

**Schedule 13
Funding Request for the 2012-13 Budget Cycle**

Department: Health Care Policy and Financing

Request Title: CBMS Technical Adjustment for Fund Splits in HB 09-1293 and HCPF Only Projects

Priority Number: S-12, BA-5

Dept. Approval by: John Bartholomew *JB 12/20/11* Date

OSPB Approval by: *[Signature]* 12/28/11 Date

<input type="checkbox"/> Decision Item FY 2012-13
<input type="checkbox"/> Base Reduction Item FY 2012-13
<input checked="" type="checkbox"/> Supplemental FY 2011-12
<input checked="" type="checkbox"/> Budget Amendment FY 2012-13

Line Item Information		FY 2011-12		FY 2012-13		FY 2013-14
		1	2	3	4	5
	Fund	Appropriation FY 2011-12	Supplemental Request FY 2011-12	Base Request FY 2012-13	Funding Change Request FY 2012-13	Continuation Amount FY 2013-14
Total of All Line Items		Total				
	Total	\$8,983,839	\$511,406	\$8,895,282	\$296,486	\$296,486
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$4,461,609	(\$42,022)	\$4,416,786	(\$149,482)	(\$149,482)
	GFE	\$0	\$0	\$0	\$0	\$0
	CF	\$14,428	\$298,257	\$14,520	\$298,257	\$298,257
	RF	\$19,399	(\$650)	\$19,889	(\$650)	(\$650)
	FF	\$4,488,403	\$255,821	\$4,444,087	\$148,361	\$148,361
(6) Department of Human Services Medicaid-Funded Programs; (B) Office of Information Technology Services - Medicaid Funding, Colorado Benefits Management System		Total				
	Total	\$8,983,839	(\$300,994)	\$8,895,282	(\$300,994)	(\$300,994)
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$4,461,609	(\$149,482)	\$4,416,786	(\$149,482)	(\$149,482)
	GFE	\$0	\$0	\$0	\$0	\$0
	CF	\$14,428	(\$483)	\$14,520	(\$483)	(\$483)
	RF	\$19,399	(\$650)	\$19,889	(\$650)	(\$650)
	FF	\$4,488,403	(\$150,379)	\$4,444,087	(\$150,379)	(\$150,379)
(6) Department of Human Services Medicaid-Funded Programs; (B) Office of Information Technology Services - Medicaid Funding, Colorado Benefits Management System Projects - HCPF Only (new line item)		Total				
	Total	\$0	\$812,400	\$0	\$597,480	\$597,480
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$0	\$107,460	\$0	\$0	\$0
	GFE	\$0	\$0	\$0	\$0	\$0
	CF	\$0	\$298,740	\$0	\$298,740	\$298,740
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$406,200	\$0	\$298,740	\$298,740

Letternote Text Revision Required? Yes: No: If yes, describe the Letternote Text Revision: For Colorado Benefits Management System Projects HCPF Only line: \$298,740 Cash Funds shall be from the Hospital Provider Fee Cash Fund.

Cash or Federal Fund Name and COFRS Fund Number: CF: \$14,520 from Children's Basic Health Plan Trust Fund 11G, \$19,889 from Old Age Pension Fund managed by Department of Human Services, \$298,740 from Hospital Provider Fee Cash Fund 24A. FF: Title XXI and Title XIX.

Reappropriated Funds Source, by Department and Line Item Name:
Approval by OIT? Yes: No: Not Required:
Schedule 13s from Affected Departments: Department of Human Services

Other Information:



DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

John W. Hickenlooper
Governor

Susan E. Birch
Executive Director

*FY 2011-12, Supplemental Request
January 3, 2012*

Department Priority: S-12, BA-5

CBMS Technical Adjustment for Fund Splits in HB 09-1293 and HCPF Only Projects

Summary of FY 2011-12 Incremental Funding Change	Total Funds	General Fund	FTE
Department of Human Services	\$0	(\$199,322)	0.0
Department of Health Care Policy and Financing	\$511,406	(\$42,022)	0.0

Request Summary:

The Colorado Department of Health Care Policy and Financing (HCPF) and the Colorado Department of Human Services (DHS) request a technical correction to funding for the Colorado Benefits Management System (CBMS). The combined impact for all Departments is an overall total funds increase of \$511,406, but an overall decrease of \$241,344 General Fund. Note that the total fund figure double counts reappropriated funds. The request represents no net change to CBMS total funding. HCPF and DHS share funding for CBMS. The Governor's Office of Information Technology (GOIT) would not be impacted because total funding for the CBMS vendor would not change.

In the FY 2011-12 Long Bill (SB 11-209) funding for CBMS changes related to HB 09-1293 "Colorado Health Care Affordability Act" was appropriated using fund splits expected to result from the Random Moment Sampling rather than from the Hospital Provider Fee Cash Fund. This has resulted in the use of more General Fund than is appropriate for HB 09-1293 related CBMS changes.

Currently, the bulk of CBMS funding is allocated by Random Moment Sampling. The methodology is based on the assumption that all programs at HCPF and DHS will contribute to the funding for all CBMS projects. For example, at

DHS, Temporary Aid for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP or Food Stamps), Title IV-E Foster Care, Title XX Adult Protective Services, and Old Age Pension all contribute portions of the total funding for CBMS projects. Likewise, at HCPF, Medicaid, the Children's Basic Health Plan, and Old Age Pension State Medical programs all may contribute to portions of funding for CBMS projects. The problems with this approach are two-fold. This methodology is only appropriate for maintenance and operations funding and CBMS changes that impact all programs. However, not all CBMS projects impact all assistance programs. By using Random Moment Sampling for all projects, funding is forced into arbitrary fund splits that do not appropriately reflect the impacted programs.

To create better transparency for the funding of CBMS projects that disproportionately impact HCPF programs, the Department proposes establishing a separate line item for those CBMS projects that benefit HCPF programs only. This line item, called "Colorado Benefit Management System Projects - HCPF Only", would appear in both the HCPF and DHS budgets. Note that it would still be necessary to appropriate the funding to both HCPF and DHS because both Departments have a long-standing agreement that

DHS handles CBMS payment requests from the Governor's Office of Information Technology.

At this time, it is anticipated that funding for two projects would be transferred into the new line item. Those two projects are: 1) the HB 09-1293 Hospital Provider Fee project that covers adding expansion populations into Medicaid, and 2) FY 2011-12 DI-5 "CBMS Compliance with Low Income Subsidy and Disability Determination Services Federal Requirements" that was submitted on November 1, 2010 and included in the FY 2011-12 Long Bill, SB 11-209.

For future fiscal years, it is requested that this new line item continue because it is anticipated that HCPF only projects will exist every year. Projects will change from year to year as they are completed and rotate out of the line and new projects begin and rotate into the new line. For example, the funding for HB 09-1293 Hospital Provider Fee would continue into FY 2012-13, but the DI-5 project will complete in FY 2011-12.

In addition to transferring part of the existing appropriation into the new line item, HCPF requests that the incremental requests from S-7 and R-12 (both Hospital Provider Fee requests) also be incorporated into the new line item if the request is approved. Request S-7 includes \$1,466,040 additional Hospital Provider Fee Cash Funds for CBMS, and Request R-12 includes \$14,040 additional Hospital Provider Fee Cash Fund for CBMS.

Anticipated Outcomes:

If approved, the Departments anticipate greater transparency of funding related to projects that relate only to HCPF programs. Approval of the request would free up General Fund that was inadvertently appropriated for CBMS changes related to the Colorado Health Care Affordability Act (HB 09-1293).

Assumptions for Calculations:

The Departments assume that the costs associated with projects related to the new "Colorado

Benefits Management System Projects - HCPF Only" line will no longer be included in the Random Moment Sampling process.

Furthermore, HCPF assumes that funding within this new line item would remain as appropriated, except for the requested technical correction to the funding related to the Colorado Health Care Affordability Act:

- HB 09-1293 projects would use the Hospital Provider Fee Cash Fund for the state share of 50%, joined with federal Medicaid funding of 50%.
- CBMS Compliance with Low Income Subsidy and Disability Determination Services Federal Requirements funding would use standard Medicaid funding of 50% General Fund and 50% federal funds as appropriated in Long Bill, SB 11-209.

Both Departments assume that the Random Moment Sampling allocation process will continue to be used for joint undertakings with the following adjustments:

- The DHS Colorado Benefits Management System Operating Expenses line has been adjusted for the removal of the HCPF Only projects from this line item, and the standard allocations have been reapplied to account for the correction and removal of the Colorado Health Care Affordability Act funding.
- The FY 2011-12 RMS percentages of 62.95% for DHS and 37.05% for HCPF, as used in the Long Bill, SB 09-209, will continue to apply for the adjustments.

See Appendix 1 for detailed calculations.

Consequences if not Funded:

If this request is not approved, distortion of funding splits is likely to continue in the RMS allocation process that may also result in failure to claim the appropriate amount of dollars from each of various federal partners for the Departments. If not approved, \$168,996 General Fund that could be refinanced using non-General Fund sources will remain appropriated for CBMS changes related to HB 09-1293.

Impact to Other State Government Agency:

There would be impacts to the Department of Human Services.

Cash Fund Projections:

The Old Age Pension Fund, managed by DHS, and the Children’s Basic Health Plan Trust Fund, managed by HCPF, and the Hospital Provider Fee Cash Fund would be impacted by this request.

The Old Age Pension Fund, created in Article XXIV of the State Constitution, does not have a specific balance but is managed by the State Controller to have the amount needed for programs for eligible Old Age Pension clients.

The Children’s Basic Health Plan Trust Fund projection is below.

Cash Fund Name	Children's Basic Health Plan Trust Fund
Cash Fund Number	11G
FY 2010-11 Expenditures	\$43,062,875
FY 2010-11 End of Year Cash Balance	\$7,745,026
FY 2011-12 End of Year Cash Balance Estimate	\$9,332,096
FY 2012-13 End of Year Cash Balance Estimate	\$8,028,945
FY 2013-14 End of Year Cash Balance Estimate	\$6,908,297

The Hospital Provider Fee Cash Fund projection is below.

Cash Fund Name	Hospital Provider Fee Cash Fund
Cash Fund Number	24A
FY 2010-11 Expenditures	\$426,069,052
FY 2010-11 End of Year Cash Balance	\$22,198,436
FY 2011-12 End of Year Cash Balance Estimate	\$22,198,436
FY 2012-13 End of Year Cash Balance Estimate	\$22,198,436
FY 2013-14 End of Year Cash Balance Estimate	\$22,198,436

Relation to Performance Measures:

This request is a technical correction and does not relate specifically to a performance measure.

Supplemental, 1331 Supplemental, or Budget Amendment Criteria:

This request meets the Supplemental Request and Budget Amendment criteria since it is a technical correction.

Current Statutory Authority or Needed Statutory Change:

Statutory authority is under 25.5.4-106 (3), C.R.S. (2011) and 25.5-4-204 (1), C.R.S. (2011). No changes to statutes are needed.

**Table 1
Technical Adjustments**

Current Total Funding at DHS for Colorado Benefits Management System Operating Expenses	\$18,858,730
1) HB 09-1293 Hospital Provider Fee Project Inadvertently Appropriated Incorrectly	(\$597,480)
2) Low Income Subsidy and Disability Determination Services Federal Requirements	(\$214,920)
Total Funding Needing to be Separated from RMS Determined Fund Splits	(\$812,400)
Revised Funding for DHS Colorado Benefits Management System Operating Expenses (Echoed in GOIT Funding for CBMS)	\$18,046,330

**Table 2
Creation of new "Colorado Benefits Management System Projects - HCPF Only" line**

Component 1: HB 09-1293 Hospital Provider Fee Project (50% CF & 50% FF)	\$597,480
Component 2: Low Income Subsidy (LIS) and Disability Determination Project (50% GF & 50% FF)	\$214,920
Create New Line Item: Colorado Benefits Management System Projects HCPF Only	\$812,400

**Table 2A
Fund Splits for "Colorado Benefits Management System Projects - HCPF Only"**

Fund splits calculated based on corrected HB 09-1293 funding source and LIS funding appropriated through SB 11-209. (New Line Item to DHS and HCPF.)					
	TF	GF	CF	RF	FF
HCPF	\$812,400	\$107,460	\$298,740	\$0	\$406,200
DHS	\$812,400	\$0	\$0	\$812,400	\$0

Table 3

**New Fund Splits Based on RMS Estimates for DHS
"Colorado Benefits Management System Operating Expenses" line**

	TF	GF	CF	RF	FF
DHS Current	\$18,858,730	\$4,585,647	\$1,034,792	\$6,924,731	\$6,313,560
Remove 1293 & LIS	(\$812,400)	(\$199,322)	(\$37,655)	(\$300,994)	(\$274,429)
New Amount	\$18,046,330	\$4,386,325	\$997,137	\$6,623,737	\$6,039,131

Table 4

**New Fund Splits Based on RMS Estimates for HCPF
"Colorado Benefits Management System" line**

	TF	GF	CF	RF	FF
HCPF Current	\$8,983,839	\$4,461,609	\$14,428	\$19,399	\$4,488,403
Remove 1293 & LIS	(\$300,994)	(\$149,482)	(\$483)	(\$650)	(\$150,379)
New Amount	\$8,682,845	\$4,312,127	\$13,945	\$18,749	\$4,338,024

**Table 5
Incremental Adjustments for All Line Items in Request**

Department of Human Services				
Colorado Benefits Management System Operating Expenses				
TF	GF	CF	RF	FF
(\$812,400)	(\$199,322)	(\$37,655)	(\$300,994)	(\$274,429)
Colorado Benefits Management System Projects - HCPF Only (New Line)				
TF	GF	CF	RF	FF
\$812,400	\$0	\$0	\$812,400	\$0
Health Care Policy and Financing				
Colorado Benefits Management System				
TF	GF	CF	RF	FF
(\$300,994)	(\$149,482)	(\$483)	(\$650)	(\$150,379)
Colorado Benefits Management System Projects - HCPF Only (New Line)				
TF	GF	CF	RF	FF
\$812,400	\$107,460	\$298,740	\$0	\$406,200

Table 6
Combined Adjustments for Each Department

	TF	GF	CF	RF	FF
DHS	\$0	(\$199,322)	(\$37,655)	\$511,406	(\$274,429)
HCPF	\$511,406	(\$42,022)	\$298,257	(\$650)	\$255,821
Total	\$511,406	(\$241,344)	\$260,602	\$510,756	(\$18,608)