## STATE OF COLORADO

## DEPARTMENT OF HEALTH CARE POLICY & FINANCING

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Bill Owens Governor

Stephen C. Tool Executive Director

March 20, 2006

Melodie Beck Joint Budget Committee Staff 200 East 14<sup>th</sup> Avenue, Third Floor Denver, CO 80203

Dear Ms. Beck:

Enclosed please find a report to the Joint Budget Committee on the Health Care Policy and Financing Medical Services Premiums expenditures and Medicaid Caseload pursuant to Footnote 32 of the Long Bill, S.B. 05-209:

"The Department is requested to submit monthly Medicaid expenditures and Caseload reports on the Medical Services Premiums budget to the Joint Budget Committee, by the third Monday of each month. The Department is requested to include in the report the managed care organization caseload by aid category. The Department is also requested to provide caseload and expenditure data for The Children's Basic Health Plan within the monthly report."

The data contained in this month's Medicaid Expenditure and Caseload report is reflected as of February 28, 2006, coinciding with the close of Period 8 in the Colorado Financial Reporting System. The current report contains a separate worksheet for Medical Services Premiums Expenditures by service category and Medicaid caseload data by eligibility category, which includes monthly growth rate and Managed Care Enrollment Status.

In February 2006, a new Organization Code, 5569, began in the Medical Services Premiums for Presumptive Eligibility to track payments made by Anthem Insurance to medical providers for serving the Presumptive Eligibility population until the clients achieve regular Medicaid eligibility status. Previously, the payments were assigned to an Organization Code representing the type of service provided such as outpatient hospital, physician services, or laboratory and x-ray, for examples. This approach to tracking allows the Department easily to determine costs associated with Presumptive Eligibility clients and to assess the need for Presumptive Eligibility.

Melodie Beck March 20, 2006 Page 2

For the Children's Basic Health Plan, the caseload figures shown for the current month and the five previous months include a manual adjustment for anticipated retroactivity. Recent experience of retroactive capitation payments is used as a guide for estimating the manual adjustment each month. Client counts for the current month and for the five previous months will be updated in next month's report to reflect the impact of actual retroactive capitation payments made in March.

The Children's Basic Health Plan caseload is split between the base population (up to 185% of the federal poverty level) and the expansion population (between 186% to 200% of the federal poverty level). This separation will be useful for forecasting expenditures from the Health Care Expansion Fund. Note that for July 2005 through January 2006, capitation payments, made for pregnant women with incomes between 186% and 200% of the federal poverty level, are not eligible for a federal match, so capitation payments for these women, totaling \$353,161, were paid with 100% State funds. From February 2006 forward, the capitation payments for these women will qualify for federal match as approved by the Centers for Medicare and Medicaid Services. However, implementation of the federal match is pending a technical correction by passage of SB 06-135 by the Colorado General Assembly. Currently, February 2006 expenditures show a credit resulting from reconciliation with Anthem for FY 04-05 monies.

If you have any questions, please contact me at (303) 866-2854.

Sincerely,

John Bartholomew Director, Budget Division

Cc: Representative Tom Plant, Joint Budget Committee Chairman
John Ziegler, Staff Director, Joint Budget Committee Staff
Henry Sobanet, Director, OSPB
Luke Huwar, Budget Analyst, OSPB
Maria Coe, Economist, OSPB
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Lisa Esgar, Operations and Finance Office
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Adel Soliman, Controller
Maureen Hartlaub, CBHP
Gayle Fowler, Eligibility Section Manager
Jed Ziegenhagen, Rates Section Manager
All Budget Analysts, HCPF Budget Division, and Budget Data Library

"The mission of the Department of Health Care Policy & Financing is to purchase cost-effective health care for qualified,