

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

Department: Health Care Policy and Financing

Request Title: Smoking Cessation Quidline for Medicaid Clients

Priority Number: S-9, BA-3 (CDPHE NP-R-16)

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

OSPB Approval by: [Signature] *12/27/11*
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	\$3,543,863,749	\$577,316	\$3,559,795,929	\$1,373,470	\$1,281,040
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$898,839,033	\$0	\$981,320,305	\$0	\$0
	GFR	\$284,175,417	\$0	\$284,175,417	\$0	\$0
	CF	\$608,317,175	\$288,658	\$534,529,617	\$686,735	\$640,520
	RF	\$6,388,059	\$0	\$3,101,708	\$0	\$0
	FF	\$1,746,144,065	\$288,658	\$1,756,668,882	\$686,735	\$640,520
(2) Medical Services Premiums	Total	\$3,543,863,749	\$577,316	\$3,559,795,929	\$1,373,470	\$1,281,040
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$898,839,033	\$0	\$981,320,305	\$0	\$0
	GFR	\$284,175,417	\$0	\$284,175,417	\$0	\$0
	CF	\$608,317,175	\$288,658	\$534,529,617	\$686,735	\$640,520
	RF	\$6,388,059	\$0	\$3,101,708	\$0	\$0
	FF	\$1,746,144,065	\$288,658	\$1,756,668,882	\$686,735	\$640,520

Letternote Text Revision Required? Yes: No: If yes, describe the Letternote Text Revision:
 FY 2011-12: (2) Medical Services Premiums: ..and \$288,658 shall be from the Tobacco Education Cash Fund created in Section 24-22-117 (2) (c) (i), C.R.S.
 FY 2012-13: (2) Medical Services Premiums: ..and \$288,658-\$686,735 shall be from the Tobacco Education Cash Fund created in Section 24-22-117 (2) (c) (i), C.R.S.

Cash or Federal Fund Name and COFRS Fund Number: CF: Tobacco Education Program Fund (18M)

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

Other Information:



DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

John W. Hickenlooper
Governor

FY 2011-12 Supplemental and Budget Amendment

Susan E. Birch
Executive Director

Department Priority: S-9, BA-3 (CDPHE NP-R-16)

Request Title: Smoking Cessation Quitline for Medicaid Clients

Summary of Incremental Funding Change for FY 2011-12	Total Funds	General Fund	FTE
Total Impact	\$865,974	\$0	0.0
Department of Health Care Policy and Financing	\$577,316	\$0	0.0
Department of Public Health and Environment	\$288,658	\$0	0.0
Summary of Incremental Funding Change for FY 2012-13	Total Funds	General Fund	FTE
Total Impact	\$2,060,205	\$0	0.0
Department of Health Care Policy and Financing	\$1,373,470	\$0	0.0
Department of Public Health and Environment	\$686,735	\$0	0.0

Request Summary:

The Department requests a transfer of spending authority from the Colorado Department of Public Health and Environment (CDPHE) to increase available funding for Medicaid client utilization of the smoking cessation QuitLine. Pursuant to recent federal guidance, the Department would be able to obtain federal matching funds for QuitLine expenditure for Medicaid clients. The Department estimates this request would have a total funds impact of \$865,974 in FY 2011-12, \$2,060,205 in FY 2012-13 and \$1,921,560 in FY 2013-14. The Department would, however, like to note that the total funds impact reflects the funding transfer as an increase to reappropriated funds. The increase in federal funds as a result of the transfer in FY 2011-12 is \$288,658, for FY 2012-13 the federal funds impact is \$686,735 and the FY 2013 federal funds impact is \$640,520.

The smoking cessation QuitLine has been administered through CDPHE and National Jewish Health since 2002 and provides Colorado residents over the age of 15 with a free telephone based smoking cessation coaching program and nicotine replacement therapy. The Department

does not currently pay for QuitLine Services for Medicaid clients, although approximately 18% of the clients served in FY 2010-11 were Medicaid clients.

Section 4107 of the Affordable Care Act (ACA) requires states to provide smoking cessation benefits to pregnant women. In a State Medicaid Director (SMD) letter¹ on June 24, 2011, the Centers for Medicare and Medicaid Services (CMS) issued guidance on implementing the section 4107 and offered an additional provision stating that tobacco QuitLine services provided to Medicaid clients are eligible for federal matching funds. CMS will also provide matching funds for QuitLine marketing and evaluation targeted at Medicaid clients. The guidance allows the Department to claim expenditure beginning June 24, 2011 and does not require a state plan amendment.

In order to receive federal funds, the Department must ensure that payments for QuitLine services

¹ The State Medicaid Director Letter can be found at <https://www.cms.gov/SMDL/SMD/list.asp>

are compliant with the Office of Management and Budget (OMB) Circular A-87 (2 CFR 225). The Circular requires the Department to create a written cost allocation plan and to ensure payments are not duplicate costs that have been, or should have been, paid through another source. The departments would include a written cost allocation plan in an interagency agreement and would create regular reports with client information to ensure Medicaid eligibility and payment for exclusively Medicaid clients.

To finance QuitLine administration, the Department would enter into an interagency agreement with CDPHE to transfer funding for Medicaid Quitline services. Federal regulations at 42 CFR § 431.10 requires a single state agency to administer the Medicaid program and CMS requires funds to be appropriated directly to that agency. Given that the Department of Health Care Policy and Financing serves as the single state agency, the Department is requesting an appropriation from the Tobacco Education Programs Cash Fund in order to draw federal funds to pay for Medicaid client QuitLine administration. The Department would then transfer the cash funds and matching federal funds to CDPHE as reappropriated funds. Concurrently, the Department requests a corresponding change in CDPHE's appropriation for Tobacco Education, Prevention, and Cessation Grants.

Anticipated Outcomes:

This request would enable the Department to receive federal funds for QuitLine services offered through CDPHE and National Jewish Health provided to Medicaid clients. The Department anticipates this request would free up funding for CDPHE by requiring less funding for Medicaid clients utilizing the QuitLine. This would allow CDPHE to serve more Coloradoans through the QuitLine.

Assumptions for Calculations:

The Department's calculations are contained in Appendix A. To calculate estimated expenditure, the Department obtained historical Quitline data

from CDPHE. The Department took the average total expenditure per client and trended utilization and costs to determine the fiscal impact of the transfer. Additionally, this request assumes the full level of funding from the tobacco excise revenue. If fiscal emergency is declared and the amount of money available to the program is reduced, the amount of spending authority needed may change accordingly.

Consequences if not Funded:

If this request is not funded, the Department would not be able to take advantage of the federal funding available to reimburse for the smoking cessation QuitLine. CDPHE would continue to pay for Medicaid client using the QuitLine which would restrict available funding for other Colorado residents to utilize the program.

Impact to Other State Government Agency:

This request will impact CDPHE through a transfer of spending authority from the Tobacco Education Programs Cash Fund. See table 1.1 through 1.3 for the impact by line item and fiscal year. In the event that the Department is not able to obtain a federal match on the full amount, or Medicaid utilization is less than expected, the Department will still transfer the full appropriation from the Tobacco Education Programs Cash Fund to CDPHE.

Relation to Performance Measures:

This request will assist the Department in meeting its performance measures to improve health outcomes and contain health care costs. By obtaining federal funds for Medicaid clients using the QuitLine program, the state is able to offer more Coloradoans smoking cessation counseling and pharmacotherapy.

Supplemental, 1331 Supplemental, or Budget Amendment Criteria:

This request qualifies as a supplemental and budget amendment as it is a result of new data changing funding needs. The SMD letter from CMS was issued in June 2011 which did not allow the Department to request funding prior to the beginning of FY 2011-12.

Current Statutory Authority or Needed Statutory Change:

Effective June 24, 2011, CMS has indicated that states may consider administration of a smoking

cessation Quitline for Medicaid clients is necessary for the “proper and efficient” administration of the State plan under its authority under section 1903(a)(7) of the Social Security Act.

Table 1.1 - FY 2011-12 Impact by Department						
FY 2011-12	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	Source
Total Estimate	\$865,974	\$0	\$0	\$577,316	\$288,658	
Health Care Policy and Financing	\$577,316	\$0	\$288,658	\$0	\$288,658	Table 3.1
Public Health and Environment	\$288,658	\$0	(\$288,658)	\$577,316	\$0	Table 2.1

Table 1.2 - FY 2012-13 Impact by Department						
FY 2012-13	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	Source
Total Request	\$2,060,205	\$0	\$0	\$1,373,470	\$686,735	
Health Care Policy and Financing	\$1,373,470	\$0	\$686,735	\$0	\$686,735	Table 3.2
Public Health and Environment	\$686,735	\$0	(\$686,735)	\$1,373,470	\$0	Table 2.2

Table 1.3 - FY 2013-14 Impact by Department						
FY 2013-14	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	Source
Total Request	\$1,921,560	\$0	\$0	\$1,281,040	\$640,520	
Health Care Policy and Financing	\$1,281,040	\$0	\$640,520	\$0	\$640,520	Table 3.3
Public Health and Environment	\$640,520	\$0	(\$640,520)	\$1,281,040	\$0	Table 2.3

Table 2.1 - FY 2011-12 Summary of Request for Health Care Policy and Financing Department						
FY 2011-12	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$577,316	\$0	\$288,658	\$0	\$288,658	0.0
(2) Medical Services Premiums	\$577,316	\$0	\$288,658	\$0	\$288,658	0.0

Table 2.2 - FY 2012-13 Summary of Request for Health Care Policy and Financing Department						
FY 2012-13	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$1,373,470	\$0	\$686,735	\$0	\$686,735	0.0
(2) Medical Services Premiums	\$1,373,470	\$0	\$686,735	\$0	\$686,735	0.0

Table 2.3 - FY 2013-14 Summary of Request for Health Care Policy and Financing Department						
FY 2013-14	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$1,281,040	\$0	\$640,520	\$0	\$640,520	0.0
(2) Medical Services Premiums	\$1,281,040	\$0	\$640,520	\$0	\$640,520	0.0

Table 3.1 - FY 2011-12 Summary of Request for Department of Public Health and Environment						
FY 2011-12	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$288,658	\$0	(\$288,658)	\$577,316	\$0	0.0
(9) Prevention Services; (A) Prevention Programs; (5) Tobacco Education, Prevention, and Cessation Program Administration	\$288,658	\$0	(\$288,658)	\$577,316	\$0	0.0

Table 3.2 - FY 2012-13 Summary of Request for Department of Public Health and Environment						
FY 2012-13	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$686,735	\$0	(\$686,735)	\$1,373,470	\$0	0.0
(9) Prevention Services; (A) Prevention Programs; (5) Tobacco Education, Prevention, and Cessation Program Administration	\$686,735	\$0	(\$686,735)	\$1,373,470	\$0	0.0

Table 3.3 - FY 2013-14 Summary of Request for Department of Public Health and Environment						
FY 2013-14	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$640,520	\$0	(\$640,520)	\$1,281,040	\$0	0.0
(9) Prevention Services; (A) Prevention Programs; (5) Tobacco Education, Prevention, and Cessation Program Administration	\$640,520	\$0	(\$640,520)	\$1,281,040	\$0	0.0

Table 4.1 - FY 2011-12 Summary of Request for Health Care Policy and Financing Department

Row	Item	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	Description
A	Medicaid Clients Growth Rate	-	-	-	4.32%	4.32%	4.32%	Average Growth Rate in Medicaid Client Utilization from FY 2008-09 to FY 2010-11
B	Estimated Medicaid Client Calls	3,995	2,112	3,290	5,038	11,040	11,040	Estimate ⁽²⁾
C	Percentage of Clients with more than 6 Calls	10.32%	10.32%	10.32%	10.32%	10.32%	10.32%	Data from National Jewish
D	Total Medicaid Calls Eligible for Federal Match ⁽¹⁾	3,583	1,894	2,950	4,518	9,901	9,901	Row B * (1 - Row A)

⁽¹⁾ As mentioned in a question and answer session with CMS, the Department is not able to reimburse for more than 6 counseling calls.

⁽²⁾ CDPHE estimates that with additional funding, provided through federal funds, the Quitline would be able to serve Medicaid clients at the same level as before budget cuts beginning in FY 2008-09. In addition, targeted outreach directed at Medicaid clients would likely increase the number of QuitLine utilizers.

Table 5.1 - FY 2011-12 Summary of Request for Health Care Policy and Financing Department					
Row	Item	FY 2011-12	FY 2012-13	FY 2013-14	Description
A	Actual Quitline Expenditure per Utilizer for FY 2010-11	\$89.49	\$89.49	\$89.49	Actual per Utilizer Expenditure for FY 2010-11
B	Estimated Utilization	4,518	9,901	9,901	Table 4.1, Row D
C	Administrative Costs	\$173,000	\$487,430	\$395,000	Table 6.1 Row C
D	Estimated Quitline Total Cost	\$577,316	\$1,373,470	\$1,281,040	(Row A * Row B) + Row C

Table 6.1 Estimated Quitline Additional Administrative Costs					
Row	Item	FY 2011-12	FY 2012-13	FY 2013-14	Description
A	Marketing costs ⁽¹⁾	\$173,000	\$345,000	\$345,000	Estimate
B	Evaluation	\$0	\$142,430	\$50,000	Estimate
C	Total Administrative Costs	\$173,000	\$487,430	\$395,000	Row A + Row B

⁽¹⁾ Marketing costs include brochures, posters, direct mailing and closed circuit television commercials. In addition, personnel/agency costs to put together promotional material targeting Medicaid clients are included in the marketing costs line. This includes activities such developing content for partner and state websites, newsletters and eligibility notifications.