

Schedule 13
Funding Request for the 2014-15 Budget Cycle

Department: Health Care Policy and Financing

Request Title: Alignment of CHP+ Oral Health Care Benefits to CHIPRA

Priority Number: BA-11

Dept. Approval by: Josh Block  12/14
Date

OSPB Approval by:  12/31/13

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|-------------------------------------|--------------------------------|
| <input type="checkbox"/> | Decision Item FY 2014-15 |
| <input type="checkbox"/> | Base Reduction Item FY 2014-15 |
| <input type="checkbox"/> | Supplemental FY 2014-15 |
| <input checked="" type="checkbox"/> | Budget Amendment FY 2014-15 |

Line Item Information		FY 2013-14		FY 2014-15		FY 2015-16
		1	2	3	4	5
Fund		Appropriation FY 2013-14	Supplemental Request FY 2013-14	Base Request FY 2014-15	Funding Change Request FY 2014-15	Continuation Amount FY 2015-16
Total of All Line Items	Total	196,282,277	-	207,458,484	5,332,745	6,518,592
	FTE	-	-	-	-	-
	GF	22,825,770	-	26,649,625	1,334,347	-
	GFE	438,300	-	438,300	-	-
	CF	46,413,329	-	46,579,118	503,850	1,110,768
	RF	-	-	-	-	-
	FF	126,604,878	-	133,791,441	3,494,548	5,407,824
(4) Indigent Care Program; Children's Basic Health Plan Medical and Dental Costs	Total	196,282,277	-	207,458,484	5,332,745	6,518,592
	FTE	-	-	-	-	-
	GF	22,825,770	-	26,649,625	1,334,347	-
	GFE	438,300	-	438,300	-	-
	CF	46,413,329	-	46,579,118	503,850	1,110,768
	RF	-	-	-	-	-
	FF	126,604,878	-	133,791,441	3,494,548	5,407,824

Letternote Text Revision Required? Yes: No: **If yes, describe the Letternote Text Revision:**
See tables 1 and 2 for incremental changes by cash fund source.
Cash or Federal Fund Name and COFRS Fund Number: Children's Basic Health Plan Trust Fund

Reappropriated Funds Source, by Department and Line Item Name: N/A
Approval by OIT? Yes: No: **Not Required:**
Schedule 13s from Affected Departments: N/A
Other Information: N/A



COLORADO

Department of Health Care Policy
and Financing

Priority: BA-11
Alignment of CHP+ Oral Health Care Benefits
to CHIPRA
FY 2014-15 Budget Amendment

Cost and FTE

- The Department requests \$5,332,745 total funds; \$1,334,347 General Fund, \$503,850 in cash funds, and \$3,494,548 federal funds in FY 2014-15. The Department also requests continuation funding of \$6,518,591 total funds; \$1,110,768 cash funds and \$5,407,823 federal funds in FY 2015-16.

Current Program

- The Department promotes oral health and is trying to increase the number of children receiving dental services. Preventive dental care can mitigate more expensive treatment in the future.

Problem or Opportunity

- The current oral health care benefit plan for the Child Health Plan *Plus* (CHP+) is not in compliance with federal law. Current coverage lacks periodontic care, orthodontic care, prosthodontic care and required coverage of all medically necessary oral health care.

Consequences of Problem

- Because CHP+ is currently out of compliance with federal law, the State is at risk for a significant loss of federal financial participation.
- CHP+ clients are not currently receiving adequate oral health care benefits; this can result in higher utilization of emergency rooms, greater dental expenses over the long-run, and other indirect health issues associated with poor oral health.

Proposed Solution

- The Department requests ongoing funding to expand CHP+ oral health care benefits to include periodontic care, orthodontic care, prosthodontic care, and increase the program's current \$600 annual maximum per member to \$1,000 per member per year.
- Adding benefits to the program would satisfy federal requirements and reduce or eliminate the risk of loss of federal financial participation in the program, while improving health outcomes for clients.
- Although an annual maximum of \$1,000 is not explicitly required in federal regulations, the Department believes that increase the annual maximum is necessary to ensure access to all benefits that are required to be covered; adequate access is a requirement in federal regulations.



COLORADO

Department of Health Care Policy
and Financing

FY 2014-15 Funding Request | January 2, 2014

John W. Hickenlooper
Governor

Susan E. Birch
Executive Director

Department Priority BA-11

Request Detail: Alignment of CHP+ Oral Health Care Benefits to CHIPRA

Summary of Incremental Funding Change for FY 2014-15	Total Funds	General Fund
Alignment of CHP+ Oral Health Care Benefits to CHIPRA (2009)	\$5,332,745	\$1,334,347

Problem or Opportunity:

Colorado is currently out of compliance with federal regulations requiring a certain dental benefits package for clients enrolled in Children's Health Insurance Program (CHIP), known in Colorado as the Child Health Plan *Plus* (CHP+).

The Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA), Public Law 111-3, reauthorized the Children's Health Insurance Program under title XXI of the Social Security Act. Section 2103(c)(5) of the Social Security Act, as added by section 501 of CHIPRA, requires that "child health assistance provided to a targeted low-income child shall include coverage of dental services necessary to prevent disease and promote oral health, restore oral structures to health and function, and treat emergency conditions."

The Centers for Medicare and Medicaid Services (CMS) issued State Health Official (SHO) letter #09-012 in October 2009 further detailing dental coverage requirements. This letter describes several categories of service that must be covered in any CHP+ dental benefit package. Additionally, these services must be provided in a manner consistent with the statutory requirement to include coverage necessary to prevent disease, promote and restore oral health, and treat emergency conditions. Colorado's CHP+ program currently lacks periodontic care, orthodontic care, prosthodontic care and required coverage of all medically necessary oral health care as mandated in CHIPRA and the SHO letter. Due to funding limitations due to the recession, the Department did not request funding to implement the expanded benefits. However, compliance with the requirements in CHIPRA is mandatory, and the Department must comply or potentially lose federal financial participation for the CHP+ program.

Proposed Solution:

The Department requests \$5,332,745 total funds, including \$1,334,347 in General Fund, \$503,850 in cash funds, and \$3,494,548 in federal funds, to expand CHP+ oral health care benefits to include periodontic care,

orthodontic care, and prosthodontic care and to raise the limits on an annual dollar limit to account for these additional services.

There are several components that are required for Colorado to be in compliance with this federal statute which include:

- Increasing the dental benefit package to two routine or periodontal maintenance cleanings in a 12 month period.
- Including coverage of up to four routine or periodontal maintenance cleanings in a 12 month period for patients with certain health conditions such as diabetes, cardiovascular diseases, kidney failure and suppressed immune systems;
- Covering all medically necessary oral health services to prevent disease and promote oral health, treat emergency conditions and restore oral structures using the least invasive services available to establish health functionality; and,
- Allowing certain procedure codes, not currently within the dental benefits package in CHP+, to be covered to ensure that Delta Dental provides necessary periodontic care, orthodontic care, and prosthodontic care.¹

Due to the increased costs and utilization of adding these required services, the Department proposes increasing the annual limit on CHP+ expenditures per client from \$600 to \$1,000. CHP+ is modeled after insurance plans and needs to maintain comparability with other insurance providers. The Department reached out to the State's Dental Coalition, Oral Health Colorado, and the largest dental commercial carrier in the state, Delta Dental, and found that the majority of insurance plans offered an annual maximum of \$1,000. Alabama, Iowa, Michigan, and Wyoming have approved SPA's for the proposed CHP+ dental benefit changes and offer annual maximums ranging from \$1,000 to \$1,500. The \$1,000 annual limit would be consistent with what is offered by commercial insurance providers and other CHP+ programs, as well as allow clients to access the necessary services so that CHP+ is in compliance with CHIPRA regulations.

Anticipated Outcomes:

Expanding the CHP+ oral health care benefits package will not only bring Colorado into compliance with federal regulations, but will ensure that children in CHP+ have coverage for medically necessary dental services.

Continuing to disallow these services puts clients at risk for more serious and costly procedures in the future and puts the State at risk for losing federal financing.

Assumptions and Calculations:

The Department's contracted actuary performed an analysis on the costs of implementing this change and supplied the adjusted rates to account for the increase in benefits. Two separate analyses were supplied, one assuming annual maximum of \$600 and on with an annual maximum of \$1,000. The adjusted rates were multiplied by the predicted caseload in the applicable fiscal years. The original estimated dental costs were

¹ See the appendix for required dental coverage as outlined by SHO 09-012

subtracted from these estimates to get the cost of implementation. The request amount listed above assumes an increase to a \$1,000 annual maximum for both FY 2014-15 and FY 2015-16.

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

This budget amendment is due to the CHP+ dental plan being out of compliance with CHIPRA legislation of 2009. This request meets budget amendment criteria as it brings CHP into federal compliance.

List of Required Covered Services

The following categories of services must be covered in the CHP+ dental benefit package.

1. Diagnostic (i.e., clinical exams, x-rays) (CDT codes: D0100-D0999) (must follow periodicity schedule)
2. Preventive (i.e., dental prophylaxis, topical fluoride treatments) (CDT codes: D1000-D1999) (must follow periodicity schedule)
3. Restorative (i.e., fillings, crowns) (CDT codes: D2000-D2999)
4. Endodontic (i.e., root canals) (CDT codes: D3000-D3999)
5. Periodontic (treatment of gum disease) (CDT codes: D4000-D4999)
6. Prosthodontic (dentures) (CDT codes: D5000-D5899, D5900-D5999, and D6200-D6999)
7. Oral and Maxillofacial Surgery (i.e., extractions of teeth and other oral surgical procedures) (CDT codes: D7000-D799)
8. Orthodontics (i.e., braces) (CDT codes: D8000-D8999)
9. Emergency Dental Services

Table 1: Alignment of CHP+ Dental to CHIPRA, FY 2014-15						
Item	Total Funds	General Fund	Cash Funds⁽¹⁾	Reappropriated Funds	Federal Funds⁽²⁾	FTE
Total Request	\$5,332,745	\$1,334,347	\$503,850	\$0	\$3,494,548	\$0
(4) Indigent Care Program; Children's Basic Health Plan Medical and Dental Costs	\$5,332,745	\$1,334,347	\$503,850	\$0	\$3,494,548	\$0

⁽¹⁾This amount is from the Hospital Provider Fee.

⁽²⁾Federal match is calculated as 65% match for the first quarter of the fiscal year, and 65.71% match for the remainder of the fiscal year. This weighted average is a 65.53% match for the entire fiscal year.

Table 2: Alignment of CHP+ Dental to CHIPRA, FY 2015-16						
	Total Funds	General Fund	Cash Funds⁽¹⁾	Reappropriated Funds	Federal Funds⁽²⁾	FTE
Total Request	\$6,518,592	\$0	\$1,110,768	\$0	\$5,407,824	\$0
(4) Indigent Care Program; Children's Basic Health Plan Medical and Dental Costs	\$6,518,592	\$0	\$1,110,768	\$0	\$5,407,824	\$0

⁽¹⁾Of this amount, \$842,295 is from the CBHP Trust Fund and \$268,473 is from the Hospital Provider Fee.

⁽²⁾Federal match is calculated as 65.71% match for the first quarter of the fiscal year, and 88.71% match for the remainder of the fiscal year (assuming the additional 0.71 percentage increase on FMAP remains constant). This weighted average is a 82.96% match for the entire fiscal year.

Table 3 Calculation of Increased Expenditure due to CHIPRA Dental Benefit FY 2014-15												
Row	Age Range FPL Level	0-1 Less than 101%	0-1 101%-200%	0-1 201%-250%	2-5 Less than 101%	2-5 101%-200%	2-5 201%-250%	6-18 Less than 101%	6-18 101%-200%	6-18 201%-250%	Total	Formula/Source
A	Adjusted Rate Lower Bound	\$4.96	\$4.96	\$4.96	\$18.03	\$17.35	\$17.42	\$24.64	\$23.51	\$23.83		Based on actuarial analysis
B	Adjusted Rate Upper Bound	\$5.97	\$5.97	\$5.97	\$20.88	\$20.02	\$20.21	\$29.17	\$27.62	\$28.11		Based on actuarial analysis
C	Estimated Adjusted Rate	\$5.47	\$5.47	\$5.47	\$19.46	\$18.69	\$18.82	\$26.91	\$25.57	\$25.97		(Row A + Row B) / 2
D	FY 2013-14 Rate	\$3.35	\$3.35	\$3.35	\$14.31	\$13.98	\$13.65	\$18.10	\$17.76	\$17.67		Current rate
E	Incremental Increase to Rate	\$2.12	\$2.12	\$2.12	\$5.15	\$4.71	\$5.17	\$8.81	\$7.81	\$8.30		Row C - Row D
F	FY 2014-15 Member Months	17,062	38,023	17,781	24,754	97,892	41,893	73,414	335,255	133,495		CHP+ Caseload estimate ⁽¹⁾
G	Incremental Request	\$36,171	\$80,609	\$37,696	\$127,483	\$461,071	\$216,587	\$646,777	\$2,618,342	\$1,108,009	\$5,332,745	Row E * Row F

(1) The CHP+ caseload is taken from the Department's November 1, 2013 R-3 request, multiplied by 12 to convert to member months.

Table 4 Calculation of Increased Expenditure due to CHIPRA Dental Benefit FY 2015-16												
Row	Age Range FPL Level	0-1 Less than 101%	0-1 101%-200%	0-1 201%-250%	2-5 Less than 101%	2-5 101%-200%	2-5 201%-250%	6-18 Less than 101%	6-18 101%-200%	6-18 201%-250%	Total	Formula/Source
A	Estimated FY 2014-15 Increase to Rate	\$2.12	\$2.12	\$2.12	\$5.15	\$4.71	\$5.17	\$8.81	\$7.81	\$8.30		Table 3, Row E
B	Estimated Trend	2.48%	2.48%	2.48%	2.48%	2.48%	2.48%	2.48%	2.48%	2.48%		CHP+ Trend estimate ⁽¹⁾
C	Estimated FY 2015-16 Rate	\$2.17	\$2.17	\$2.17	\$5.28	\$4.83	\$5.30	\$9.03	\$8.00	\$8.51		Row A * (1 + Row B)
D	FY 2015-16 Member Months	20,353	45,356	21,211	29,528	116,771	49,972	87,572	399,913	159,240		CHP+ Caseload estimate ⁽²⁾
E	Incremental Request	\$44,166	\$98,423	\$46,028	\$155,908	\$564,004	\$264,852	\$790,775	\$3,199,304	\$1,355,132	\$6,518,592	Row E * Row F

(1) The estimated trend is taken from the Department's November 1, 2013 R-3 request.

(2) The CHP+ caseload is taken from the Department's November 1, 2013 R-3 request, multiplied by 12 to convert to member months.