# STATE OF COLORADO

**DEPARTMENT OF HEALTH CARE POLICY & FINANCING**

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Bill Owens
Governor

Stephen C. Tool
Executive Director

December 18, 2006

Melodie Beck
Joint Budget Committee Staff
200 East 14th 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 20 of the Long Bill, H.B. 06-1385:

> *"The Department is requested to submit monthly Medicaid expenditure 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 November 30, 2006, coinciding with the close of Period 5 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 the monthly growth rate.

The Department has experienced difficulties tracking and reporting caseload for the newly eligible adults arising from HB 05-1262, known as Expansion Adults. This client group was not assigned its own eligibility type, but is rather being embedded in the Categorically Eligible Low-Income Adults eligibility type. Because of this, caseload in the Categorically Eligible Low-Income Adults has appeared to be stable in FY 06-07, but has actually been declining.

As a result of not having a separate eligibility type, reporting caseload for the Expansion Adults requires analysis separate from the MARS R464600 Report from which Medicaid caseload is currently reported. This separate analysis results in a caseload estimate originating from an

unvalidated source, and not all of the factors of this source data are understood at this time.

For the Children's Basic Health Plan, caseload figures shown for the current month 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 will be updated in next month's report to reflect the impact of actual retroactive capitations made. The Children's Basic Health Plan caseload for September and October 2006 as reported in November 20, 2006 report to the Joint Budget Committee erroneously omitted the expansion children from the total caseload, causing the caseload for total children and traditional children to be too low. All retroactivity in the prior fiscal year has now been reported so the additional page included in this report for retroactivity in FY 05-06 will not be in the report next month.

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

Sincerely,

John Bartholomew
Director, Budget Division

Cc: Senator Abel Tapia, Joint Budget Committee Chairman
Representative Bernie Buescher, Joint Budget Committee Vice-Chairman
John Ziegler, Staff Director, Joint Budget Committee Staff
Henry Sobanet, Director, OSPB
Luke Huwar, Budget Analyst, OSPB
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