

**Schedule 13**  
**Funding Request for the 2014-15 Budget Cycle**

**Department:** Health Care Policy and Financing  
**Request Title:** State Demonstration to Integrate Care for Full Benefit Medicare-Medicaid Enrollees  
**Priority Number:** BA-12

**Dept. Approval by:** Josh Block  1/2/14  
 Date

**OSPB Approval by:**  12/31/13  
 Date

- Decision Item FY 2014-15
- Base Reduction Item FY 2014-15
- Supplemental FY 2013-14
- 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
<b>Total of All Line Items</b>	<b>Total</b>	4,786,598,993	-	5,376,558,327	206,332	486,724
	FTE	-	-	-	-	-
	GF	1,052,524,920	-	1,053,246,934	173,111	313,803
	GFE	469,842,084	-	469,842,084	-	-
	CF	597,673,815	-	687,658,001	-	-
	RF	4,697,644	-	3,792,823	-	-
	FF	2,661,860,530	-	3,162,018,485	33,221	172,921
<b>(1) Executive Director's Office</b>	<b>Total</b>	5,523,166	-	5,760,824	73,980	211,330
<b>(D) Eligibility Determinations and Client Services Customer Outreach</b>	FTE	-	-	-	-	-
	GF	2,575,246	-	2,543,792	73,980	142,655
	GFE	-	-	-	-	-
	CF	186,338	-	336,620	-	-
	RF	-	-	-	-	-
	FF	2,761,582	-	2,880,412	-	68,675
<b>(1) Executive Director's Office</b>	<b>Total</b>	9,382,809	-	10,053,110	12,500	62,500
<b>(E) Utilization and Quality Review Contracts Professional Services Contracts</b>	FTE	-	-	-	-	-
	GF	2,279,886	-	2,298,646	12,500	37,500
	GFE	-	-	-	-	-
	CF	305,844	-	461,089	-	-
	RF	-	-	-	-	-
	FF	6,797,079	-	7,293,375	-	25,000
<b>(1) Executive Director's Office</b>	<b>Total</b>	8,492,552	-	6,660,552	21,475	82,375
<b>(A) General Administration General Professional Services and Special Projects</b>	FTE	-	-	-	-	-
	GF	2,507,418	-	1,547,418	21,475	51,925
	GFE	-	-	-	-	-
	CF	568,500	-	562,500	-	-
	RF	-	-	-	-	-
	FF	5,416,634	-	4,550,634	-	30,450

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
<b>(1) Executive Director's Office</b>	<b>Total</b>	1,764,066	-	1,738,183	2,407	7,919
<b>(A) General Administration</b>	<b>FTE</b>	-	-	-	-	-
	<b>GF</b>	733,525	-	789,074	2,407	5,163
	<b>GFE</b>	-	-	-	-	-
<b>Operating Expenses</b>	<b>CF</b>	131,410	-	63,057	-	-
	<b>RF</b>	23,910	-	23,910	-	-
	<b>FF</b>	875,221	-	862,142	-	2,756
<b>(1) Executive Director's Office</b>	<b>Total</b>	24,611,523	-	28,512,863	18,020	60,100
<b>(A) General Administration Personal Services</b>	<b>FTE</b>	-	-	-	-	-
	<b>GF</b>	8,410,879	-	10,245,685	18,020	39,060
	<b>GFE</b>	-	-	-	-	-
	<b>CF</b>	2,599,660	-	2,693,382	-	-
	<b>RF</b>	1,736,842	-	1,768,913	-	-
	<b>FF</b>	11,864,142	-	13,804,883	-	21,040
<b>(2) Medical Services Premiums</b>	<b>Total</b>	4,736,824,877	-	5,323,832,795	77,950	62,500
	<b>FTE</b>	-	-	-	-	-
	<b>GF</b>	1,036,017,966	-	1,035,822,319	44,729	37,500
	<b>GFE</b>	469,842,084	-	469,842,084	-	-
	<b>CF</b>	593,882,063	-	683,541,353	-	-
	<b>RF</b>	2,936,892	-	2,000,000	-	-
	<b>FF</b>	2,634,145,872	-	3,132,627,039	33,221	25,000

**Letternote Text Revision Required?**      Yes:       No:       **If yes, describe the Letternote Text Revision:**  
**Cash or Federal Fund Name and COFRS Fund Number:** FF: Title XIX  
**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-12  
State Demonstration to Integrate Care for  
Full Benefit Medicare-Medicaid Enrollees  
FY 2014-15 Budget Amendment

## ***Cost and FTE***

- The Department requests \$206,332 total funds, \$173,111 General Fund, in FY 2014-15 and \$486,724 total funds, \$313,803 General Fund, in FY 2015-16.

## ***Current Program***

- Full benefit Medicare-Medicaid enrollees are individuals enrolled in Medicare Parts A and B and eligible for Part D, who receive full Medicaid State Plan benefits, receive or are eligible for Medicaid waiver services, and have no other comprehensive private or public health insurance.

## ***Problem or Opportunity***

- Full benefit Medicare-Medicaid enrollees are not currently passively enrolled in the Accountable Care Collaborative (ACC).
- The Department is receiving a federal grant to partially fund the State Demonstration to Integrate Care for Full Benefit Medicare-Medicaid Enrollees (the Demonstration) within the ACC to provide care coordination for approximately 40,000 individuals.
- The State has been awarded federal grant funds that would cover all program expenses in the first grant year (CY 2014) and 75% of administrative and contractor costs in the second grant year (CY 2015).
- Although federal funding is insufficient to cover the full cost of the program, a significant opportunity exists to improve health outcomes and client experience while reducing expenditure.
- Full participation in the Demonstration would allow the State to share in cost reductions experienced by Medicare.

## ***Consequences of Problem***

- Without State investment for administrative costs, the Department would not realize increased savings by coordinating care for Medicare-Medicaid enrollees.
- Many full benefit Medicare-Medicaid enrollees have complex health needs that would not be adequately addressed without care coordination.

## ***Proposed Solution***

- The Department requests funding to supplement the federal grant to fully implement this program by covering the State's share of contractor costs for the second grant year, allowing the State to realize savings through care coordination of the full benefit Medicare-Medicaid population.
- Over three years, the Department estimates that the Demonstration would be at least budget-neutral, due to savings achieved from reduced costs through management of service utilization, reducing unnecessary use of emergency services and redundant use of services.



# 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-12**

**Request Detail: State Demonstration to Integrate Care for Full Benefit Medicare-Medicaid Enrollees**

Summary of Incremental Funding Change for FY 2014-15	Total Funds	General Fund
State Demonstration to Integrate Care for Full Benefit Medicare-Medicaid Enrollees	\$206,332	\$173,111

### **Problem or Opportunity:**

The Department was informed by the Centers for Medicare and Medicaid Services (CMS) that it would be receiving a federal grant to partially fund the State Demonstration to Integrate Care for Full Benefit Medicare-Medicaid Enrollees (the Demonstration) using the Accountable Care Collaborative (ACC) to provide care coordination for approximately 40,000 individuals receiving both Medicare and Medicaid benefits. Extensive analysis has revealed a significant opportunity to improve health outcomes and client experience while reducing both Medicare and Medicaid expenditure.

Full benefit Medicare-Medicaid enrollees are those individuals who are enrolled in Medicare Parts A and B and eligible for Part D, receive full Medicaid State Plan benefits, receive or are eligible for Medicaid waiver services, and have no other comprehensive private or public health insurance. Full benefit Medicare-Medicaid enrollees are currently not passively enrolled in the ACC, though this population has complex health needs that are not adequately addressed in the current continuum of care, exacerbated by lack of coordination between Medicare and Medicaid providers and services. Passive enrollment of these clients into the ACC would provide an avenue for care coordination for this population that would alleviate the difficulties in ensuring that all provided care is appropriate and meets client needs, while still allowing clients the ability to opt out of the Demonstration if they so choose. The different systems of care that are currently available create further challenges with client navigation and provider care coordination, resulting in lower health outcomes, less positive client experiences, and increased costs. These outcomes could be improved through the care management and pay-for-performance incentives offered in the ACC's per-member per-month (PMPM) payments to Regional Collaborative Care Organizations (RCCOs) and primary care medical providers (PCMPs).

Passively enrolling the full benefit Medicare-Medicaid enrollees into the ACC would be inefficient for the State to attempt alone, as care coordination between Medicare and Medicaid would require extensive contractor analysis, access to Medicare beneficiary information, and infrastructure investment. However, savings would initially favor Medicare while the preliminary service utilization changes would increase costs

for the State, creating incentives for the State to be averse to undertaking such a task on its own. Care coordination initially transitions clients from emergency department services utilization to primary care services utilization and primarily lowers Medicare costs while at the same time increasing State costs. The grant funding available through the Demonstration alleviates the problems that have historically existed when considering care coordination programs for this population, creating an opportunity for the State to achieve savings as service utilization changes lower State costs over time.

The Demonstration would fund collaboration between Medicare and Medicaid programs and services through the ACC to provide full benefit Medicare-Medicaid enrollees with care coordination, a focal point of care, and data analytics through an existing program, all of which would result in better aligned services, alleviated fragmentation, enhanced quality of care, and reduced costs. The ACC creates a focal point for care management through the RCCOs, which coordinate care through the PCMPs and target benchmarks designed to reduce emergency service utilization, hospital readmissions, unnecessary high cost imaging usage, etc. while focusing on the proper utilization of health care services.

However, grant funding is insufficient to fully fund contractor costs necessary to achieve these gains. Additional funding for the State's share of contractor expenses in FY 2014-15 and FY 2015-16 would allow the State to realize net savings while improving client outcomes and experience through care management and the reduction in use of costly, avoidable services such as hospital readmissions and unnecessary emergency service usage, as well as potential movement from nursing facilities to home- and community-based services (HCBS). Further, eligibility to accept the federal grant is contingent upon a commitment from the State to provide a portion of the needed funding in the second grant-funded year of the Demonstration. As much as \$14 million in federal grant funding is contingent upon the State contributing to administrative expenses in the second grant-funded year of the Demonstration.

***Proposed Solution:***

The Department requests \$206,332 total funds, \$173,111 General Fund, in FY 2014-15 and \$486,724 total funds, \$313,803 General Fund, in FY 2015-16 to proceed with the implementation of the Demonstration, using federal grant funding supplemented by state funds for contractor costs. The federal grant funding would last for two consecutive calendar years, beginning January 2014. In calendar year (CY) 2014, federal grant funds would cover all contractor expenditure associated with the Demonstration. For CY 2015, the State would need to provide 25% of contractor funding. Once the grant funding years are completed, the State's expenditures would be eligible for a 50% federal financial participation rate, and so would be responsible for 50% of contractor costs for the latter half of FY 2015-16 and beyond. Because the Department would front load resources to establish adequate infrastructure and processes in the first year when the 100% federal funding is in effect, the need for state-funded administration is minimized.

Enrollment of full benefit Medicare-Medicaid enrollees into the ACC would begin on July 1, 2014. The first Demonstration year would comprise July 1, 2014 to December 31, 2015. Thereafter, the second Demonstration year would encompass CY 2016 and the third Demonstration year would encompass CY 2017. CMS and the State could choose to stop the Demonstration at any time, should the desired results not be accomplished. At the end of the third Demonstration year, CMS and the State could mutually agree to continue the Demonstration. Should CMS choose not to continue the Demonstration, the State could make

the decision to continue the program without the Demonstration, if it would be in the State's best interest to do so.

The Department would also reinvest a portion of Demonstration-generated savings achieved through service utilization changes to offset the ACC's PMPM costs, payments made by the State to the RCCOs and PCMPs to compensate them for the costs of care management and coordination, as well as to offer incentives for benchmark achievement, in the second and third years. Therefore, the Department estimates that the Department's services cost for the Demonstration would be negligible from its onset, and budget neutral by FY 2015-16, due to savings achieved from reduced costs through management of service utilization and reduction of inefficiencies such as unnecessary and duplicative use of services. By FY 2016-17, savings achieved through the program would be expected to cover administrative costs as well as incentive payments to RCCOs and PCMPs.

Without funding for the State's portion of the administrative costs, the State would be ineligible for the Demonstration and would lose the opportunity to use federal grant funds to build the infrastructure necessary to enroll full benefit Medicare-Medicaid enrollees into the ACC and achieve savings and improved patient outcomes through care coordination. Duplicative and unnecessary use of costly services would continue to occur without appropriate care management for this medically complex population. The State would struggle to manage the complex care needs of full benefit Medicare-Medicaid enrollees in a disjointed Medicare and Medicaid delivery system that lacks integration of benefits and services from client and provider perspectives and that also lacks integration of data and payment from provider and payer perspectives.

#### ***Anticipated Outcomes:***

Leveraging the opportunity presented by partnering with federal counterparts would allow the Department to align Medicare and Medicaid incentives through the ACC, placing emphasis on outcomes-driven preventive care and effective management of chronic conditions over volume-driven sick care to achieve better health outcomes and cost reduction.

Care coordination between Medicare and Medicaid providers and services would reduce costs for the State. For instance, the Department expects to achieve savings and improved client outcomes through reduced hospital admissions and readmissions, increased incidences of client movement from skilled nursing facilities to HCBS through early intervention, reduced nursing home admissions, process improvement, reduced emergency department utilization, comprehensive medication management and improved medication reconciliation, greater use of health homes, reductions in unnecessary or duplicative services such as radiology testing, and more judicious use of specialists. These outcomes align with the Department's Strategic Plan objectives of lower costs and improved health outcomes and client experience and would be incentivized through PMPM payments rewarding RCCOs and PCMPs for the achievement of benchmarks and performance goals, to ensure appropriate care management.

#### ***Assumptions and Calculations:***

See Appendix A for detailed calculations of contractor and administrative costs.

The Department would require a core team of dedicated staff to manage the Demonstration to assure CMS that it has the capacity to implement and oversee the program and provide the best opportunity for program success possible. In the first year, any FTE would be 100% federal grant funded. Thereafter, the Department expects that it would absorb the necessary workload within its existing budget. For this reason, additional FTE have not been included in the calculation of this request, and are not requested at this time.

The Department estimates that net savings realized through the program due to changes in service utilization would reach over \$4 million total funds by FY 2016-17. Consequently, the State's initial investment of less than \$500,000, when coupled with the federal grant funding opportunity, represents a long term investment with a potentially significant return. Further, Medicare shared savings are not included in this estimate as the Department and CMS are currently negotiating the provisions of the Demonstration; the net savings estimate could potentially increase if Medicare expenses are reduced and subsequent savings shared with the State. For this analysis, the Department does assume that savings in the program would be at least equal to the additional costs of enrollment; this assumption is supported by the Department's analysis of the ACC program.<sup>1</sup>

### **Stakeholder Engagement**

One important factor for the success of the Demonstration is stakeholder engagement, which provides education and outreach to stakeholders to ensure continuity in program comprehension and provides a foundation for optimum care management. The Department assumes two statewide two-day conferences and seven regional one-day conferences (one for each RCCO) throughout the duration of the Demonstration. Both the statewide and the regional conferences' total costs are estimated based on conference costs and participant travel assistance costs from past conferences of comparable scope, with statewide conference costs also including two keynote speakers' travel and per diem costs. Travel assistance for participants is especially critical for stakeholder and provider attendance and the success of the conferences.

Stakeholder engagement also includes the cost of education and outreach material development, production, and dissemination. These costs are estimated based on the Department's Medicaid Infrastructure Grant application and experience, and it is assumed that there would no longer be a need to develop new material by the third grant year, though production and dissemination of the previously developed material would still be necessary. The Department estimated costs for stakeholder meetings based on its federal grant application for the Money Follows the Person program.

The Department's estimates for stakeholder engagement costs are contained in table 2.

### **Conference Travel**

One of the terms of the grant funding contract is that CMS requires two Demonstration project management team members to attend one out-of-state conference per quarter throughout the Demonstration. Per diem,

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<sup>1</sup> For example, see the Department's response to the FY 2013-14 Legislative Request for Information #2, available on the Department's website:  
<http://www.colorado.gov/cs/Satellite?c=Page&childpagename=HCPF%2FHCPFLayou&cid=1251647685492&pagenam=HCPFWrapper>

incidental, airfare, transportation and lodging costs are each estimated based on current travel payments and the assumption that each conference has a duration of three days.

Because the statewide stakeholder engagement conferences would take place in Denver, no travel costs are associated with the attendance of Demonstration project management team members. However, travel costs would apply to the regional stakeholder engagement conferences. The Department assumes that three members of the Demonstration project management team would attend the regional conferences to provide training and present information to stakeholders, and their mileage reimbursement rate and per diem, incidental, and lodging costs are all based on current travel reimbursement rates and assume a two-day duration to remain conservative to account for travel times and safety considering that some conferences would be distant from Denver. The Department assumes that participants would travel 750 miles roundtrip on average for each conference. This figure is based on the approximate distance from Denver to Durango; however, the actual number of miles travelled would vary for each conference.

The Department's estimates for travel costs are contained in tables 3 and 4.

### **Enrollment Broker Contractor**

Enrollment broker services comprise the development of new client packets in the first grant year and design updates in later years, as well as the production and dissemination of packets. To calculate the cost of new client packets, the Department first estimates the number of enrolled clients per month based on an 8% monthly attrition rate assumption and the goal of 40,000 total enrollment. The Department expects higher monthly enrollment in the first six months as enrollment ramps up to the 40,000 enrollment goal, and so the estimated number of enrolled clients per month is higher in the first grant year than in later years. The Department then estimates the cost of production and dissemination of demonstration program enrollment packets, which is based on current costs. These estimates are multiplied together, and then multiplied by the number of months of enrollment for each grant year, assuming that enrollment begins July 1, 2014, halfway through the first grant year. The costs of designing and updating packets are based on current costs for two letters, a frequently asked questions document, and different handbook inserts for each RCCO.

The Department's estimates for enrollment broker services are contained in table 5.

### **Beneficiary Rights and Protection Alliance Contractor**

Ombudsman services would be required to guarantee fundamental beneficiary rights, including the right to be treated with respect, to receive information on available treatment options in an appropriate manner, to participate in decisions regarding individual health care, to request and receive copies of a client's own medical records, to request that records be amended or corrected, and to have access to complaints, grievances, and appeals processes. Costs associated with these services include salary and benefits for one ombudsman contractor position, estimated based on the current contract and assuming that a supplemental grant would fund the contractor position in the third grant year; training and materials for staff and volunteers, estimated based on the number of staff/volunteers assumed to require training as well as the costs of training and training materials with the assumption that refresher training would be less intensive than new training after the first grant year; beneficiary rights packets, estimated based on current costs for similar materials being sent to the full number of target enrollees in the first grant year and then tapering off thereafter; and

quarterly ombudsman meetings with RCCOs, with meeting costs estimated based on the costs of past meetings of similar scope.

The Department's estimates for beneficiary rights and protections are contained in table 6.

### **Statewide Data and Analytics Contractor**

The statewide data and analytics contractor (SDAC) maintains the web portal that allows RCCOs and PCMPs to access client health information, utilization, and benchmark comparison for the clients attributed to the ACC, all of which are necessary for care management. The existing web portal does not have uptake capacity with Medicare data, though such capacity would be necessary for complete client health status information and care coordination. Costs under the Demonstration include the scope of work necessary for the SDAC to coordinate Medicare data and to add data for Medicare-Medicaid enrollees to analysis and reports. Costs are assumed to be front loaded to reflect the majority of infrastructure being put in place within the first grant year.

The Department's estimates for the SDAC are contained in table 7.

### **Actuarial Analysis and Rate Reform Contractor**

Actuarial analysis and rate reform services are necessary to evaluate benchmarks to determine program success to calculate Medicare shared savings, and required by CMS. Costs include alignment and support of Medicare payment reform, estimated based on state fiscal notes for similarly scoped projects and assumed to no longer be necessary in the third grant year of the Demonstration, and actuary services, which are also estimated based on state fiscal notes for similarly scoped projects.

The Department's estimates for actuarial analysis and rate reform services are contained in table 8.

### **Evaluation and Program Improvement Contractor**

Evaluation and program improvement services facilitate public forums and provide documentation and follow-up to evaluate the Demonstration with respect to the ACC as a whole and to other health care reforms in the State. These evaluations would not duplicate support already offered by CMS and its contractors. These costs are estimated based on current evaluation contractor costs, including funding for program monitoring and tracking.

The Department's estimates for evaluation and program improvement services are contained in table 9.

### ***Supplemental, 1331 Supplemental or Budget Amendment Criteria:***

This budget amendment meets the criteria of new data resulting in substantive changes in funding needs. The Department recently learned it is receiving a federal grant to partially fund the Demonstration. Prior to this information, the Department did not know if it would receive a federal grant or, if it did, what the details of the grant would be.

Table 1.1: FY 2013-14 Demonstration Costs Summary						
FY 2013-14 <sup>(1)</sup>	Line Item	Total Funds from All Sources	Demonstration Grant <sup>(2)</sup>	State Budget Total Funds	State Budget General Fund	State Budget Federal Funds (Title XIX)
Stakeholder Engagement	(1) Executive Director's Office (D) Eligibility Determinations and Client Services Customer Outreach	\$247,208	\$247,208	\$0	\$0	\$0
Out-of-State Travel	(1) Executive Director's Office (A) General Administration Operating Expenses	\$5,512	\$5,512	\$0	\$0	\$0
In-State Travel	(1) Executive Director's Office (A) General Administration Operating Expenses	\$5,490	\$5,490	\$0	\$0	\$0
Enrollment Broker (MAXIMUS)	(1) Executive Director's Office (D) Eligibility Determinations and Client Services Customer Outreach	\$134,356	\$134,356	\$0	\$0	\$0
Beneficiary Rights and Protection Alliance	(1) Executive Director's Office (A) General Administration Personal Services	\$113,700	\$113,700	\$0	\$0	\$0
Statewide Data and Analytics Contractor (Treo)	(2) Medical Services Premiums	\$167,500	\$167,500	\$0	\$0	\$0
Actuarial Analysis and Rate Reform (Optumas)	(1) Executive Director's Office (A) General Administration General Professional Services and Special Projects	\$106,200	\$106,200	\$0	\$0	\$0
Evaluation and Program Improvement	(1) Executive Director's Office (E) Utilization and Quality Review Contracts Professional Services Contracts	\$50,000	\$50,000	\$0	\$0	\$0
Service Utilization/PMPM Impact	(2) Medical Services Premiums	\$0	\$0	\$0	\$0	\$0
<b>FY 2013-14 Total</b>		<b>\$829,966</b>	<b>\$829,966</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

(1) FY 2013-14 encompasses half of Grant Year 1 (100% grant funding).  
 (2) The Demonstration Grant is calculated as: (Total Cost for Grant Year 1)/2.

Table 1.2: FY 2014-15 Demonstration Costs Summary						
FY 2014-15 <sup>(3)</sup>	Line Item	Total Funds from All Sources	Demonstration Grant <sup>(4)</sup>	State Budget Total Funds	State Budget General Fund <sup>(5)</sup>	State Budget Federal Funds (Title XIX)
Stakeholder Engagement	(1) Executive Director's Office (D) Eligibility Determinations and Client Services Customer Outreach	\$436,774	\$389,382	\$47,392	\$47,392	\$0
Out-of-State Travel	(1) Executive Director's Office (A) General Administration Operating Expenses	\$11,024	\$9,646	\$1,378	\$1,378	\$0
In-State Travel	(1) Executive Director's Office (A) General Administration Operating Expenses	\$9,607	\$8,578	\$1,029	\$1,029	\$0
Enrollment Broker (MAXIMUS)	(1) Executive Director's Office (D) Eligibility Determinations and Client Services Customer Outreach	\$240,706	\$214,118	\$26,588	\$26,588	\$0
Beneficiary Rights and Protection Alliance	(1) Executive Director's Office (A) General Administration Personal Services	\$185,780	\$167,760	\$18,020	\$18,020	\$0
Statewide Data and Analytics Contractor (Treo)	(2) Medical Services Premiums	\$217,500	\$205,000	\$12,500	\$12,500	\$0
Actuarial Analysis and Rate Reform (Optumas)	(1) Executive Director's Office (A) General Administration General Professional Services and Special Projects	\$192,100	\$170,625	\$21,475	\$21,475	\$0
Evaluation and Program Improvement	(1) Executive Director's Office (E) Utilization and Quality Review Contracts Professional Services Contracts	\$100,000	\$87,500	\$12,500	\$12,500	\$0
Service Utilization/PMPM Impact <sup>(6)</sup>	(2) Medical Services Premiums	\$10,475,690	\$10,410,240	\$65,450	\$32,229	\$33,221
<b>FY 2014-15 Total</b>		<b>\$11,869,181</b>	<b>\$11,662,849</b>	<b>\$206,332</b>	<b>\$173,111</b>	<b>\$33,221</b>

(3) FY 2014-15 encompasses half of Grant Year 1 (100% grant funding) and half of Grant Year 2 (75% grant funding).  
 (4) The Demonstration Grant is calculated as: (Total Cost for Grant Year 1)/2 + (Total Cost for Grant Year 2 \* 0.75)/2.  
 (5) The State Budget General Fund is calculated as: (Total Cost for Grant Year 2 \* 0.25)/2.  
 (6) Service Utilization/PMPM Impact is calculated directly by fiscal year in Table 10.

Table 1.3: FY 2015-16 Demonstration Costs Summary						
FY 2015-16 <sup>(7)</sup>	Line Item	Total Funds from All Sources	Demonstration Grant <sup>(8)</sup>	State Budget Total Funds	State Budget General Fund <sup>(9)</sup>	State Budget Federal Funds (Title XIX) <sup>(10)</sup>
Stakeholder Engagement	(1) Executive Director's Office (D) Eligibility Determinations and Client Services Customer Outreach	\$220,567	\$142,175	\$78,392	\$62,892	\$15,500
Out-of-State Travel	(1) Executive Director's Office (A) General Administration Operating Expenses	\$11,024	\$4,134	\$6,890	\$4,134	\$2,756
In-State Travel	(1) Executive Director's Office (A) General Administration Operating Expenses	\$4,117	\$3,088	\$1,029	\$1,029	\$0
Enrollment Broker (MAXIMUS)	(1) Executive Director's Office (D) Eligibility Determinations and Client Services Customer Outreach	\$212,701	\$79,763	\$132,938	\$79,763	\$53,175
Beneficiary Rights and Protection Alliance	(1) Executive Director's Office (A) General Administration Personal Services	\$114,160	\$54,060	\$60,100	\$39,060	\$21,040
Statewide Data and Analytics Contractor (Treo)	(2) Medical Services Premiums	\$100,000	\$37,500	\$62,500	\$37,500	\$25,000
Actuarial Analysis and Rate Reform (Optumas)	(1) Executive Director's Office (A) General Administration General Professional Services and Special Projects	\$146,800	\$64,425	\$82,375	\$51,925	\$30,450
Evaluation and Program Improvement	(1) Executive Director's Office (E) Utilization and Quality Review Contracts Professional Services Contracts	\$100,000	\$37,500	\$62,500	\$37,500	\$25,000
Service Utilization/PMPM Impact <sup>(11)</sup>	(2) Medical Services Premiums	\$0	\$0	\$0	\$0	\$0
<b>FY 2015-16 Total</b>		<b>\$909,369</b>	<b>\$422,645</b>	<b>\$486,724</b>	<b>\$313,803</b>	<b>\$172,921</b>

(7) FY 2015-16 encompasses half of Grant Year 2 (75% grant funding) and half of Grant Year 3 (50% federal financial participation rate).

(8) The Demonstration Grant is calculated as: (Total Cost for Grant Year 2 \* 0.75)/2.

(9) The State Budget General Fund is calculated as: (Total Cost for Grant Year 2 \* 0.25)/2 + (Total Cost for Grant Year 3 \* 0.50)/2.

(10) The State Budget Federal Funds are calculated as: (Total Cost for Grant Year 3 \* 0.50)/2.

(11) Service Utilization/PMPM Impact is calculated directly by fiscal year in Table 10.

Table 1.4: FY 2016-17 Demonstration Costs Summary						
FY 2016-17 <sup>(11)</sup>	Line Item	Total Funds from All Sources	Demonstration Grant <sup>(12)</sup>	State Budget Total Funds	State Budget General Fund <sup>(13)</sup>	State Budget Federal Funds (Title XIX) <sup>(14)</sup>
Stakeholder Engagement	(1) Executive Director's Office (D) Eligibility Determinations and Client Services Customer Outreach	\$62,000	\$0	\$62,000	\$31,000	\$31,000
Out-of-State Travel	(1) Executive Director's Office (A) General Administration Operating Expenses	\$11,024	\$0	\$11,024	\$5,512	\$5,512
In-State Travel	(1) Executive Director's Office (A) General Administration Operating Expenses	\$0	\$0	\$0	\$0	\$0
Enrollment Broker (MAXIMUS)	(1) Executive Director's Office (D) Eligibility Determinations and Client Services Customer Outreach	\$212,700	\$0	\$212,700	\$106,350	\$106,350
Beneficiary Rights and Protection Alliance	(1) Executive Director's Office (A) General Administration Personal Services	\$84,160	\$0	\$84,160	\$42,080	\$42,080
Statewide Data and Analytics Contractor (Treo)	(2) Medical Services Premiums	\$100,000	\$0	\$100,000	\$50,000	\$50,000
Actuarial Analysis and Rate Reform (Optumas)	(1) Executive Director's Office (A) General Administration General Professional Services and Special Projects	\$121,800	\$0	\$121,800	\$60,900	\$60,900
Evaluation and Program Improvement	(1) Executive Director's Office (E) Utilization and Quality Review Contracts Professional Services Contracts	\$100,000	\$0	\$100,000	\$50,000	\$50,000
Service Utilization/PMPM Impact <sup>(15)</sup>	(2) Medical Services Premiums	(\$4,358,400)	\$0	(\$4,358,400)	(\$2,135,180)	(\$2,223,220)
<b>FY 2016-17 Total</b>		<b>(\$3,666,716)</b>	<b>\$0</b>	<b>(\$3,666,716)</b>	<b>(\$1,789,338)</b>	<b>(\$1,877,378)</b>

(11) FY 2016-17 encompasses half of Grant Year 3 (50% federal financial participation rate) and half of Grant Year 4 (50% federal financial participation rate).

(12) There is no Demonstration Grant funding available in FY 2016-17.

(13) The State Budget General Fund is calculated as: (Total Cost for Grant Year 3 \* 0.50)/2 + (Total Cost for Grant Year 4 \* 0.50)/2

(14) The State Budget Federal Funds is calculated as: (Total Cost for Grant Year 3 \* 0.50)/2 + (Total Cost for Grant Year 4 \* 0.50)/2

(15) Service Utilization/PMPM Impact is calculated directly by fiscal year in Table 10.

Table 2: Stakeholder Engagement Costs						
Row	Item	Grant Year 1	Grant Year 2	Grant Year 3	Grant Year 4	Assumptions/Calculations
<b>A</b>	<b>Meetings</b>	<b>\$12,000</b>	<b>\$12,000</b>	<b>\$12,000</b>	<b>\$12,000</b>	<b>Estimate based on federal grant application for the Money Follows the Person</b>
	<b>Statewide Conferences:</b>					
B	Number of Conferences	1	1	0	0	Estimate hosting 2 statewide conferences in the Denver metro area through the life of the
C	Two-Day Conference Costs	\$35,283	\$35,283	\$0	\$0	Estimate based on past conference costs, including food and refreshments
D	Speaker Costs	\$3,000	\$3,000	\$0	\$0	Assumes 2 keynote speakers' travel and per diem costs
E	Travel Assistance for Participants	\$40,000	\$40,000	\$0	\$0	Estimate based on past conference costs of comparable scope/Critical for stakeholder and provider attendance
<b>F</b>	<b>Statewide Conferences Total</b>	<b>\$78,283</b>	<b>\$78,283</b>	<b>\$0</b>	<b>\$0</b>	<b>Row B * (Row C + Row D + Row E)</b>
	<b>Regional Conferences:</b>					
G	Number of Conferences	4	3	0	0	Estimate hosting 7 regional conferences throughout the State
H	One-Day Conference Costs	\$20,283	\$20,283	\$0	\$0	Estimate based on past conference costs of comparable size, including food and refreshments
I	Travel Assistance for Participants	\$20,000	\$20,000	\$0	\$0	Estimate based on past conference costs of comparable scope/Critical for stakeholder and provider attendance
<b>J</b>	<b>Regional Conferences Total</b>	<b>\$161,132</b>	<b>\$120,849</b>	<b>\$0</b>	<b>\$0</b>	<b>Row G * (Row H + Row I)</b>
	<b>Education and Outreach Materials:</b>					
K	Development of Materials	\$100,000	\$50,000	\$0	\$0	Estimate based on the Medicaid Infrastructure Grant application and experience/Assumes materials will be developed by Grant Year 3
L	Printing	\$50,000	\$25,000	\$25,000	\$25,000	Estimate based on the Medicaid Infrastructure Grant application and experience
M	Dissemination of Materials	\$25,000	\$25,000	\$25,000	\$25,000	Estimate based on the Medicaid Infrastructure Grant application and experience
<b>N</b>	<b>Education and Outreach Materials Total</b>	<b>\$175,000</b>	<b>\$100,000</b>	<b>\$50,000</b>	<b>\$50,000</b>	<b>Row K + Row L + Row M</b>
<b>O</b>	<b>Facilitation Contractor</b>	<b>\$68,000</b>	<b>\$68,000</b>	<b>\$0</b>	<b>\$0</b>	<b>Assumes this will no longer be necessary in Grant Year 3 and beyond</b>
<b>P</b>	<b>Total Stakeholder Engagement Costs</b>	<b>\$494,415</b>	<b>\$379,132</b>	<b>\$62,000</b>	<b>\$62,000</b>	<b>Row A + Row F + Row J + Row N + Row O</b>

Table 3: Out-of-State Conference Travel Costs						
Row	Component	Grant Year 1	Grant Year 2	Grant Year 3	Grant Year 4	Assumptions/Calculations
<b>A</b>	<b>Number of Out-of-State Travelers</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>CMS requires that two Demonstration project management team members attend</b>
<b>B</b>	<b>Number of Out-of-State Conferences</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>Assumes one conference per quarter</b>
	<b>Cost per Conference:</b>					<b>Estimates based on current travel payments and assumes a 3-day conference</b>
C	Per Diem	\$213	\$213	\$213	\$213	
D	Incidental	\$15	\$15	\$15	\$15	
E	Airfare	\$500	\$500	\$500	\$500	
F	Transportation	\$50	\$50	\$50	\$50	
G	Lodging	\$600	\$600	\$600	\$600	
<b>H</b>	<b>Cost per Conference Estimated Total</b>	<b>\$1,378</b>	<b>\$1,378</b>	<b>\$1,378</b>	<b>\$1,378</b>	<b>Row C + Row D + Row E + Row F + Row G</b>
<b>I</b>	<b>Total Out-of-State Conference Travel Costs</b>	<b>\$11,024</b>	<b>\$11,024</b>	<b>\$11,024</b>	<b>\$11,024</b>	<b>Row A * Row B * Row H</b>

Table 4: In-State Conference Travel Costs						
Row	Component	Grant Year 1	Grant Year 2	Grant Year 3	Grant Year 4	Assumptions/Calculations
<b>A</b>	<b>Number of Local Travelers</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>Medicare-Medicaid Demonstration project management team</b>
<b>B</b>	<b>Number of In-State Conferences</b>	<b>4</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>Assumes 7 total regional conferences</b>
	<b>Cost per Conference:</b>					<b>Estimates based on current travel reimbursement rates and assume 2 day duration to remain conservative for travel</b>
C	Mileage Reimbursement	\$0.50	\$0.50	\$0	\$0	
D	Miles Traveled	750	750	0	0	Approximate number of miles from Denver to Durango
E	Per Diem	\$130	\$130	\$0	\$0	
F	Incidental	\$10	\$10	\$0	\$0	
G	Lodging	\$400	\$400	\$0	\$0	
<b>H</b>	<b>Cost per Conference Estimated Total</b>	<b>\$915</b>	<b>\$915</b>	<b>\$0</b>	<b>\$0</b>	<b>(Row C * Row D) + Row E + Row F + Row G</b>
<b>I</b>	<b>Total Out-of-State Conference Travel Costs</b>	<b>\$10,980</b>	<b>\$8,235</b>	<b>\$0</b>	<b>\$0</b>	<b>Row A * Row B * Row H</b>

Table 5: Enrollment Broker Costs						
Row	Component	Grant Year 1	Grant Year 2	Grant Year 3	Grant Year 4	Assumptions/Calculations
	<b>Cost of New Client Packets:</b>					
A	Estimated Number of Enrolled Clients per Month	8,067	3,200	3,200	3,200	Assumes 8% monthly attrition rate and 40,000 total enrollment; monthly enrollment higher in first six months for ramp-up to 40,000
B	Cost of Demonstration Program Enrollment Packets	\$5.50	\$5.50	\$5.50	\$5.50	Estimate based on current costs
C	Months in Operation	6	12	12	12	Assumes enrollment begins halfway through Grant Year 1: July 1, 2014
D	<b>Cost of New Client Packets Total</b>	<b>\$266,211</b>	<b>\$211,200</b>	<b>\$211,200</b>	<b>\$211,200</b>	<b>Row A * Row B * Row C</b>
E	<b>Cost of Designing/Updating Packets</b>	<b>\$2,500</b>	<b>\$1,500</b>	<b>\$1,500</b>	<b>\$1,500</b>	<b>Based on current costs for two letters and different handbook inserts per RCCO</b>
F	<b>Total Enrollment Broker Costs</b>	<b>\$268,711</b>	<b>\$212,700</b>	<b>\$212,700</b>	<b>\$212,700</b>	<b>Row D + Row E</b>

Table 6: Beneficiary Rights and Protections Alliance Costs						
Row	Component	Grant Year 1	Grant Year 2	Grant Year 3	Grant Year 4	Assumptions/Calculations
A	<b>Current Contract Ombudsman</b>	<b>\$60,000</b>	<b>\$60,000</b>	<b>\$0</b>	<b>\$0</b>	<b>Estimate based on current contract for one ombudsman salary and benefits/Assumes a supplemental grant will fund this in Grant Year 3</b>
	<b>Training/Materials for Staff:</b>					
B	Training/Materials	\$25	\$10	\$10	\$10	Estimate based on current experiences with similar activities/Assumes refresher training materials less intensive after first year
C	Staff Trained	216	216	216	216	Estimate based on ombudsman staff/volunteers that must be trained
D	<b>Training/Materials for Staff Total</b>	<b>\$5,400</b>	<b>\$2,160</b>	<b>\$2,160</b>	<b>\$2,160</b>	<b>Row B * Row C</b>
	<b>Materials for Beneficiaries:</b>					
E	Beneficiary Rights Packets	\$4	\$4	\$4	\$4	Estimate based on current experiences with similar activities
F	Beneficiaries Contacted for Outreach	40,000	20,000	20,000	20,000	Estimate based on target enrollment; assumes materials ramp down over time
G	<b>Materials for Beneficiaries Total</b>	<b>\$160,000</b>	<b>\$80,000</b>	<b>\$80,000</b>	<b>\$80,000</b>	<b>Row E * Row F</b>
	<b>Meetings with RCCOs:</b>					
H	Number of Meetings	4	4	4	4	Assumes quarterly meetings
I	Meeting Costs	\$500	\$500	\$500	\$500	Estimate based on costs of past meetings of similar scope
J	<b>Meetings with RCCOs Total</b>	<b>\$2,000</b>	<b>\$2,000</b>	<b>\$2,000</b>	<b>\$2,000</b>	<b>Row H * Row I</b>
K	<b>Total Beneficiary Rights and Protections Alliance Costs</b>	<b>\$227,400</b>	<b>\$144,160</b>	<b>\$84,160</b>	<b>\$84,160</b>	<b>Row A + Row D + Row G + Row J</b>

Table 7: Statewide Data and Analytics Contractor (Treo) Costs						
Row	Component	Grant Year 1	Grant Year 2	Grant Year 3	Grant Year 4	Assumptions/Calculations
A	Statewide Data and Analytics Contractor Costs	\$335,000	\$100,000	\$100,000	\$100,000	Estimate includes scope of work to add data for Medicare-Medicaid enrollees to SDAC analysis and reports. Costs are front loaded to reflect the majority of the work being done within the first year

Table 8: Actuarial Analysis and Rate Reform Costs						
Row	Component	Grant Year 1	Grant Year 2	Grant Year 3	Grant Year 4	Assumptions/Calculations
A	Align and Support Medicare Payment Reform	\$50,000	\$50,000	\$0	\$0	Estimates based on state fiscal notes for similarly scoped projects/Assumes this will no longer be necessary in Grant Year 3
B	Actuary Services	\$162,400	\$121,800	\$121,800	\$121,800	Estimates based on state fiscal notes for similarly scoped projects
C	<b>Total Actuarial Analysis and Rate Reform Costs</b>	<b>\$212,400</b>	<b>\$171,800</b>	<b>\$121,800</b>	<b>\$121,800</b>	<b>Row A + Row B</b>

Table 9: Evaluation and Program Improvement Contractor Costs						
Row	Component	Grant Year 1	Grant Year 2	Grant Year 3	Grant Year 4	Assumptions/Calculations
A	Evaluation and Program Improvement Contractor Costs	\$100,000	\$100,000	\$100,000	\$100,000	Based on current evaluation contractor costs plus funding for program monitoring and tracking

Table 10: Estimated Impact of Service Utilization Changes and PMPM Costs of Demonstration						
Row	Component	FY 2013-14 <sup>(1)</sup>	FY 2014-15	FY 2015-16	FY 2016-17	Assumptions/Calculations
A	Member Months	0	385,000	480,000	480,000	Assumes 40,000 total enrollment; first six months lower due to ramp-up to 40,000
B	Cost/Savings Per Enrollee Per Month from Program Changes <sup>(2)</sup>	\$0.00	\$0.17	(\$20.92)	(\$30.00)	Savings/costs achieved through changes in service utilization due to the program; based on actuarial analysis.
C	State Per Member Per Month (PMPM) Costs	\$0.00	\$0.00	\$20.92	\$20.92	Assumes grant funding (\$10,410,240) covers PMPM costs in FY 2014-15 and savings would be available to achieve budget neutrality in FY 2015-16.
D	Net Impact Per Enrollee Per Month	\$0.00	\$0.17	\$0.00	(\$9.08)	Row B + Row C
E	Total Funds Impact	\$0	\$65,450	\$0	(\$4,358,400)	Row A * Row D
F	State's Portion	50.00%	50%/48.99%	48.99%	48.99%	The State's percentage of costs/savings under current FMAP. FMAP changes from 50% to 51.01% in October 2014.
G	<b>Net General Fund Impact Due to Change in Utilization of Services/PMPM Costs</b>	<b>\$0</b>	<b>\$32,229</b>	<b>\$0</b>	<b>(\$2,135,180)</b>	<b>Row E * Row F -- FY 2014-15 consists of 50% FMAP for the first quarter and 51.01% FMAP thereafter. Row G for this FY is calculated as (Row E * .50 * .25) + (Row E * .4899 * .75)</b>

No estimate for Medicare Shared Savings included, as CMS and the Department are currently negotiating the terms of the Demonstration contract.

(1) Enrollment would not begin until July 1, 2014; therefore, there would be no savings/costs associated with program utilization in FY 2013-14.

(2) Actuarial analysis calculates anticipated savings/costs per enrollee per month due to program changes based on Demonstration years. The first Demonstration year encompasses full FY 2014-15 and the first half of FY 2015-16 (through CY 2015). The second Demonstration year encompasses CY 2016, and the third Demonstration year encompasses CY 2017. Actuarial analysis estimates \$0.17 cost per enrollee per month due to program changes for the first Demonstration year, \$42.02 savings per enrollee per month due to program changes for the second Demonstration year, and \$77.97 savings per enrollee per month due to program changes for the third Demonstration year, on average for each time period. Because FY 2015-16 is comprised half of the first Demonstration year and half of the second Demonstration year, savings is calculated as the average between \$0.17 cost and \$42.02 savings (\$20.92 savings). FY 2016-17 is comprised half of the second Demonstration year and half of the third Demonstration year, and so savings is calculated as the average between \$42.02 savings and \$77.97 savings (\$60.00 savings). However, to remain fiscally conservative, the Department is halving expected savings in FY 2016-17 to \$30.00.