

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

**Department:** Health Care Policy and Financing  
**Request Title:** Behavioral Health Services Contracts Reprocurement  
**Priority Number:** S-9

**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>	380,837,424	1,000,000	-	-	-
	<b>FTE</b>	-	-	-	-	-
	<b>GF</b>	151,060,588	500,000	-	-	-
	<b>GFE</b>	-	-	-	-	-
	<b>CF</b>	2,033,883	-	-	-	-
	<b>RF</b>	-	-	-	-	-
	<b>FF</b>	227,742,953	500,000	-	-	-
<b>(3) Behavioral Health Community Programs; Behavioral Health Capitation Payments</b>	<b>Total</b>	380,837,424	1,000,000	-	-	-
	<b>FTE</b>	-	-	-	-	-
	<b>GF</b>	151,060,588	500,000	-	-	-
	<b>GFE</b>	-	-	-	-	-
	<b>CF</b>	2,033,883	-	-	-	-
	<b>RF</b>	-	-	-	-	-
	<b>FF</b>	227,742,953	500,000	-	-	-

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

**Cash or Federal Fund Name and COFRS Fund Number:** N/A

**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: S-9  
Behavioral Health Services  
Contracts Reprocurement  
FY 2013-14 Supplemental Request

## ***Cost and FTE***

- The Department requests \$1,000,000 total funds, including \$500,000 General Fund and \$500,000 federal funds for the behavioral health services contracts within Behavioral Health Community Programs. This funding is only for FY 2013-14 and does not require any additional FTE.

## ***Current Program***

- The Department conducts a contractor-delivered service that manages the behavioral health services for Medicaid members through five Behavioral Health Organizations (BHOs).
- The BHOs are regional, managed care providers that provide comprehensive behavioral health services to Medicaid members in Colorado.

## ***Problem or Opportunity***

- The current contracts for behavioral health services expire June 30, 2014, and the Department is required to competitively reprocure the contracts.
- To assure a smooth transition between vendors, the Department plans for a two to four month transition period, which would allow any incoming vendors enough time to be equipped to begin providing services in July 2014.

## ***Consequences of Problem***

- If this request is not approved, clients may experience delayed services, longer processing periods, or be forced to resubmit data, which means delayed or absent services, leading to poorer outcomes and higher costs. In some cases, it may violate federal law if clients are unable to obtain services.

## ***Proposed Solution***

- The Department requests one-time funding of \$1,000,000 total funds for the reprocurement of the BHO managed care contracts to fund transition activities in the event of a change of vendors. In the event that all existing vendors are recontracted, no transition funds would be utilized.
- Vendors would be required to submit transition plans as part of the competitive bidding process; funding needs for the transition period would not be allowed to exceed \$200,000 per contract.
- The incoming vendors would be able to transition into the contractual obligations with assistance from the outgoing vendors, and affected clients should notice little to no change in service delivery.



# 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: S-9**  
**Request Detail: Behavioral Health Services Contracts Reprocurement**

Summary of Incremental Funding Change for FY 2013-14	Total Funds	General Fund
Behavioral Health Services Contracts Reprocurement	\$1,000,000	\$500,000

### **Problem or Opportunity:**

The Department is in the process of procuring five new behavioral health service contracts in 2014 and is requesting funding to assure that the transition of these contracts between potential new vendors does not affect service delivery for Medicaid clients.

The Department contracts with vendors to provide behavioral health services in five geographic service areas for the administration, management, and operation of the Behavioral Health Services Program. Medicaid members are assigned to one of the five Behavioral Health Organizations (BHOs) based on where they reside. For any client assigned to a BHO and with a qualifying behavioral health diagnosis, a BHO is responsible for providing access to services that include, but are not limited to the following: inpatient/outpatient hospital, emergency, vocational, residential, psychiatric, and medication management services. These contracts are competitively rebid every five years.

It has been the Department’s recent experience that failing to provide a transition period can result in disruption of services and additional expenses incurred by the State. This was the case when the Department transitioned to a new non-emergent medical transportation broker in January 2013. Clients were unable to arrange for transportation, creating a barrier to access of health care services.

### **Proposed Solution:**

The Department requests \$1,000,000 total funds, comprised of \$500,000 General Fund and \$500,000 federal funds, for transition costs associated with a new vendor winning their respective bid of the behavioral health services contracts. This funding is for FY 2013-14 only, and does not require any additional FTE.

To assure a smooth transition between vendors, the Department has incorporated a two to four month transition period. There will not be an overlap in services and contract dates, but as a best practice, the Department believes that the transition to a new vendor should begin two to four months prior to the end-date of the incumbent vendor’s contract. This ensures that as of the new contract start date, the incoming vendor will be able to provide services, and clients will experience no disruptions in care. All prospective

vendors will be required to submit a transition plan in their proposal addressing their specific needs; the vendors will address what they expect their administrative costs to be and submit what assistance they request from the Department. The new vendor will be responsible for leading, coordinating, and implementing the transition plan, with assistance from the Department. The goal is for the new vendor to demonstrate to the Department, prior to their contract start date, that operations are ready to begin and services can be rendered. Transition funding would be limited to the amount of funding approved by the General Assembly.

If this request is not approved, a delay in services could lead to poorer outcomes and higher costs. Specifically, the vendor may not have the financial capacity to complete key tasks associated with the startup process of a BHO. The new vendor will need to set up new provider agreements and networks and may not have all of the financial resources necessary to do this adequately. Also, it would be necessary for the new vendor to establish an infrastructure capable of billing/reimbursing their providers. It would be unreasonable to expect the vendor to absorb all of the costs, especially since they would need to meet State requirements relating to information security and processing guidelines. Another cost prior to the contract start date would be the designing and distribution of materials to members. These materials would include outreach to clients explaining the vendor transition that would allow for a smooth transition between providers with no disruption in services. Assuming no Department assisted transitional period for new vendors, it would be unrealistic to expect the new vendor to seamlessly begin providing services starting July 1, 2014.

***Anticipated Outcomes:***

If approved, this request would fund a one-time increase to the line items associated with these contracts to allow for a transitional overlap period between the outgoing and incoming vendors. As a result, the incoming vendor would be able to transition into their contractual obligations with assistance from the outgoing vendor and the Department, while maintaining optimal health care access and outcomes for the clients.

This request is in line with all five objectives of the Department's performance plan. By mitigating disruptions between outgoing and incoming behavioral health services vendors, the Department is ensuring those who are eligible for Medicaid mental health services have needed services available leading to greater health outcomes.

***Assumptions and Calculations:***

The Department assumes that a new BHO contractor would need some degree of funding to help with the process of setting up the infrastructure necessary to become a fully functioning BHO by the contract start date. Some examples of the administrative tasks that the new vendor would need to do include setting up provider agreements and networks and establishing infrastructure capable of billing/reimbursing and collecting/disseminating data. Bidders would be required to detail a transition plan as part of their responses to the Department's Request for Proposals.

The Department assumes that the funding assistance that any new vendors would be allowed would be capped at a maximum of \$200,000 per contract. In the event that all of the current BHO vendors are re-contracted by the Department, no transition funds will be utilized.

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

This request is a result of new data resulting in substantive changes in funding needs. Based on the Department's 2013 experience with other contracts which were transitioning between vendors, the Department reevaluated its policies and procedures related to contract transitions. The January 2, 2014 supplemental deadline is the first opportunity since that point to request additional funding for FY 2013-14.