

STATE OF COLORADO FY 2011-12 BUDGET REQUEST CYCLE: DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

Schedule 13 Change Request for FY 2011-12 Budget Request Cycle											
Decision Item FY 2011-12		Base Reduction Item FY 2011-12			Supplemental FY 2010-11			Budget Amendment FY 2011-12			
Request Title: School Based Health Program Refinancing											
Department: Health Care Policy and Financing					Dept. Approval by: John Bartholomew			Date: January 3, 2011			
Priority Number: BA-5					OSPb Approval: JNU			Date: 12-23-10			
	Fund	1 Prior-Year Actual FY 2009-10	2 Appropriation FY 2010-11	3 Supplemental Request FY 2010-11	4 Total Revised Request FY 2010-11	5 Base Request FY 2011-12	6 Decision/ Base Reduction FY 2011-12	7 November 1 Request FY 2011-12	8 Budget Amendment FY 2011-12	9 Total Revised Request FY 2011-12	10 Change from Base (Column 5) FY 2012-13
Total of All Line Items	Total	48,226,487	52,577,808	0	52,577,808	54,072,659	0	54,072,659	1,263,174	55,335,833	5,826,265
	FTE	275.4	294.8	0.0	294.8	311.6	0.0	311.6	0.0	311.6	0.0
	GF	8,569,526	8,295,235	0	8,295,235	8,412,140	0	8,412,140	0	8,412,140	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	12,741,981	17,163,657	0	17,163,657	17,727,648	0	17,727,648	619,148	18,346,796	2,722,302
	CFE/RF	1,198,271	537,864	0	537,864	470,299	0	470,299	0	470,299	0
	FF	25,716,709	26,581,052	0	26,581,052	27,462,572	0	27,462,572	644,026	28,106,598	3,103,963
(1) Executive Director's Office; (A) General Administration, Personal Services	Total	20,499,157	20,463,541	0	20,463,541	22,071,747	0	22,071,747	54,000	22,125,747	54,000
	FTE	275.4	294.8	0.0	294.8	311.6	0.0	311.6	0.0	311.6	0.0
	GF	7,927,142	7,614,607	0	7,614,607	7,749,954	0	7,749,954	0	7,749,954	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	1,172,469	1,652,353	0	1,652,353	2,254,578	0	2,254,578	0	2,254,578	0
	CFE/RF	1,187,672	524,403	0	524,403	456,838	0	456,838	0	456,838	0
	FF	10,211,874	10,672,178	0	10,672,178	11,610,377	0	11,610,377	54,000	11,664,377	54,000
(1) Executive Director's Office; (A) General Administration, Operating Expenses	Total	1,567,155	1,626,785	0	1,626,785	1,513,431	0	1,513,431	(1,188)	1,512,243	(1,188)
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	642,384	680,628	0	680,628	662,186	0	662,186	0	662,186	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	126,000	120,297	0	120,297	82,063	0	82,063	0	82,063	0
	CFE/RF	10,599	13,461	0	13,461	13,461	0	13,461	0	13,461	0
	FF	788,172	812,399	0	812,399	755,721	0	755,721	(1,188)	754,533	(1,188)

STATE OF COLORADO FY 2011-12 BUDGET REQUEST CYCLE: DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

Schedule 13												
Change Request for FY 2011-12 Budget Request Cycle												
Decision Item FY 2011-12	<input type="checkbox"/>	Base Reduction Item FY 2011-12			<input type="checkbox"/>	Supplemental FY 2010-11			<input type="checkbox"/>	Budget Amendment FY 2011-12		<input checked="" type="checkbox"/>
Request Title:	School Based Health Program Refinancing											
Department:	Health Care Policy and Financing				Dept. Approval by: John Bartholomew			Date: January 3, 2011				
Priority Number:	BA-5				OSP Approval:			Date:				
		1	2	3	4	5	6	7	8	9	10	
		Prior-Year Actual FY 2009-10	Appropriation FY 2010-11	Supplemental Request FY 2010-11	Total Revised Request FY 2010-11	Base Request FY 2011-12	Decision/ Base Reduction FY 2011-12	November 1 Request FY 2011-12	Budget Amendment FY 2011-12	Total Revised Request FY 2011-12	Change from Base (Column 5) FY 2012-13	
(1) Executive Director's Office; (B) Transfers to Other Departments, Transfer to Department of Education for Public School Health Services Administration	Total	129,115	150,388	0	150,388	149,999	0	149,999	(10,000)	139,999	0	
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	GF	0	0	0	0	0	0	0	0	0	0	
	GFE	0	0	0	0	0	0	0	0	0	0	
	CF	0	0	0	0	0	0	0	0	0	0	
	CFE/RF	0	0	0	0	0	0	0	0	0	0	
	FF	129,115	150,388	0	150,388	149,999	0	149,999	(10,000)	139,999	0	
(5) Other Medical Services; Public School Health Services	Total	25,597,360	29,537,394	0	29,537,394	29,537,782	0	29,537,782	881,513	30,419,295	5,172,373	
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	GF	0	0	0	0	0	0	0	0	0	0	
	GFE	0	0	0	0	0	0	0	0	0	0	
	CF	11,443,512	15,391,007	0	15,391,007	15,391,007	0	15,391,007	619,148	16,010,155	2,722,302	
	CFE/RF	0	0	0	0	0	0	0	0	0	0	
	FF	14,153,848	14,146,387	0	14,146,387	14,146,775	0	14,146,775	262,365	14,409,140	2,450,071	
(5) Other Medical Services; Public School Health Services Contract Administration	Total	433,700	799,700	0	799,700	799,700	0	799,700	338,849	1,138,549	601,080	
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	GF	0	0	0	0	0	0	0	0	0	0	
	GFE	0	0	0	0	0	0	0	0	0	0	
	CF	0	0	0	0	0	0	0	0	0	0	
	CFE/RF	0	0	0	0	0	0	0	0	0	0	
	FF	433,700	799,700	0	799,700	799,700	0	799,700	338,849	1,138,549	601,080	
Non-Line Item Request:	None.											
Letternote Revised Text:	None.											
Cash or Federal Fund Name and COFRS Fund Number:	The Cash Funds amount shall be from public funds certified as representing expenditures incurred by hospitals that are eligible for federal financial participation under the Medicaid upper payment limit program.											
Reappropriated Funds Source, by Department and Line Item Name:												
Approval by OIT?	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input checked="" type="checkbox"/>									
Schedule 13s from Affected Departments:	Department of Education											

**Schedule 13
Change Request for FY 2011-12 Budget Request Cycle**

Decision Item FY 2011-12 Base Reduction Item FY 2011-12 Supplemental FY 2010-11 Budget Amendment FY 2011-12

Request Title: School Based Health Program Refinancing
 Department: Education Dept. Approval by: *968 B...* Date: 12/14/10
 Priority Number: Health Care Policy and Financing BA-5 OSPB Approval: *Jnu...* Date: 12-21-10

	Fund	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2009-10	Appropriation FY 2010-11	Supplemental Request FY 2010-11	Total Revised Request FY 2010-11	Base Request FY 2011-12	Decision/Base Reduction FY 2011-12	November 1 Request FY 2011-12	Budget Amendment FY 2011-12	Total Revised Request FY 2011-12	Change from Base (Column 5) FY 2012-13
Total of All Line Items	Total	129,116	148,314	0	148,314	149,999	0	149,999	(10,000)	139,999	0
	FTE	1.4	1.4	0.0	1.4	1.4	0.0	1.4	0.0	1.4	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE/RF	129,116	148,314	0	148,314	149,999	0	149,999	(10,000)	139,999	0
	FF	0	0	0	0	0	0	0	0	0	0
(1) Assistance to Public Schools, (C) Grant Programs, Distributions, and Other Assistance (I) Health and Nutrition, S.B.97-101 Public School Health Services	Total	129,116	148,314	0	148,314	149,999	0	149,999	(10,000)	139,999	0
	FTE	1.4	1.4	0.0	1.4	1.4	0.0	1.4	0.0	1.4	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE/RF	129,116	148,314	0	148,314	149,999	0	149,999	(10,000)	139,999	0
	FF	0	0	0	0	0	0	0	0	0	0

Non-Line Item Request: None
 Letternote Revised Text:
 Cash or Federal Fund Name and COFRS Fund Number:
 Reappropriated Funds Source, by Department and Line Item Name:
 Approval by OIT? Yes: No: N/A:
 Schedule 13s from Affected Departments: Health Care Policy and Financing

CHANGE REQUEST for FY 2011-12 BUDGET REQUEST CYCLE

Department:	Health Care Policy and Financing
Priority Number:	BA-5
Change Request Title:	School Based Health Program Refinancing

SELECT ONE (click on box):

- Decision Item FY 2011-12
- Base Reduction Item FY 2011-12
- Supplemental Request FY 2010-11
- Budget Request Amendment FY 2011-12

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 to increase the Department's appropriation to the Public School Health Services Contract Administration line item by \$338,849 total federal funds in FY 2011-12 and \$601,080 total federal funds in FY 2012-13. This would increase the total appropriations for the administration of the School Health Services Program up to the statutory maximum of 10% of total federal funds drawn for the program. In addition, the Department is requesting to decrease the transfer to the Department of Education by \$10,000 federal funds in FY 2011-12 only to allow the Department to conduct proper training on Medicaid for School Health Services district providers per federal mandate. To further increase outreach and training efforts, the Department is requesting an additional \$54,000 federal funds for the Personal Services line item in both FY 2011-12 and FY 2012-13. The Department is also requesting an increase to the Public School Health Services line item of \$881,513 total funds in FY 2011-12, consisting of \$619,148 cash funds in the form of certified public expenditures and \$262,365 federal funds to handle the estimated increase in claims resulting from the outreach and training efforts, as well as to correct fund splits to account for the full 10% administration withholding. Similarly, the Department is requesting to increase the Public School Health Services

appropriation by \$5,172,373 total funds in FY 2012-13, consisting of \$2,722,302 cash funds and \$2,450,071 federal funds. This request includes zero General Fund and represents an increase to the Department's spending authority for certified public expenditures and federal funds only.

General Description of Request:

This request is to permanently increase the Department's appropriation to the School Health Services Program Administration Line Item to allow for greater utilization of administrative funding available to the School Health Services Program to effectively operate the program. This request would also allow the Department to retain additional funding from the administrative transfer to the Department of Education in FY 2011-12 to ensure that proper training on Medicaid is conducted for School Health Services per federal mandate. The increased outreach and training efforts made possible through the increase in the Personal Services line item described in this request would lead to improved school participation rates.

Under current law, the Department is allowed to withhold 10% of the federal funds drawn under the School Health Services program to cover the administrative costs associated with the program pursuant to 25.5-5-319 (8) (b) C.R.S (2010). This includes costs incurred at the Department of Health Care Policy and Financing (the Department) and the Department of Education. Currently, funds for the administrative costs of the Public School Health Services program appear in the following line items in the Department's budget:

- (1) Executive Director's Office; (A) General Administration, Personal Services;
- (1) Executive Director's Office; (A) General Administration, Operating Expenses;
- (1) Executive Director's Office; (B) Transfers to Other Departments, Transfer to Department of Education for Public School Health Services' ,
- (1) Executive Director's Office; (C) Information Technology Contracts and Projects, Information Technology Contracts, and,
- (5) Other Medical Services, Public School Health Services Contract Administration.

Spending Authority for 10% Administrative Cap

For FY 2011-12 forward, the Department requests to reorganize the budget so that all Department administrative expenses, less personal services and Information Technology Contracts, for the School Health Services Program appear under one single line item in the Department's budget, (5) Other Medical Services, Public School Health Services Contract Administration. This would allow for more flexibility over administrative appropriations, and it would also simplify the budget by consolidating two currently separate line items into one.

The Department requests to reduce the appropriation to (1) Executive Director's Office; (A) General Administration, Operating Expenses by \$1,188 total funds and increase the appropriation to (5) Other Medical Services, Public School Health Services Contract Administration by a like amount. Further, the Department is requesting to increase the appropriation to the Public School Health Services Contract Administration line item by \$338,849 total funds in FY 2011-12 and \$601,080 total funds in FY 2012-13, which represent the remainder of the 10% withheld from the federal funds drawn under the program that is available for administration. Currently, the full 10% is withheld from the federal funds drawn, but the Department only has appropriations to spend the funds on Personal Services and Operating Expenses at the Department and the Department of Education, Medicaid Management Information System (MMIS) costs, as well as the vendor contracting costs associated with the required time study and cost reporting components, program audits and the Medicaid Administrative Claiming program. Any unspent amount of the 10% withholding is then distributed to the school districts at the end of the year. The Department has been increasing the amount of outreach and training with district providers in the last two years, and has found that the internal administrative appropriations are becoming increasingly inadequate.

Over the last five years, the School Health Services Program has seen high rates of attrition, particularly among rural districts. In FY 2005-06, the Centers for Medicare and Medicaid Services audited the program and requested changes to the State Plan. Particularly, the State moved from a fee-for-service reimbursement methodology to a cost reporting reimbursement methodology, which many districts saw as administratively

burdensome. As a result, participation in the program has decreased by 56% since FY 2005-06, as can be seen in Table 1 below. Most of this attrition has occurred in rural school districts, further restricting access to care in these areas.

Fiscal Year	Reimbursement Methodology	Participating Providers	Decrease from FY 2005-06	Decrease from Previous Year
2005-06	Fee-For-Service (SPA submitted)	146	-	-
2006-07	Fee-For-Service (SPA being reviewed)	114	21.90%	21.90%
2007-08	Fee-For-Service (SPA being reviewed)	109	25.30%	4.40%
2008-09	Cost Reporting Implemented (SPA approved)	77	47.20%	29.40%
2009-10	Cost Reporting	74	49.30%	3.90%
2010-11	Cost Reporting	64	56.10%	13.50%

In its efforts to increase school participation in the program and improve health outcomes for children in the public education system, the Department is requesting \$54,000 additional funds for the Personal Services line item in both FY 2011-12 and FY 2012-13. This funding represents increased activities to be performed by the Department’s existing internal training unit. These funds would allow the Department to significantly increase the amount of outreach and training with district providers to reverse the attrition trend. The Department estimates that these efforts will increase school district participation by 6 districts in FY 2011-12 and 12 districts in FY 2012-13. The School Health Services line item is expected to increase by \$881,513 in FY 2011-12 and \$5,172,373 in FY 2012-13 as a result of an increase in the number of claims from the improved participation. The Department reviewed school districts that recently withdrew from the program to arrive at the claim cost estimates for the next two fiscal years.

Additionally, the recently implemented School Health Services Medicaid Administrative Claiming (MAC) program component is not being utilized as originally forecast, with only half of the contracted school districts participating and particularly low utilization in rural areas. This program component allows school districts to receive federal financial

participation on allowable Medicaid administrative activities. Under this program, districts are permitted to receive federal reimbursement for administrative activities that they are currently performing, which the Department believes incentivizes participation in the Public School Health Services Program by expanding the range of billable activities, thus improving access to health care and ensuring that clients receive necessary services.

In the Department's FY 2010-11 S-9 "Public School Health Services Administrative Claiming" submitted on January 4, 2010, the Department estimated that 64 of the 85 participating school districts would participate in MAC, thus increasing federal revenue by \$1,738,974 in FY 2010-11. Currently, 35 districts out of a total of 64 are participating, which shows that not only is participation in MAC lower, but participation in the School Health Service Program itself is lower, which compounds the problem of not having enough available funds to cover administrative costs. In addition, the Department requested \$366,000 annually for a contractor with specific experience in Medicaid administrative claiming to perform the operational functions, resulting in a net increase in administrative costs relative to total program costs. With fewer districts utilizing this option than originally forecasted, along with fewer districts participating in the school health program itself, the Department is not drawing sufficient federal funds to cover the increased administration costs associated with managing those MAC program activities. This shortfall, combined with other increasing administrative costs, is resulting in the program nearing the 10% cap which must cover all administration. In FY 2010-11, the Department is forecasting that administrative costs will be approximately 9.5% of federal funds drawn for the program.

For FY 2011-12 and beyond, the Department requests to increase its spending authority to allow the full statutorily allowed amount to be available to cover the Department's increasing administrative costs associated with managing and coordinating the program, as well as improving outreach and educational opportunities to increase provider participation in MAC. This increased spending authority will help the Department prevent overexpenditures in the event that additional trainings or outreach are needed in any given fiscal year, and would also allow the Department to contract with a vendor to help increase the education school districts receive on allowable costs, submitting claims

properly, and participation in MAC. By ensuring that school districts are claiming all allowable medical costs and increasing participation in MAC, the administrative limit will grow along with increasing federal funds received by the program.

Under this proposal, any federal funds appropriated for administrative purposes that are not used would be distributed to participating districts at the end of the year, as is done currently. Participating school districts are aware that the Department's administration costs for this Program have significantly increased and may result in limited or no refunds associated with the withholding. However, the districts are also aware that Colorado's 10% withholding is low compared to other States that provide this program and withhold between 30-50%. See Table 2 on the following page for calculations.

Additional Medicaid Training

This request is also to reduce the federal funds appropriation to the (1) Executive Director's Office; (B) Transfers to Other Departments, Transfer to Department of Education for Public School Health Services line item by \$10,000 in FY 2011-12, and increase the (5) Other Medical Services, Public School Health Services Contract Administration line item by the same amount. This is requested to coordinate and facilitate Medicaid specific trainings for the district providers separate from the Department of Education. The trainings are required to maintain compliance with federal mandates, as well as to offer the districts technical assistance with programmatic and software features managed by the Department. The Department has coordinated with the Department of Education and they are in agreement with the reduction.

To summarize, the Department requests:

- An increase of \$54,000 in federal funds for the (1) Executive Director's Office; (A) General Administration, Personal Services
- A reduction of \$1,188 federal funds from the (1) Executive Director's Office; (A) Operating Expenses line item in FY 2011-12 forward;

- A reduction of \$10,000 federal funds from the (1) Executive Director’s Office; (B) Transfers to Other Departments, Transfer to Department of Education for Public School Health Services line item in FY 2011-12 only;
- An increase of \$262,365 federal funds and \$619,148 cash funds in FY 2011-12 and an increase of \$2,450,071 federal funds and \$2,722,302 cash funds in FY 2012-13 to the (5) Other Medical Services; Public School Health Services line item.; and,
- An increase of \$ 338,849 federal funds in FY 2011-12 and \$601,080 federal funds in FY 2012-13 (Row 11 below) to the (5) Other Medical Services, Public School Health Services Contract Administration line item. The additional funding for this line item includes the transfer from Operating Expenses discussed above plus the remaining funding under the allowable 10% federal funds withholding (Row 7 in Table 2 below), and the reduced transfer to the Department of Education (Row 9 in Table 2) for FY 2011-12 only.

Table 2: Summary of School Health Services Administrative Costs

Row		FY 2011-12	FY 2012-13
1	10% Limit of Federal Funds to be used for administration	\$1,601,015	\$1,873,246
2	Less (1) Executive Director’s Office; (A) General Administration, Personal Services	(\$77,130)	(\$77,130)
3	Less requested increase to Personal Services	(\$54,000)	(\$54,000)
4	Less (1) Executive Director’s Office; (A) Operating Expenses	(\$1,188)	(\$1,188)
5	Less (1) Executive Director’s Office; (B) Transfer to Department of Education	(\$148,314)	(\$148,314)
6	Less (1) Executive Director’s Office; (C) Information Technology Contracts and Projects	(\$193,022)	(\$193,022)
7	Less (5) Public School Health Services Contract Administration	(\$799,700)	(\$799,700)
8	New Appropriation Requested (Remaining amount under 10% limit of federal funds)	\$327,661	\$599,892
9	Plus the decrease to (1) Executive Director’s Office; (A) Operating Expenses	\$1,188	\$1,188
10	Plus the decrease to (1) Executive Director’s Office; (B) Transfer to Department of Education	\$10,000	\$0
11	Requested Appropriation to (5) Public School Health Services Contract Administration	\$338,849	\$601,080

Consequences if Not Funded:

If this request is not approved, the Department would not be able to utilize available administrative funding for the School Health Services Program in a way that would allow for better management and oversight of the program. If proper Medicaid training is not conducted with participating district providers, the State risks being out of compliance with federal regulations. Without any additional outreach or training, the current attrition rate for school districts is likely to continue, leaving an increasing number of children in the public school system without much needed, convenient medical care. Unless the number of school districts participating in MAC grows, thus increasing the total federal funds drawn by the program, the Department is at risk of non-compliance with the statutory limit on administrative costs of 10% of federal funds drawn.

Calculations for Request:

Table 3: Summary of Request FY 2011-12	Total Funds	Cash Funds	Federal Funds
Total Request	\$1,263,174	\$619,148	\$644,026
(1) Executive Director’s Office; (A) General Administration, Personal Services	\$54,000	\$0	\$54,000
(1) Executive Director’s Office; (A) Operating Expenses	(\$1,188)	\$0	(\$1,188)
(1) Executive Director’s Office; (B) Transfers to Other Departments, Transfer to Department of Education for Public School Health Services	(\$10,000)	\$0	(\$10,000)
(5) Other Medical Services; Public School Health Services	\$881,513	\$619,148	\$262,365
(5) Public School Health Services Contract Administration	\$338,849	\$0	\$338,849

Table 4: Summary of Request FY 2012-13	Total Funds	Cash Funds	Federal Funds
Total Request	\$5,826,265	\$2,722,302	\$3,103,963
(1) Executive Director’s Office; (A) General Administration, Personal Services	\$54,000	\$0	\$54,000
(1) Executive Director’s Office; (A) Operating Expenses	(\$1,188)	\$0	(\$1,188)
(5) Other Medical Services; Public School Health Services	\$5,172,373	\$2,722,302	\$2,450,071
(5) Public School Health Services Contract Administration	\$601,080	\$0	\$601,080

Cash Funds Projections:

Not applicable.

Assumptions for Calculations:

To estimate the additional funds for the Public School Health Services line item, the Department used prior outreach and training experience to estimate the number of school districts the renewed efforts would add to the program. During FY 2011-12, the outreach and training efforts are expected to increase participation by 6 school districts and gain momentum to increase participation by an additional 12 school districts in FY 2012-13. The Department will first target the districts which recently withdrew from the program, especially those districts whose CPE were greatest (Rows 1 - 3 in Table 5). Since these districts are familiar with the program, the Department predicts they will be the first to rejoin the program. The average CPE for these districts was used to estimate their CPE when they have re-joined the program (rows 4 - 6 in Table 5 and rows 1 - 6 in Table 6). Once the school districts which most recently withdrew from the program have rejoined, the Department uses random school districts to estimate the CPE amounts for other school districts the outreach is anticipated to impact.

Row		Estimated CPE amount
1	Outlier district that dropped out in FY 2010-11	\$260,208
2	Outlier district that dropped out in FY 2010-11	\$215,311
3	Outlier district that dropped out in FY 2010-11	\$128,181
4	Average district that dropped out in FY 2010-11	\$27,679
5	Average district that dropped out in FY 2010-11	\$27,679
6	Average district that dropped out in FY 2010-11	\$27,679
7	Total	\$686,737

Row		Estimated CPE amount
1	6 Remaining Average districts that dropped out in FY 2010-11	\$166,074
2	Randomly chosen districts	\$2,556,228
3	Total	\$2,722,302

Pertaining to the estimate of the 10% limit of federal funds used for administration as found in Row 1 of Table 2, the Department’s Base Request submitted with the November 1, 2010 budget request plus the estimated increase due to higher school district participation was used. The federal funds requested for FY 2011-12 for the (5) Other Medical Services; Public School Health Services line item was multiplied by 10% to get the estimate of \$1,601,015.

Table 7: Details of Request for Public School Health Services FY 2011-12				
Row		TF	CF	FF
1	Existing School Health Services Appropriation	\$29,403,142	\$15,323,418	\$14,079,724
2	Requested increase for higher participation	\$1,373,474	\$686,737	\$686,737
3	Subtotal School Health Services Appropriation	\$30,776,616	\$16,010,155	\$14,766,461
4	Adjustment for 10% Administration	(\$357,321)	\$0	(\$357,321)
5	Total requested Public School Health Services Appropriation	\$30,419,295	\$16,010,155	\$14,409,140

Table 8: Details of Request for Public School Health Services FY 2012-13				
Row		TF	CF	FF
1	Existing School Health Services Appropriation	\$30,419,294	\$16,010,155	\$14,409,139
2	Requested increase for higher participation	\$5,444,604	\$2,722,302	\$2,722,302
3	Subtotal School Health Services Appropriation	\$35,863,898	\$18,732,457	\$17,131,441
4	Adjustment for 10% Administration	(\$272,230)	\$0	(\$272,230)
5	Total requested Public School Health Services Appropriation	\$35,591,668	\$18,732,457	\$16,859,211

Table 9 below shows the breakdown of estimated costs for the planned outreach and training to be done with the additional funds. These figures are based on similar outreach and training efforts currently provided by the Department. The \$54,000 increase requested to the Personal Services line item has been split between the districts not participating in MAC, districts withdrawn from the program and those participating in MAC (row 2 in Table 9). The Department expects to incur the greatest personnel costs when working to get withdrawn districts to re-join the program, followed by working with districts not participating in MAC and those which are participating in MAC.

In addition, the Department will hold as a reserve \$93,869 of the requested funds in the event the federal funds drawn under the program are lower than anticipated. This reserve would be used to satisfy the established administrative costs such as contractual obligations, salary, and the transfer to the Department of Education.

Row	Costs	Districts		
		Not Participating in MAC (29)	Withdrawn from the Program (21)	Participating in MAC (35)
1	Printed Materials and Supplies	\$500	\$250	\$250
2	Allocated Department Personnel Costs	\$621	\$1,286	\$257
3	Personnel Travel	\$675	\$337	
4	Training Sites	\$1,650	\$825	
5	Training Sites - Meals	\$150	\$75	
6	Outreach Conferences	\$625	\$313	\$313
7	Technical Assistance	\$400	\$400	\$259
8	Total Amount Required per District	\$4,621	\$3,486	\$1,079
9	Total Cost (Total * # of Districts)	\$134,009	\$73,206	\$37,765

Impact on Other Government Agencies:

The Department has coordinated with the Department of Education to reduce funding in the (1) Executive Director’s Office; (B) Transfers to Other Line Items, Transfer to Department of Education for Public School Health Services Administration line item in FY 2011-12. Were the request to be approved, the Department’s School Health Services program could coordinate and facilitate Medicaid related trainings for the district providers separate from the Department of Education. The trainings are required to maintain compliance with federal mandates, as well as, to offer the districts technical assistance with programmatic features managed by the Department. This funding is reflected in the Department of Education’s budget in the (2) Assistance to Public Schools;

(C) Grant Programs, Distributions, and Other Assistance; (I) Health and Nutrition, S.B. 97-101 Public School Health Services line item.

Summary of Request FY 2011-12	Total Funds	Reappropriated Funds
Total Request	(\$10,000)	(\$10,000)
(2) Assistance to Public Schools; (C) Grant Programs, Distributions, and Other Assistance; (I) Health and Nutrition, S.B. 97-101 Public School Health Services	(\$10,000)	(\$10,000)

Cost Benefit Analysis:

FY 2011-12 Cost Benefit Analysis	Costs	Benefits
Request	The requested funding consists entirely of federal funds of which the Department is already authorized to withhold, without generating new costs for the State. The request would allocate more of the federal funds within the 10% withholding toward administrative costs, and may reduce or eliminate the year-end refunding of unused administrative funds to the school districts.	<ul style="list-style-type: none"> • Increased training and outreach to school districts that are currently performing necessary administrative functions without reimbursement. This will also ensure proper training is being conducted per federal mandate. • Increased training and outreach to school districts that recently withdrew from the program and new districts will combat the high attrition rate impeding the success of the Program and limiting access to necessary care for children. • Increased reimbursement to school districts will further offset the cost of providing services and encourage additional participation in the program. • Greater flexibility over the utilization of available administrative funding at the Department which will allow for better management, oversight, and coordination of the program.
Consequences if not Funded	The Department risks overexpending the 10% limit of federal funds on administrative costs, and being out of compliance with federal regulations. The Department would also forgo the opportunity to substantially improve the training, outreach, and coordination of the School Health Services Program, and ensure the support of the MAC program. Also, participation in MAC and the School Health Services Program may continue to deteriorate as the Department would have fewer resources to assist and train the school districts.	There are no benefits.

Implementation Schedule:

Not applicable.

Statutory and Federal Authority:

25.5-5-318 (8) (a), C.R.S. (2010). *Under the contract entered into pursuant to this section, a contracting school district shall receive from the state department all of the federal matching funds for which it is eligible under the contract, less the amount of state administrative costs allowed under paragraph (b) of this subsection (8). All moneys received by a school district pursuant to this section shall be used only to offset costs incurred for provision of student health services by the school district or to cash fund student health services in the school district.*

(b) Total allowable state administrative costs for contracts entered into under this section for both the state department and the department of education shall not exceed ten percent of the total annual amount of federal funds reflected by the general assembly for such contracts in the annual general appropriations bill. State administrative costs include costs incurred in evaluating the implementation of this section.

Performance Measures:

This request contributes to achievement of the following Department objective:

- The Department will increase the number of individuals eligible and enrolled in its programs, improve health outcomes for all clients, and ensure that the health care the Department purchases is medically necessary, appropriate to the population, and cost-effective. Assure delivery of appropriate, high quality health care and expand and preserve health care services in the most cost-effective manner possible. Design programs that result in improved health status for clients served and improve health outcomes.