eligibility determination and enrollment network;
- Resource development, including ob-taining foundation and corporate support for the CBHP program;
- Family enrollment fee administration, and CBHP provider network administration.

Child Health Advocates has been the Department’s main CBHP administrative services contractor since March 1, 1999.

Health Care Service Delivery

Managed Care Organizations

Statute requires CBHP to enroll children in managed care organizations for their health care services. The Department has contracted with six managed care organizations, which are available to 84% of the eligible population. In 37 Colorado

counties, enrollees receive health care services through the following managed care organizations: Colorado Access, Community Health Plan of the Rockies, Denver Health Medical Plan, Kaiser Permanente, Rocky Mountain HMO, and UnitedHealthcare. These managed care organizations are under full risk contracts with the Department.

Network

The Department contracts directly with health care providers in counties where managed care organizations have been unable to offer coverage. This arrangement also ensures that children get services before they are enrolled with their chosen managed care organization. The Department contracted directly with over 2,250 providers: 1,500 primary care physicians, 700 specialists, 51 hospitals and a number of ancillary service providers, which include essential community providers, to create a state-run managed care network.

In SFY 2001, the Department contracted directly with Child Health Advocates to administer this network. Child Health Advocates is responsible for provider relations, training and contracting support, as well as customer service. Child Health Advocates subcontracted with HMO Colorado, a subsidiary of Anthem Blue Cross and Blue Shield of Colorado, for claims administration, utilization review and case management. Child Health Advocates subcontracted with Horizon Behavioral Health Services to deliver network behavioral health benefits.

SFY 2001 ELIGIBILITY AND APPLICATION REQUIREMENTS

Eligible Children

Children (and adolescents) are eligible for CBHP if they are under nineteen years of age, live in a family earning up to 185% of the federal poverty level, and are not eligible for Medicaid.

Estimated Eligible Population

The Department estimates that approxi-mately 69,157 children are eligible for CBHP. This estimate was derived from Census data, data on uninsured populations and other relevant information. Due to the lack of reliable data, as well as the highly diverse and mobile nature of the eligible population, a definitive estimate is difficult to derive. Recently, data from the 2000 Census and the March 2001 Current Population Survey became available that will be useful in evaluating and, potentially, revising these estimates.

Eligibility Requirements

Children residing in Colorado in families with incomes at or below 185% of the Federal Poverty Level, and who are not eligible for Medicaid, are eligible for CBHP. Families must complete an application and provide income verification with the application.

Pre-HMO Enrollment Period

A rule enacted August 1, 2000, stated that CBHP enrollees may access benefits and services immediately upon program eligibility determination in every county of the state. This “pre-HMO enrollment period” is important because it enables the Program to reach families at a “teachable moment” – when a child needs care. These initial services are delivered statewide through the CBHP Network until enrollment in a managed care organization is operationally possible (usually for a period of up to two months). This rule is feasible from an operational standpoint due to overlap between CBHP and managed care organization provider networks within managed care service areas.

Coordination with the Colorado Indigent Care Program

The State Auditor’s report on CBHP expressed concern that state programs were not as well coordinated as they could be. One program specifically mentioned by the State Auditor was the Colorado Indigent Care Program because its income guidelines were similar to CBHP.

In SFY 2001, CBHP changed its family definition to streamline the transition for families interested in CBHP. This process allows CBHP and the Colorado Indigent Care Program to coordinate the needs of family members, both children and adults, more efficiently.

This change resulted from CBHP’s comparative analysis of the two programs. The analysis found that CBHP was financially better for families than the Colorado Indigent Care Program. First, CBHP offered preventive care to families, so more services were available. Second, CBHP required an annual fee, and copayments were lower than those charged through the Colorado

Indigent Care Program.

Application Requirements

On January 8, 2001, the Department released a new application for CBHP, the Colorado Indigent Care Program, and Medicaid. The Department, in collaboration with the Department of Human Services, Covering Kids Colorado, Child Health Advocates, Colorado Community Health Network, local county departments of social services, and satellite eligibility determination sites, applied for and received a grant from the Rose Community Foundation to redesign the joint CBHP/Colorado Indigent Care Program/Medicaid application. The Joint Application Redesign Committee contracted with a professional designer and a marketing firm to develop a form that incorporates the most current application concepts and evaluates those concepts through client-centered focus groups.

In SFY 2001, applications could be filed on-line from 11 locations statewide as part of an initial electronic development project. This on-line filing system will be phased-in across the state. Sites are typically com-munity-based organizations that provide services to the low-income population, but they are outside of the conventional human service environment. The original objective of the sites was to provide a familiar local setting where families could receive information about and apply for CBHP at the same time they are receiving other services.

Currently, CBHP has a network of 84 satellite eligibility determination sites statewide, including multiple locations for some of these community-based organizations. These sites include community health centers, county nursing services, school-based health centers and other community providers.

COST SHARING

SFY 2001 Cost-Sharing Structure

State law required the Department to develop "…a structure of periodic premiums…" for participants in the program based on a scale that varies in relation to an enrollee's family income. During SFY 2000, the CBHP cost-sharing (premium) structure was one of the highest in the nation. The fee scale ranged from $0 to $30 per month, depending on the family's resources and number of children. The State Auditor's Office, in its CBHP performance audit, identified the cost-sharing structure to be significantly complex and costly.

Recognizing that this cost-sharing structure was a barrier to the effective operation of the program, Governor Bill Owens requested that State Treasurer Mike Coffman forgive the premium debts families had accrued under CBHP. Also, the Governor proposed that an alternative cost-sharing approach be developed for implementation by January 1, 2001. The General Assembly, particularly the Joint Budget Committee, in addition to the Governor and State Treasurer, played essential roles in resolving this cost-sharing issue.

After a four-month "enrollment holiday" where families could enroll in CBHP for free, a new fee structure was developed. The intent was to construct a fee structure that is simpler to administer and less of a deterrent to client enrollment. As of January 1, 2001, families pay an annual enrollment fee of $25 for one child and $35 for two or more children, along with a small co-payment for each provider visit. The enrollment fee applies to families between 151% and 185% of the federal poverty level (FPL). Families at 150% of the federal poverty level and below are not subject to the enrollment fee.

SFY 2001 ENROLLMENT

Enrollment

As of June 30, 2001, more than 35,000 (35,138) children were enrolled in CBHP, more than half of those estimated eligible. Over the course of SFY 2001, the total program enrollment increased by 28% to an average monthly enrollment of 29,513 from an average monthly enrollment of 23,015 in SFY 2000 and 12,825 in SFY 1999.

After three years of operation, with the combined effort of the state and its partners, 44 (70%) of the state's 63 counties exceeded the statewide enrollment average of 50%. The outreach strategies employed by these counties vary significantly. However, some of the recurring themes include community-wide involvement from all agencies serving the eligible population, school-based support, strong leadership from a core team of community activists, and commitment from all levels of the involved organizations.

CHP+ ENROLLMENT BY COUNTY

June 30, 2001

CBHP COVERAGE STATE WIDE WAS 50%

COUNTY	%Enrolled	COUNTY	%Enrolled	COUNTY	%Enrolled	COUNTY	%Enrolled
0%- 50%ENROLLED		51%- 75%ENROLLED		76%- 100%ENROLLED		OVER 100%ENROLLED	
Eagle	11%	Adams	53%	Archuleta	82%	Alamosa	102%
Arapahoe	37%	Bent	56%	Chaffee	90%	Baca	179%
Boulder	28%	Delta	70%	Custer	92%	Cheyenne	161%
Clear Creek	36%	Denver	61%	Fremont	90%	Conejos	170%
Douglas	14%	Dolores	61%	Grand	91%	Costilla	110%
El Paso	26%	Jackson	72%	Huerfano	89%	Crowley	142%
Elbert	26%	La Plata	67%	Lincoln	95%	Hinsdale	133%
Garfield	42%	Lake	55%	Logan	76%	Kiowa	153%
Gilpin	46%	Larimer	60%	Mesa	92%	Kit Carson	216%
Gunnison	31%	Las Animas	63%	Morgan	79%	Mineral	161%
Jefferson	32%	Moffat	74%	Otero	97%	Phillips	131%
Ouray	46%	Montezuma	64%	Saguache	78%	Prowers	198%
Park	32%	Montrose	75%	San Juan	92%	Rio Grande	117%
Pitkin	12%	Rio Blanco	53%	Sedgwick	81%	Yuma	141%
Pueblo	42%	Routt	53%	Washington	89%		
San Miguel	39%	Weld	61%				
Summit	26%						
Teller	37%						

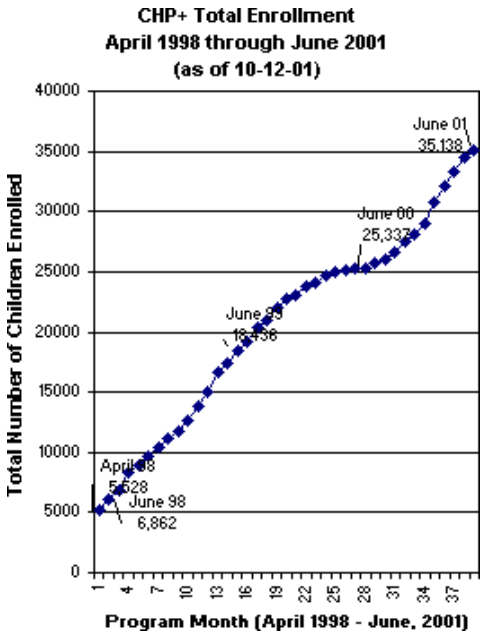
*The fact that some counties have penetration rates exceeding 100% demonstrates that eligibility totals are estimates, not exact counts.

Nearly two-thirds (42,729) of the eligible population lives in the Denver metropolitan area. Many of the counties in the metro area continue to have enrollments below the state average. CBHP will continue to focus enrollment efforts on this region of the state

Application Submissions

Applications are collected through the following sources: satellite eligibility determination sites, county departments of social services, and the mail. Satellite eligibility determination sites are community partners who are given the tools to determine eligibility on site, in some cases having on-line capability, and are required as part of their contract to provide CBHP outreach to their community. In turn, CBHP pays them for completed applications.

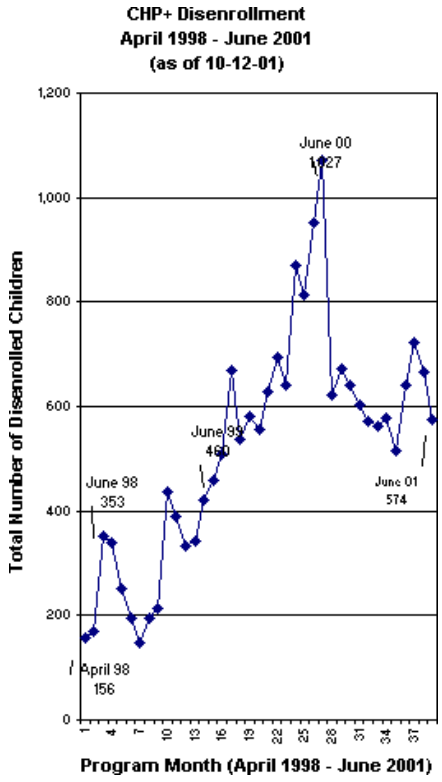
Approximately 60% of applications in SFY 2001 were mailed directly to the CBHP processing offices. Families obtain applications from a variety of sources including schools, Child Health Advocates, and county departments of social services. Satellite eligibility determination sites submitted approximately 21% of applications, while county departments of social services account for approximately 19% of applications submitted.



Disenrollment

Although almost 72,800 Colorado children have been in the program at one time or another, approximately 35,000 were enrolled by the end of SFY 2001. This highlights the frequent changes in program membership. Given these facts, member retention continues to be a high priority for CBHP.

However, data analysis over the past two years has indicated that the majority of surveyed disenrollees (as many as 79%) left CBHP because they found other health insurance. This indicates that CBHP is serving as a "bridge" for families in need, and that families leave the program for what policymakers and activists alike would consider the "right" reasons.



PRIVATE SECTOR PARTNERSHIPS

Strategic Direction

The CBHP Policy Board was responsible for developing the strategic direction of CBHP. In April 2001, the Policy Board approved a formal strategic plan to guide CBHP decision-making. This process was significant because the board was comprised of not only important government stakeholders, but business, health care and consumer stakeholders as well. This integration of public and private priorities and interests contributed to the strong breadth and scope of the strategic plan.

Outreach and Enrollment

The CBHP has created an extensive marketing and outreach program encompassing strategies that range from grass roots networking to mass market advertising campaigns. These efforts have been implemented to reach families in many different ways with different messages.

To better evaluate the effectiveness of these strategies, CBHP implemented a large-scale, application-source tracking system in March 2000. The system allows an application to be traced back to the initial source without relying on self-reported referral data. This tracking system will continue to be used to monitor trends and results from marketing and outreach campaigns.

A cornerstone of the CBHP outreach strategy is to maintain and build on community partnerships. To reach all eligible families through as many avenues as possible, CBHP is working with more than 2000 partners. These include: schools; employers; Head Start programs; family resource centers; community health centers; United Way agencies; public health departments; county departments of social services; Women, Infants, and Children nutrition programs; and a myriad of others. This represents an extraordinary commitment statewide to reach uninsured children at the local level. So far, the most effective efforts in actually enrolling families are through schools, doctor's offices, health departments, community health centers, and departments of social services. Also, friends and neighbors are spreading the word. Experience has shown that multiple contacts throughout the community are important to the eventual enrollment of an eligible child.

Managed Care Organizations

Managed care organizations have increased their CBHP outreach. Most exciting this year was the implementation of a joint media campaign in which four of the six managed care partners participated. These purchased advertisements were structured so that each partner received air time when marketing would be most effective.

Most managed care partners have committed extensive time and effort to reach disenrollees, as well as to find new enrollees through advertisements, partnerships and events. All of CBHP's managed care partners have participated in various community events throughout the state.

Advertising and Earned Media

CBHP has experienced an increased number of applications from concentrated advertising campaigns. CBHP consistently noted spikes in requests for information after television advertisements or newspaper stories about the program appeared. Television continued to rank as the highest source of referral for individual applications. CBHP and managed care organizations continued to team together to purchase targeted television advertisements because they are so effective.

In addition, there was substantial media interest in the revised cost-sharing structure and the subsequent increase in enrollments Most of the larger media outlets highlighted the changes and successes of CBHP in the second half of the fiscal year.

County Departments of Social Services

County departments of social services provide support to low-income families in communities ranging from food stamps and Women, Infants, and Children programs to child care and Colorado Works. Many CBHP referrals came from these programs. In addition, because federal law mandates linkage between CBHP and Medicaid (for example, through a common application) about 19% of CBHP applications were submitted through the Medicaid application process managed by county departments of social services. CBHP will continue to focus on ways to minimize delays in referrals so that eligible children can be enrolled.

Satellite Eligibility Determination Sites

As mentioned above, CBHP has a network of 84 satellite eligibility determination sites statewide, including multiple locations for some sites. For example, Salud is a site with six physical locations. These sites comprise community health centers, county nursing services, school-based health centers and other community providers, and have been an essential component of the

program's outreach and enrollment activities. As part of their contract with CBHP, they are required to provide outreach to their community for CBHP.

A concerted effort was made in SFY 2000 to increase the number of satellite eligibility determination sites and improve access for families. However, some sites generated virtually no enrollments for the plan. The State Auditor identified this issue in its performance audit and recommended that CBHP perform a comprehensive review of the satellite eligibility determination program to determine its cost effectiveness. In SFY 2001, CBHP evaluated the role of these sites from both an eligibility and outreach standpoint. Program revisions to improve the efficiency and effectiveness of the SED process will be in place by the middle of SFY 2002.

Schools

Schools are consistently one of the most frequently cited sources of referral by applicants. Clearly, schools are an effective vehicle for getting information out to families with children. Increasing numbers of school districts are partnering with CBHP to assure the children they serve know about CBHP.

Community Health Centers

The Colorado Community Health Network has made involving its members in CBHP outreach a priority. Community health centers are the largest group of primary care providers throughout the state serving low-income children. Some serve as satellite eligibility determination sites. Others participate in community coalitions that strive to enroll children in CBHP.

Covering Kids Colorado

A significant partner in developing community-based outreach has been Covering Kids Colorado, which is a Robert Wood Johnson Foundation funded grant program administered by the Department of Public Health and Environment. The program has focused on three distinct communities, Denver City and County along with Adams and Prowers Counties, to assure all children eligible for CBHP and Medicaid are enrolled in their respective programs. Covering Kids has employed a community-based partnership strategy similar to the one used by CBHP. CBHP worked closely with Covering Kids to evaluate strategies that have worked effectively in their targeted communities, and to find ways to replicate these strategies elsewhere.

Community Voices

Denver Health's Community Voices program is another important partner responsible for CBHP outreach and enrollment in the metropolitan area. This is a joint Kellogg Foundation and Colorado Trust funded program, which has among its goals to improve the health of Denver's medically underserved through innovations in community outreach, enrollment in publicly funded health insurance programs like CBHP, as well as small employment health plans, and clinical case management. Community Voices' efforts are designed to demonstrate that culturally sensitive community outreach to underserved populations improves enrollment of eligible individuals into plans, while engaging and empowering communities to assume greater responsibility for health. Staff at the Department met regularly with the Denver Health Community Voices team to explore program successes, as well as identify and resolve issues that might impede enrollment and access to care. This has been an effective method of early problem identification and solution, and has enabled CBHP to test the feasibility of program changes in a controlled setting.

FUNDRAISING PARTNERS: WORKING TOGETHER FOR CHILDREN'S HEALTH

One of the primary advantages of a public/private partnership to improve the health of children is the ability to maximize community resources statewide in a concerted effort. This was explicitly anticipated in the enabling CBHP statute. Due to the programmatic turmoil that occurred at the beginning of SFY 2001, fundraising efforts were largely in limbo as foundations and partners waited with anticipation for programmatic issues to be resolved. This did not reduce the effort made to secure grants and donations, but most interested parties either delayed their awards into SFY 2002 or simply declined to donate to the program. While few funds were collected in SFY 2001, the first quarter of SFY 2002 has experienced the generous contributions of the Rose Family Foundation, the Colorado Trust and the Horwich Foundation, totaling $531,000 in funding.

HEALTH CARE SERVICES: QUALITY, UTILIZATION AND EVALUATION

Quality

Throughout SFY 2001, the Quality Improvement Working Group of the CBHP Policy Board met on a regular basis to review and discuss relevant quality improvement trends, programs and opportunities, and then to develop goals and objectives for

inclusion in the CBHP Quality Improvement Plan. The working group was composed of representatives from private industry, participating managed care organizations, the Health Care Financing Administration, the Department of Public Health and Environment, and the Department.

The Colorado General Assembly passed legislation to implement performance-based contracting based on quality assurance measures. The Department is in the planning stages of developing a long-range Quality Improvement Plan that utilizes quality measures, such as the health employer data information set (HEDIS) reports and special focus studies that are specific to the CBHP population.

Utilization

The Department is working with its quality consultant to develop quality benchmarks for the CBHP program. Performance-based contract amendments will be implemented in SFY 2002. Since inception of the CBHP program, the number of children enrolled in each managed care organization has grown to an adequate level to begin collecting Health Plan Employer Data and Information Set (HEDIS) measures or other quality indicators that require a minimum number of enrollees.

Evaluation

During SFY 2001, a number of projects were undertaken to evaluate and improve CBHP:

- Submitting information for the March 2001 Evaluation of CBHP required of all states by the federal government;
- Conducting key evaluation studies on the CBHP population (employer-based outreach and retention, in particular);
- Evaluating the Satellite Eligibility Determination program to improve its efficiency and effectiveness.

Upcoming evaluation projects include a market penetration survey.

THE COSTS OF COVERING CHILDREN: BUDGET AND RISK POOL

To adequately provide for the families served by CBHP, the General Assembly appropriated $32,974,579 to the program for SFY 2001, including $10 million from the Tobacco Settlement. Appropriated funding splits for the overall CBHP program were as follows: $12,189,608 cash funds exempt and $20,784,971 federal funds. General Funds in the amount of $8,603,720 and $10 million from the Tobacco Settlement were transferred to the CBHP Trust Fund to cover these spending appropriations. Below is an accounting of how those funds were used to fund benefits, the HMO risk pool, and administrative costs.

Benefit Costs

For SFY 2001, the Department received an initial appropriation of $30,032,285 million to fund the cost and delivery of benefits covered under the CBHP. This appropriation reflected a projected, per child per month cost of $71.25, and an average monthly enrollment of 35,124 children. This appropriation was reduced to $25,790,751 million, due to a lower mid-year caseload estimate of 29,743 and increased cost per child per month of $72.26.

There are three key variables that may cause expenditures to differ from the projections on which appropriations are based:

- Variation in the total level of program enrollment;
- Distribution of enrollments between managed care organizations and the non-managed-care delivery system, and within the nine age and income rating categories established for the program;
- Utilization of benefits covered directly by the state on a fee-for-service basis.

However, benefit expenditures did not deviate significantly from budgetary projections during SFY 2001.

HMO Risk Pool

In SFY 2001, the Department also received an appropriation of $1,897,708 million to fund a temporary HMO risk pool

arrangement. The risk pool is designed to provide a limited source of funds, which may be used to mitigate managed care organization losses due to unexpected financial risk during the initial years of the program. As enrollment grows and credible utilization data is compiled, the need for the HMO risk pool will diminish, until it is eliminated altogether. This appropriation was also reduced to reflect the revised caseload projection noted above and to correct a technical error in the original appropriation regarding the distribution of managed care and non-managed-care enrollment. The final HMO risk pool appropriation for SFY 2001 was $1,750,888.

Disbursements (if any) from the risk pool to participating HMOs will be based upon audited reports of HMO benefit expenditures for SFY 2001. If appropriate, they will be made on May 1, 2002, to allow a full run-out of claims and adequate time for financial analysis. Any funds remaining in the HMO risk pool will revert to the CBHP Trust fund per program statute.

Administrative Costs

The Department received a SFY 2001 appropriation of $5,769,251 to fund core administrative functions for CBHP. These included marketing, eligibility, enrollment, family premium administration, community outreach and coordination. This appropriation also included funds for necessary professional services staffing and agree-ments maintained by the Department for conduct of program administration, accountability, evaluation and oversight. Finally, this appropriation reflected investments made by the Department in the development of information systems and program infrastructure, which will improve the efficiency of operations and capture program data essential to informed, state policy making. This appropriation was reduced to $5,432,940 primarily to account for the reduction in costs of collecting annual enrollment fees instead of monthly premiums.

Administrative Structure

During the 2001 regular legislative session, the General Assembly eliminated the CBHP Policy Board and transferred authority to the Medical Services Board and the Department of Health Care Policy and Financing. This change was a direct response to the State Auditor's concern that the CBHP administration structure was a multi-tiered approach to program development and implementation.

MOVING FORWARD

CBHP will continue to refine the unique public/private partnership that Colorado has employed to assure maximum community involvement and take advantage of the most appropriate administrative efficiencies that meet the Program's goals.

GLOSSARY

Appropriation
A legislative spending authority for a specific purpose, as contained in the Long Bill and special bills.

Cash Funds Exempt
Revenues that are exempt from the 'Taxpayers' Bill of Rights (TABOR) limitation such as: donations, collections from a previous year, or revenues transferred from another agency.

Federal Funds
Matching revenues from the federal government based on a percentage of state expenditures.

General Fund
State revenues collected through taxation that are legislatively appropriated to various financial priorities statewide.

Supplemental
A requested revision to the revenues appropriated for the current state fiscal year. Revisions may be positive, negative or simply change the spending authority as recorded in