

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

**Department:** Health Care Policy and Financing  
**Request Title:** Medicare Modernization Act of 2003 State Contribution Payment  
**Priority Number:** S-4A. BA-4

**Dept. Approval by:** Josh Block \_\_\_\_\_  
 Date \_\_\_\_\_

- |   |
|---|
| <input type="checkbox"/> Decision Item FY 2014-15               |
| <input type="checkbox"/> Base Reduction Item FY 2014-15         |
| <input checked="" type="checkbox"/> Supplemental FY 2013-14     |
| <input checked="" type="checkbox"/> Budget Amendment FY 2014-15 |

**OSPB Approval by:** \_\_\_\_\_  
 Date \_\_\_\_\_

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>	107,173,869	2,834,985	107,173,869	3,200,452	3,099,845
	FTE	-	-	-	-	-
	GF	82,492,862	1,332,935	82,492,862	2,860,733	3,099,845
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	-	-	-	-	-
	FF	24,681,007	1,502,050	24,681,007	339,719	-
<b>(5) Other Medical Services, Medicare Modernization Act of 2003 State Contribution Payment</b>	<b>Total</b>	107,173,869	2,834,985	107,173,869	3,200,452	3,099,845
	FTE	-	-	-	-	-
	GF	82,492,862	1,332,935	82,492,862	2,860,733	3,099,845
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	-	-	-	-	-
	FF	24,681,007	1,502,050	24,681,007	339,719	-

**Letternote Text Revision Required?** Yes:  No:  **If yes, describe the Letternote Text Revision:**

**Cash or Federal Fund Name and COFRS Fund Number:** Federal funds: CHIPRA Bonus

**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

FY 2014-15 Funding Request | February 7, 2014

John W. Hickenlooper  
Governor

Susan E. Birch  
Executive Director

**Department Priority: S-4A, BA-4**

**Request Detail: Medicare Modernization Act of 2006 State Contribution Payment**

Summary of Incremental Funding Change for MMA State Contribution Payment	Total Funds	General Fund
FY 2013-14	\$2,834,985	\$1,332,935
FY 2014-15	\$3,200,452	\$2,860,733

### **Problem or Opportunity:**

The Department is requesting a change in funding to its Medicare Modernization Act (MMA) of 2003 State Contribution Payment line item to match the Department's most recent caseload and expenditure projections.

On January 1, 2006, the federal Centers for Medicare and Medicaid Services (CMS) assumed responsibility for the Medicare Part D prescription-drug benefit that replaced the Medicaid prescription-drug coverage for dual-eligible clients (individuals eligible for both Medicare and Medicaid). In lieu of the states' obligation to cover prescription drugs for this population, CMS began requiring states to pay a portion of what their anticipated dual-eligible drug cost would have been had this cost shift not occurred. These "clawback" payments, if left unpaid, are subject to automatic deduction – plus interest – from the federal funds the State receives for the Medicaid program.

### **Proposed Solution:**

The Department requests an increase of \$1,332,935 General Fund and \$1,502,050 federal funds, for a net increase of \$2,834,985 total funds to the Medicare Modernization Act of 2003 State Contribution Payment line item for FY 2013-14. The Department also requests an increase of \$2,860,733 General Fund and \$339,719 federal funds, for a net increase of \$3,200,452 total funds to this line item for FY 2014-15. This request is the result of: 1) a projected increase in caseload, including a recent spike in retroactive enrollment, 2) a projected decrease in the PMPM rate paid by the State as required by federal regulations, and 3) the expiration of the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) performance bonus.

For FY 2013-14, the Department estimates the clawback payment will total \$105,091,301, and will be comprised of \$67,020,439 General Fund and \$38,070,862 federal funds. Typically, this line item is entirely General Fund, as it is a reimbursement to the federal government and is not eligible to receive a federal match. However, since 2010, the Department has elected to utilize federal funds received from the CHIPRA bonus to offset General Fund in this line item. The CHIPRA bonus is set to expire in 2014, at which point the State will need to reassume the General Fund portion offset by the bonus (see tables 5.1, 6.1, and 7.1 of

the appendix for more detail on the CHIPRA bonus calculations). The CHPRA bonuses to be received in FY 2013-14 have been awarded by CMS; the Department will receive a total of \$63,070,862 (see table 5.1 of the appendix), of which \$25,000,000 will be transferred to the State's Controlled Maintenance Trust Fund, per the Joint Budget Committee. The remaining \$38,070,862 will be applied to the MMA State Contribution Payment line item to offset General Fund in FY 2013-14.

For FY 2014-15, the Department estimates the clawback payment will total \$104,007,505 and will be comprised of \$99,304,985 General Fund and \$4,702,520 federal funds. These federal funds will equal the final CHIPRA bonus payment the State will receive.

If the Department does not receive the requested appropriation and subsequently cannot make the required federal payment, the Department would be required to use overexpenditure authority to make the payment, pursuant to section 24-75-109(1)(a.6), C.R.S. Without overexpenditure authority, the Department would be at risk of having the amount due for the clawback payment – plus interest – deducted from the federal funds received for the Medicaid program, generating overexpenditures on other line items.

***Anticipated Outcomes:***

Approval of this request would allow the Department to meet its obligation to the federal government and ensure the Department would not have the amount of payment plus interest deducted from the federal funds received for the Medicaid program.

***Assumptions and Calculations:***

The Department assumes the changes in the PMPM rate paid by the Department will be based on the formula established by CMS, which considers changes in annual growth of NHE prescription drug per capita estimates and are offset by the corresponding phasedown percentage rate. The Department further assumes the changes in dual-eligible caseload will follow a trend of 3.84% annual growth, as has been evidenced historically.

To calculate the PMPM rate, CMS multiplies the prior year's PMPM rate by the average growth rate of per capita prescription drug expenditures according to the annual National Health Expenditure (NHE) Projections between years 2003 and 2006. This figure is then multiplied by the state share and the "phasedown" percentage, which began at 90% in 2006 and is lowered 1.67% each year until it reaches 75% in 2015, where it will remain. The 2011-21 NHE Projections, released in 2012, is the last report to carry the 2003 expenditure estimates. CMS has not yet released a formula to calculate the PMPM rate beyond CY 2014.

Using the prescribed methodology provided by CMS, the Department estimates the CY 2014 PMPM rate to be \$125.50 (see table 4.2 of the appendix); however, due to the data used by CMS to determine the PMPM rate becoming outdated and unavailable, this methodology cannot be applied to estimating the PMPM rates for CY 2015 and CY 2016. The Department has elected to estimate the PMPM rate for these years by averaging the average percentage change in per capita prescription drug expenditure estimates from the prior year for each NHE estimate from the previous three years. This approach yields a PMPM rate of \$121.57 for CY 2015 and \$120.38 for CY 2016 (see tables 4.2 and 4.3). Because CMS announces PMPM rates approximately three months prior to the rate taking effect, the Department should have more information

regarding CMS' new PMPM calculation methodology in October 2014 and will make any necessary adjustments through the normal budget process.

To estimate caseload, the Department analyzed data from January 2006 through December 2013 and concluded a 3.84% annual growth trend, based upon an adjusted monthly average over the past two years, is the most reasonable forecast method for the MMA clawback population. This method estimates caseload by increasing the total caseload incurred each month by 0.32% to forecast the total caseload for the following month. Because clients are able to be retroactively enrolled and disenrolled for up to 24 months, retroactivity is also considered in this forecast. Due to a two-month delay between when the Department receives an invoice from CMS and when the invoice is paid, the amount paid in the July-through-June fiscal year are actually the invoices received between May and April. To improve the accuracy of the estimate for this line item, the caseload tables reflect this May-through-April period of time (see tables 3.1-3.3).

The December 2013 invoice received by the Department from CMS indicated an acute spike in retroactive enrollment for each of the 24 months of retroactivity on the invoice. The forecast in this request includes an adjustment for this spike, as the Department believes the spike is an anomaly and, after a one-time increase, retroactivity will return to the historical trend by February 2015.

Based upon a 3.84% annual growth rate, the Department anticipates FY 2013-14 caseload will reach 68,306 in April 2014, and FY 2014-15 caseload will increase from 68,525 in May 2014 to 70,989 in April 2015. As a result, the total projected expenditure for the Medicare Modernization Act of 2003 State Contribution Payment line item is \$105,091,301 for FY 2013-14 and \$104,007,505 for FY 2014-15 (see tables 3.1 and 3.2).

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

Not applicable.



S-4A, BA-4 Medicare Modernization Act of 2006 State Contribution Payment  
Appendix A: Calculations and Assumptions

<b>Table</b>	<b>Title</b>
<b>1</b>	<b>MMA Summary</b>
1.1	FY 2013-14 Summary
1.2	FY 2014-15 Summary
1.3	FY 2015-16 Summary
<b>2</b>	<b>MMA Fund Splits</b>
2.1	FY 2013-14 Fund Splits
2.2	FY 2014-15 Fund Splits
2.3	FY 2015-16 Fund Splits
<b>3</b>	<b>MMA Caseload and Expenditure Projections</b>
3.1	FY 2013-14 Caseload and Expenditures
3.2	FY 2014-15 Caseload and Expenditures
3.3	FY 2015-16 Caseload and Expenditures
<b>4</b>	<b>MMA Per Member Per Month Calculations</b>
4.1	CY 2013 PMPM Rate Calculation
4.2	CY 2014 PMPM Rate Calculation
4.3	Estimated CY 2015 PMPM Rate Calculation
4.4	Estimated CY 2016 PMPM Rate Calculation
<b>5</b>	<b>CHIPRA Bonus Summary</b>
5.1	FY 2013-14 CHIPRA Bonus
5.2	FY 2014-15 CHIPRA Bonus
<b>6</b>	<b>CHIPRA Bonus Calculations</b>
6.1	CHIPRA Bonus Calculations
<b>7</b>	<b>CHIPRA Bonus by State Fiscal Year</b>
7.1	CHIPRA Bonus Payments by State Fiscal Year

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Appendix A: Calculations and Assumptions

<b>Table 1.1: FY 2013-14 Summary</b>					
Row	Item	Total Funds	General Fund	Federal Funds	Notes
A	<b>FY 2013-14 Spending Authority</b>	<b>\$107,173,869</b>	<b>\$82,492,862</b>	<b>\$24,681,007</b>	<b>Long Bill Appropriation</b>
B	November 2013 Estimate of FY 2013-14 Expenditures	\$102,256,317	\$65,687,505	\$36,568,812	November 1, 2013 R-4 Request
C	R-4 Request	(\$4,917,552)	(\$16,805,357)	\$11,887,805	Row B - Row A
D	January 2014 Estimate of FY 2013-14 Expenditures	\$105,091,301	\$67,020,439	\$38,070,862	Table 2.1 Row D
E	<b>S-4A, BA-4 Request</b>	<b>\$2,834,985</b>	<b>\$1,332,935</b>	<b>\$1,502,050</b>	<b>Row D - Row B</b>

<b>Table 1.2: FY 2014-15 Summary</b>					
Row	Item	Total Funds	General Fund	Federal Funds	Notes
A	<b>FY 2013-14 Spending Authority</b>	<b>\$107,173,869</b>	<b>\$82,492,862</b>	<b>\$24,681,007</b>	<b>Table 1.1 Row A</b>
B	November 2013 Estimate of FY 2014-15 Expenditures	\$100,807,053	\$96,444,252	\$4,362,801	November 1, 2013 R-4 Request
C	R-4 Request	(\$6,366,816)	\$13,951,390	(\$20,318,206)	Row B - Row A
D	January 2014 Estimate of FY 2014-15 Expenditures	\$104,007,505	\$99,304,985	\$4,702,520	Table 2.2 Row C
E	<b>S-4A, BA-4 Request</b>	<b>\$3,200,452</b>	<b>\$2,860,733</b>	<b>\$339,719</b>	<b>Row D - Row B</b>

<b>Table 1.3: FY 2015-16 Summary</b>					
Row	Item	Total Funds	General Fund	Federal Funds	Notes
A	<b>FY 2013-14 Spending Authority</b>	<b>\$107,173,869</b>	<b>\$82,492,862</b>	<b>\$24,681,007</b>	<b>Table 1.1 Row A</b>
B	November 2013 Estimate of FY 2015-16 Expenditures	\$102,247,243	\$102,247,243	\$0	November 1, 2013 R-4 Request
C	R-4 Request	(\$4,926,626)	\$19,754,381	(\$24,681,007)	Row B - Row A
D	January 2014 Estimate of FY 2015-16 Expenditures	\$105,347,088	\$105,347,088	\$0	Table 2.3 Row B
E	<b>S-4A, BA-4 Request</b>	<b>\$3,099,845</b>	<b>\$3,099,845</b>	<b>\$0</b>	<b>Row D - Row B</b>

S-4A, BA-4 Medicare Modernization Act of 2006 State Contribution Payment  
Appendix A: Calculations and Assumptions

<b>Table 2.1: FY 2013-14 Fund Splits</b>					
Row	Item	Total Funds	General Fund	Federal Funds	Notes
A	S-4A, BA-4 Forecast	\$105,091,301	\$105,091,301	\$0	Table 3.1
B	Total CHIPRA Bonus for FY 2013-14	\$0	(\$63,070,862)	\$63,070,862	Table 5.1 Row C
C	JBC Transfer to CMTF	\$0	\$25,000,000	(\$25,000,000)	
<b>D</b>	<b>Estimated FY 2013-14 Expenditures</b>	<b>\$105,091,301</b>	<b>\$67,020,439</b>	<b>\$38,070,862</b>	<b>Row A + Row B + Row C</b>

<b>Table 2.2: FY 2014-15 Fund Splits</b>					
Row	Item	Total Funds	General Fund	Federal Funds	Notes
A	S-4A, BA-4 Forecast	\$104,007,505	\$104,007,505	\$0	Table 3.2
B	Estimated CHIPRA Bonus	\$0	(\$4,702,520)	\$4,702,520	Table 5.2 Row C
<b>C</b>	<b>Estimated FY 2014-15 Expenditures</b>	<b>\$104,007,505</b>	<b>\$99,304,985</b>	<b>\$4,702,520</b>	<b>Row A + Row B</b>

<b>Table 2.3: FY 2015-16 Fund Splits</b>					
Row	Item	Total Funds	General Fund	Federal Funds	Notes
A	S4A, BA-4 Forecast	\$105,347,088	\$105,347,088	\$0	Table 3.2
<b>B</b>	<b>Estimated FY 2014-15 Expenditures</b>	<b>\$105,347,088</b>	<b>\$105,347,088</b>	<b>\$0</b>	<b>Row A</b>

S-4A, BA-4 Medicare Modernization Act of 2006 State Contribution Payment  
Appendix A: Calculations and Assumptions

<b>Table 3.1: FY 2013-14 Caseload and Expenditures</b>					
	CY 2011	CY 2012	CY 2013	CY 2014	FY 2013-14 TOTAL
May 2013	57	398	63,398	0	63,853
June 2013	(40)	98	64,085	0	64,143
July 2013	100	407	64,565	0	65,072
August 2013	180	702	64,491	0	65,373
September 2013	139	765	65,178	0	66,082
October 2013	90	475	65,136	0	65,701
November 2013	40	433	65,904	0	66,377
December 2013	0	2,766	69,029	0	71,795
January 2014	0	1,532	3,419	64,827	69,778
February 2014	0	484	1,565	66,076	68,125
March 2014	0	215	1,061	66,811	68,087
April 2014	0	185	820	67,301	68,306
CY Client Total	566	8,460	528,651	265,015	
CY Rate	Varies	\$132.41	\$133.62	\$125.50	
<b>Expenditures</b>	<b>\$73,382</b>	<b>\$1,120,189</b>	<b>\$70,638,347</b>	<b>\$33,259,383</b>	<b>\$105,091,301</b>

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Appendix A: Calculations and Assumptions

<b>Table 3.2: FY 2014-15 Caseload and Expenditures</b>					
	CY 2012	CY 2013	CY 2014	CY 2015	FY 2014-15 TOTAL
May 2014	158	678	67,689	0	68,525
June 2014	132	586	68,033	0	68,751
July 2014	106	516	68,349	0	68,971
August 2014	84	458	68,648	0	69,190
September 2014	62	411	68,938	0	69,411
October 2014	41	379	69,220	0	69,640
November 2014	20	348	69,493	0	69,861
December 2014	0	330	69,754	0	70,084
January 2015	0	300	2,653	67,361	70,314
February 2015	0	259	1,616	68,657	70,532
March 2015	0	226	1,117	69,421	70,764
April 2015	0	193	863	69,933	70,989
<b>CY Client Total</b>	<b>603</b>	<b>4,684</b>	<b>556,373</b>	<b>275,372</b>	
<b>CY Rate</b>	<b>\$132.41</b>	<b>\$133.62</b>	<b>\$125.50</b>	<b>\$121.57</b>	
<b>Expenditures</b>	<b>\$79,843</b>	<b>\$625,876</b>	<b>\$69,824,812</b>	<b>\$33,476,974</b>	<b>\$104,007,505</b>

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Appendix A: Calculations and Assumptions

<b>Table 3.3: FY 2015-16 Caseload and Expenditures</b>					
	CY 2013	CY 2014	CY 2015	CY 2016	FY 2015-16 TOTAL
May 2015	165	715	70,333	0	71,213
June 2015	138	619	70,691	0	71,448
July 2015	112	543	71,019	0	71,674
August 2015	89	485	71,335	0	71,909
September 2015	66	434	71,633	0	72,133
October 2015	43	398	71,926	0	72,367
November 2015	21	369	72,208	0	72,598
December 2015	0	349	72,482	0	72,831
January 2016	0	314	2,753	69,994	73,061
February 2016	0	273	1,682	71,341	73,296
March 2016	0	241	1,159	72,135	73,535
April 2016	0	204	897	72,664	73,765
CY Client Total	634	4,944	578,118	286,134	
CY Rate	\$133.62	\$125.50	\$121.57	\$120.38	
<b>Expenditures</b>	<b>\$84,715</b>	<b>\$620,472</b>	<b>\$70,281,805</b>	<b>\$34,444,811</b>	<b>\$105,347,088</b>

S-4A, BA-4 Medicare Modernization Act of 2006 State Contribution Payment  
Appendix A: Calculations and Assumptions

<b>Table 4.1: CY 2013 PMPM Rate Calculation</b>		
Row	Item	Notes
	From 2011 NHE Estimates	
A	Estimated 2003 Per Capita Rx Drug Expenditures	\$603
B	Estimated 2006 Per Capita Rx Drug Expenditures	\$735
C	Percentage Growth	21.89% (Row B ÷ Row A) - 1
	From 2012 NHE Estimates	
D	Estimated 2003 Per Capita Rx Drug Expenditures	\$607
E	Estimated 2006 Per Capita Rx Drug Expenditures	\$752
F	Percentage Growth	23.89% (Row E ÷ Row D) - 1
G	<b>Change in Percentage Growth</b>	<b>1.64%</b> (Row F ÷ Row C) - 1
	From Announcement of CY 2013 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies 4/2/12	
H	Annual Percentage Increase in Average Per Capita Aggregate Part D Expenditures for 2013 (Attachment V, Table III-2)	1.40%
I	<b>FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2013</b>	<b>3.06%</b> Row G + Row H
J	CY 2012 PMPM Rate Prior to Phasedown	\$331.01
K	FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2013	3.06% Row I
L	Projected CY 2013 PMPM Rate Prior to FMAP and Phasedown	\$341.15 Row J × Row K
M	FMAP State Share	50.00%
N	Projected CY 2013 PMPM Rate Prior to Phasedown	\$170.57 Row L × Row M
O	CY 2013 Phasedown Percentage	78.33%
P	<b>CY 2013 PMPM Rate</b>	<b>\$133.62</b> Row N × Row O

Sources: Centers for Medicare and Medicaid Services (CMS), 2011 and 2012 NHE estimates; and Announcement of CY 2013 Medicare Advantage Capitation Rates and Medicare Advantage Part D Payment Policies, Attachment V, Table III-2.

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Appendix A: Calculations and Assumptions

<b>Table 4.2: CY 2014 PMPM Rate Calculation</b>			
Row	Item		Notes
	From 2012 NHE Estimates		
A	Estimated 2003 Per Capita Rx Drug Expenditures	\$607	
B	Estimated 2006 Per Capita Rx Drug Expenditures	\$752	
C	Percentage Growth	23.89%	(Row B ÷ Row A) - 1
	From 2013 NHE Estimates		
D	Estimated 2003 Per Capita Rx Drug Expenditures	\$607	
E	Estimated 2006 Per Capita Rx Drug Expenditures	\$752	
F	Percentage Growth	23.89%	(Row E ÷ Row D) - 1
G	<b>Change in Percentage Growth</b>	<b>0.00%</b>	<b>(Row F ÷ Row C) - 1</b>
	From Announcement of CY 2014 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies 4/1/13		
H	Annual Percentage Increase in Average Per Capita Aggregate Part D Expenditures for 2014 (Attachment VI, Table IV-2)	-4.03%	
I	<b>FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2013</b>	<b>-4.03%</b>	<b>Row G + Row H</b>
J	CY 2013 PMPM Rate Prior to FMAP and Phasedown	\$341.15	Table 4.1 Row L
K	FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2014	-4.03%	Row I
L	Projected CY 2014 PMPM Rate Prior to FMAP and Phasedown	\$327.40	Row J × Row K
M	FMAP State Share	50.00%	
N	Projected CY 2014 PMPM Rate Prior to Phasedown	\$163.70	Row L × Row M
O	CY 2014 Phasedown Percentage	76.67%	
P	<b>Projected CY 2014 PMPM Rate</b>	<b>\$125.50</b>	<b>Row N × Row O</b>

Sources: Centers for Medicare and Medicaid Services (CMS), 2012 and 2013 NHE estimates; and Announcement of CY 2014 Medicare Advantage Capitation Rates and Medicare Advantage Part D Payment Policies, Attachment VI, Table IV-2.

S-4A, BA-4 Medicare Modernization Act of 2006 State Contribution Payment  
Appendix A: Calculations and Assumptions

<b>Table 4.3: CY 2015 PMPM Rate Calculation</b>		
Row	Item	Notes
	From 2009-21 NHE Estimates	
A	2009-19 Average Percentage Change in Per Capita Rx Drug Expenditure Estimates from Prior Year	-1.31%
B	2010-20 Average Percentage Change in Per Capita Rx Drug Expenditure Estimates from Prior Year	2.29%
C	2011-21 Average Percentage Change in Per Capita Rx Drug Expenditure Estimates from Prior Year	-4.63%
D	<b>Average Percentage Change in Per Capita Rx Drug Expenditure Estimates from 2009-21</b>	<b>-1.22%</b> (Rows A + B + C) ÷ 3
	From Announcements of CYs 2012-14 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies	
E	Annual Percentage Increase in Average Per Capita Aggregate Part D Expenditures for 2012 (Attachment V, Table III-3)	3.34%
F	Annual Percentage Increase in Average Per Capita Aggregate Part D Expenditures for 2013 (Attachment V, Table IV-2)	1.40%
G	Annual Percentage Increase in Average Per Capita Aggregate Part D Expenditures for 2014 (Attachment VI, Table IV-2)	-4.03%
H	<b>Average Annual Percentage Increase in Average Per-Capita Aggregate Part D Expenditures for 2012</b>	<b>0.24%</b> (Rows E + F + G) ÷ 3
I	<b>FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2015</b>	<b>-0.98%</b> Row D + Row H
J	CY 2014 PMPM Rate Prior to FMAP and Phasedown	\$327.40 Table 4.2 Row L
K	FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2015	-0.98% Row I
L	Projected CY 2015 PMPM Rate Prior to FMAP and Phasedown	\$324.19 Row J × Row K
M	FMAP State Share	50.00%
N	Projected CY 2015 PMPM Rate Prior to Phasedown	\$162.10 Row L × Row M
O	CY 2015 Phasedown Percentage	75.00%
P	<b>Projected CY 2015 PMPM Rate</b>	<b>\$121.57</b> Row N × Row O

Sources: Centers for Medicare and Medicaid Services (CMS), 2011, 2012, and 2013 NHE estimates; and Announcement of CY 2012, 2013, and 2014 Medicare Advantage Capitation Rates and Medicare Advantage Part D Payment Policies

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Appendix A: Calculations and Assumptions

<b>Table 4.4: CY 2016 PMPM Rate Calculation</b>		
Row	Item	Notes
	From 2009-21 NHE Estimates	
A	2009-19 Average Percentage Change in Per Capita Rx Drug Expenditure Estimates from Prior Year	-1.31%
B	2010-20 Average Percentage Change in Per Capita Rx Drug Expenditure Estimates from Prior Year	2.29%
C	2011-21 Average Percentage Change in Per Capita Rx Drug Expenditure Estimates from Prior Year	-4.63%
<b>D</b>	<b>Average Percentage Change in Per Capita Rx Drug Expenditure Estimates from 2009-21</b>	<b>-1.22%</b> <b>(Rows A + B + C) ÷ 3</b>
	From Announcements of CYs 2012-14 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies	
E	Annual Percentage Increase in Average Per-Capita Aggregate Part D Expenditures for 2012 (Attachment V, Table III-3)	3.34%
F	Annual Percentage Increase in Average Per-Capita Aggregate Part D Expenditures for 2013 (Attachment V, Table IV-2)	1.40%
G	Annual Percentage Increase in Average Per-Capita Aggregate Part D Expenditures for 2014 (Attachment VI, Table IV-2)	-4.03%
<b>H</b>	<b>Average Annual Percentage Increase in Average Per-Capita Aggregate Part D Expenditures for 2012</b>	<b>0.24%</b> <b>(Rows E + F + G) ÷ 3</b>
<b>I</b>	<b>FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2016</b>	<b>-0.98%</b> <b>Row D + Row H</b>
J	Projected CY 2015 PMPM Rate Prior to FMAP and Phasedown	\$324.19 Table 4.3 Row L
K	FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2016	-0.98% Row I
L	Projected CY 2016 PMPM Rate Prior to FMAP and Phasedown	\$321.01 Row J × Row K
M	FMAP State Share	50.00%
N	Projected CY 2016 PMPM Rate Prior to Phasedown	\$160.51 Row L × Row M
O	CY 2016 Phasedown Percentage	75.00%
<b>P</b>	<b>Projected CY 2016 PMPM Rate</b>	<b>\$120.38</b> <b>Row N × Row O</b>

Sources: Centers for Medicare and Medicaid Services (CMS), 2011, 2012, and 2013 NHE estimates; and Announcement of CY 2012, 2013, and 2014 Medicare Advantage Capitation Rates and Medicare Advantage Part D Payment Policies

S-4A, BA-4 Medicare Modernization Act of 2006 State Contribution Payment  
Appendix A: Calculations and Assumptions

<b>Table 5.1: FY 2013-14 CHIPRA Bonus</b>			
Row	Item	Federal Funds	Notes
A	Supplemental FFY 2012 CHIPRA Bonus	\$4,581,212	Table 7.1 Row B
B	FFY 2013 CHIPRA Bonus	\$58,489,650	Table 7.1 Row A
<b>C</b>	<b>Total CHIPRA Bonus for FY 2013-14</b>	<b>\$63,070,862</b>	<b>Row A + Row B</b>

<b>Table 5.2: FY 2014-15 CHIPRA Bonus</b>			
Row	Item	Federal Funds	Notes
A	Estimated Supplemental FFY 2013 CHIPRA Bonus	\$4,702,520	Table 7.1 Row E
<b>C</b>	<b>Total Estimated CHIPRA Bonus for FY 2014-15</b>	<b>\$4,702,520</b>	<b>Row A</b>

**Table 6.1: CHIPRA Bonus Calculations**

<b>Caseload for Initial Bonus Payment Calculation</b>			
Row		FFY 2013	Notes
A	Baseline Enrollment	300,158	
B	Colorado Children Annual Population Growth	0.25%	U.S. Census Bureau
C	Additional Percentage in Statute	3.00%	Provided by CMS
D	Child Population Growth Factor	3.25%	Row B + Row C
E	Tier 1 Bonus Target Enrollment	309,903	Row A * (1 + Row D)
F	Tier 2 Bonus Target Enrollment	340,893	Row E * 110%
G	Initial Enrollment	416,404	
H	<b>Initial Tier 1 Bonus Enrollment</b>	<b>30,990</b>	<b>Row E * 10%</b>
I	<b>Initial Tier 2 Bonus Enrollment</b>	<b>75,511</b>	<b>Row G - Row F</b>
<b>Per Capita for Initial Bonus Payment Calculation</b>			
J	Per-Capita	\$2,125.19	Provided by CMS
K	Percent Growth Factor	6.18%	Provided by CMS
L	State FMAP Rate	50.00%	
M	<b>Applicable Per Capita</b>	<b>\$1,128.21</b>	<b>Row J * (1 + Row K) * Row L</b>
<b>Initial Bonus Payment Calculation</b>			
N	Tier 1 Percent Factor	15.00%	Provided by CMS
O	Initial Tier 1 Bonus Enrollment	30,990	Row H
P	Applicable Per Capita	\$1,128.21	Row M
Q	<b>Initial Tier 1 Bonus Payment</b>	<b>\$5,244,484</b>	<b>Row N * Row O * Row P</b>
R	Tier 2 Percent Factor	62.50%	Provided by CMS
S	Initial Tier 2 Bonus Enrollment	75,511	Row I
T	Applicable Per Capita	\$1,128.21	Row M
U	<b>Initial Tier 2 Bonus Payment</b>	<b>\$53,245,166</b>	<b>Row R * Row S * Row T</b>
V	<b>Initial CHIPRA Bonus Payment</b>	<b>\$58,489,650</b>	<b>Row Q + Row U</b>
<b>Caseload Estimate for Supplemental Bonus Payment Calculation</b>			
W	Initial Enrollment	416,404	
X	Estimated Retroactivity	6,669	Department Estimate
Y	<b>Enrollment with Estimated Retroactivity</b>	<b>423,073</b>	<b>Row W + Row X</b>
Z	Tier 1 Bonus Enrollment with Retroactivity	30,990	Row H
AA	Estimated Tier 2 Bonus Enrollment with Retroactivity	82,180	Row Y - Row F
<b>Final Bonus Payment Calculation</b>			
AB	Tier 1 Percent Factor	15.00%	Provided by CMS
AC	Tier 1 Bonus Enrollment	30,990	Row Z
AD	Applicable Per Capita	\$1,128.21	Row M
AE	<b>Projected Tier 1 Bonus Payment</b>	<b>\$5,244,484</b>	<b>Row AB * Row AC * Row AD</b>
AF	Tier 2 Percent Factor	62.50%	Provided by CMS
AG	Estimated Tier 2 Bonus Enrollment	82,180	Row AA
AH	Applicable Per Capita	\$1,128.21	Row M
AI	<b>Estimated Tier 2 Bonus Payment</b>	<b>\$57,947,686</b>	<b>Row AF * Row AG * Row AH</b>
AJ	<b>Estimated Total CHIPRA Bonus Payment</b>	<b>\$63,192,170</b>	<b>Row AE + Row AI</b>
AK	<b>Initial CHIPRA Bonus Payment</b>	<b>\$58,489,650</b>	<b>Row V</b>
AL	<b>Estimated Supplemental CHIPRA Bonus Payment</b>	<b>\$4,702,520</b>	<b>Row AJ - Row AK</b>

S-4A, BA-4 Medicare Modernization Act of 2006 State Contribution Payment  
Appendix A: Calculations and Assumptions

<b>Table 7.1: CHIPRA Bonus Payments by State Fiscal Year</b>							
Row		FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	Notes
A	Initial CHIPRA Bonus Payment Awarded	\$13,671,043	\$26,141,052	\$42,909,585	\$58,489,650	\$0	
B	Supplemental Payment Awarded from Prior FFY	\$0	\$4,502,230	\$6,765,450	\$4,581,212	\$0	
C	Projected Supplemental Payment from Prior FFY	N/A	N/A	N/A	N/A	\$4,702,520	Table 6.1 Row AL
D	<b>Total Payment Awarded by SFY</b>	<b>\$13,671,043</b>	<b>\$30,643,282</b>	<b>\$49,675,035</b>	<b>\$63,070,862</b>	<b>\$0</b>	<b>Row A + Row B</b>
E	<b>Estiamted Payment by SFY</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>\$4,702,520</b>	<b>Row C</b>
* The supplemental payment for FFY 2010 received in SFY 2011-12 was reduced by \$30,000 for IDEA awards.							