



COLORADO

Department of Health Care
Policy & Financing

FY 2018-2019 Budget Agenda

Focus on Compliance, Cost Savings & Program Improvements

Below is a summary of the Department of Health Care Policy and Financing's discretionary budget requests submitted to the Colorado General Assembly for consideration as part of the Governor's Fiscal Year (FY) 2018-19 budget. The state Fiscal Year runs from July 1, 2018 – June 30, 2019.

Budget Requests 1-5 are directly related to caseload and impact Medical Services Premiums, Behavioral Health, Child Health Plan *Plus* (CHP+), MMA and Office of Community Living, Individuals with Developmental Disabilities budget lines. These budget lines are "trued up" throughout the year as actual caseloads and per capita costs are reconciled with projections. The below outlines other budget requests not related to caseload. The 2018 budget requests focus **on ensuring program compliance, achieving cost savings and targeted program improvements** supporting member experience. In many cases, these requests reduce General Fund expenditure in FY 2018-19, and they are budget negative in total with the exclusion of the rate increases proposed in R-9.

Each request is summarized below, additional detail as well as the caseload requests, is available at Colorado.gov/hcpf. The budget becomes final after it has been passed by the Colorado General Assembly and signed into law by the Governor.

Budget Requests

[R6 | Electronic Visit Verification](#)

Summary: The 21st Century Cures Act mandates all states implement an Electronic Visit Verification (EVV) for Personal Care services by January 1, 2019 and Home Health services by January 1, 2023. The federal law calls for reductions in federal matching funding for states that do not implement an EVV.

Colorado currently does not have an EVV system. An EVV system would require attendants to clock-in and clock-out when they begin and finish providing services using a combination of telephone and internet-based resources. Colorado currently relies on providers to bill for services rendered based on an attendant's self-reported hours. The request would fund implementation of an EVV system across multiple service types and include contracting with an EVV system vendor to create a system that interfaces with the Colorado interChange. It would fund provider training on the new system and staff

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to provide oversight of the execution of the EVV implementation. States implementing an EVV system have experienced budget savings.

FY 2017-18 Budget Impact: \$420,959 total funds, including \$42,096 General Fund

FY 2018-19 Budget Impact: Reduction of \$777,203 total funds, including \$1,200,233 General Fund

[R7 | HCBS Transition Services Continuation](#)

Summary: The Colorado Choice Transitions (CCT) grant program provides services to help members interested in moving out of an institution and into the community. Community living options are more cost effective and help the Department meet the Supreme Court's Olmstead requirements. The CCT grant expires on December 31, 2020.

This request would allow the Department to continue offering some of the most effective transition services from the Colorado Choice Transitions program. The funding would also be used to increase options counseling availability for the Aging and Disability Resources for Colorado (ADRC). The Department currently offers options counseling through Regional ADRCs but is unable to meet demand.

FY 2018-19 Budget Impact: Reduction of \$1,136,406 total funds, including \$703,203 General Fund

FY 2019-20 Budget Impact: Reduction of \$6,323,180 total funds, including \$3,161,590 General Fund

[R8 | Medicaid Savings Initiatives](#)

Summary: The Department has identified savings opportunities but does not have sufficient administrative resources to implement these initiatives. The projects would require dedicated personnel and changes to complex IT systems.

This request would implement 5 savings initiatives:

- Increased utilization management
- Automating public assistance reporting information system matching
- Increased trust unit recoveries
- Increased access to public transportation benefits
- Parental fee for eligibility in Children's HCBS waiver for higher income families

FY 2018-19 Budget Impact: Reduction of \$1,391,380 total funds, including \$2,187,948 General Fund

FY 2019-20 Budget Impact: Reduction of \$4,136,489 total funds, including \$4,160,948 General Fund

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[R9 | Provider Rate Adjustments](#)

Summary: The Department proposes to adjust provider rates in three ways:

1. Provide an across-the-board rate increase of 0.77% to all providers not targeted by the other components.
2. Implement a decrease to anesthesia rates and an increase to alternative care facility rates; and
3. Reduce the allowable growth factor on nursing facility per diem rates down to one percent in FY 2018-19 only. Beginning in FY 2019-20, the allowable growth factor would revert to three percent.

FY 2018-19 Budget Impact: \$27,826,226 total funds, including \$10,274,899 General Fund

FY 2019-20 Budget Impact: \$30,391,853 total funds, including \$11,103,734 General Fund

[R10 | Drug Cost Containment Initiatives](#)

Summary: Prescription drug expenditures have increased significantly in the last few years. Utilization management of Physician Administered Drugs and alternative payment models are tools the Department can use to manage benefits and lesson pressure on the state's financial resources. The funding would be used to procure a utilization management vendor for physician administered drugs and for administrative resources to set up alternative payment models for prescription drugs.

FY 2018-19 Budget Impact: \$132,777 total funds, including a reduction of \$24,407 General Fund

FY 2019-20 Budget Impact: A reduction of \$1,512,798 total funds, including \$390,093 General Fund

[R11 | Administrative Contracts Adjustments](#)

Summary: The Department is requesting funding to adjust asset verification cost estimates, rebalance appropriations between fund sources in the Professional Services Contracts line item rates, and to prepare for disallowance of external quality review organization (EQRO) claims made at an enhanced match rate not allowed by CMS.

FY 2017-18 Budget Impact: \$177,606 total funds, including \$88,803 General Fund

FY 2018-19 Budget Impact: \$1,716,842 total funds, including \$1,251,367 General Fund \$831,237 in Cash Funds

[R12 | Children's Habilitation Residential Program \(CHRP\) Transfer](#)

Summary: The Department of Human Services oversees one home and community based waiver, known as the CHRP waiver, that provides treatment and out-of-home services for foster children with intellectual and developmental disabilities (IDD). The



current eligibility requirement that a child be involved in the foster care system can force families to surrender custody of their child to get them the services they need.

The Department is requesting funding to transfer the waiver administration to HCPF and remove the eligibility requirement that a child be involved in the foster care system.

FY 2018-19 Budget Impact: \$210,455 total funds, including \$105,230 General Fund

FY 2019-20 Budget Impact: \$535,213 total funds, including \$267,607 General Fund

[R13 | All Payer Claims Database \(APCD\) Funding](#)

Summary: The All Payer Claims Database (APCD) collects claims data from over 21 commercial health insurance companies and builds a more comprehensive picture of health care in Colorado. The APCD takes claims data and turns it into actionable information that provides insights about Coloradans' health, quality of care, utilization, outcomes and cost. A majority of the current grant funding received by CIVHC for the APCD is time-limited and will sunset at the end of FY 2017-18, as the need for funding to maintain the APCD is increasing. The Department is requesting funding to pay for the Medicaid share of claims within the APCD system, plus additional funding to support the end of grant funding for the APCD.

FY 2018-19 Budget Impact: \$2,818,558 total funds, including \$1,684,280 General Fund

FY 2019-20 Budget Impact: \$2,826,570 total funds, including \$1,688,287 General Fund

[R14 | Safety Net Program Adjustments](#)

Summary: The Department is requesting funding to allow for increased oversight of the Department's safety net programs and allow additional available funding to be directed towards these programs, instead of going unused. The request asks for funding for three changes to safety net programs:

- Spending authority to expend the surplus funds available in the Primary Care Fund and increase funding towards participating providers for uncompensated care of primary care services to indigent patients.
- Increased spending authority for the Senior Dental Program to allow for the reallocation of recoveries and increase the access of dental services for low-income seniors.
- Compliance audits of the Primary Care Fund Program and Colorado Indigent Care Programs to improve effectiveness and efficiencies of the programs.

FY 2018-19 Budget Impact: \$81,324 in cash funds and no General Fund

FY 2019-20 Budget Impact: \$138,361 cash funds and no General Fund

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[R15 | CHASE Administrative Costs](#)

Summary: This request is for staff to administer and provide business services in accordance with the relevant sections of SB17-267. It is also for anticipated increases in legal costs and contracting with health care consultants to produce informative reports and analytics on the impact of the Colorado Healthcare Affordability and Sustainability Enterprise (CHASE) on the greater health care marketplace.

FY 2018-19 Budget Impact: \$1,192,262 total funds, including \$596,132 cash funds, and no General Fund

FY 2019-20 Budget Impact: \$1,200,040 total funds, including \$600,018 cash funds, and no General Fund

[R16 | CPE for Emergency Medical Transportation](#)

Summary: Public emergency medical transportation (EMT) providers incur significant uncompensated costs for services provided to Medicaid clients. The uncompensated expenditures cannot be claimed or reimbursed through Medicaid or any other program. The Department has an opportunity to partially offset the uncompensated costs through certification of public expenditures (CPE). EMT service providers eligible to participate in this program would receive supplemental reimbursement payments by completing a federally approved cost report form. The supplemental reimbursement payment is based on claiming federal financial participation on CPEs that have already been incurred by the public provider.

FY 2017-18 Budget Impact: \$180,000 total funds, including \$90,000 General Fund

FY 2018-19 Budget Impact: \$18,807,725 total funds, including a reduction of \$620,560 General Fund. The \$9,547,069 in cash funds are from CPE.

[R17 | Single Assessment Tool Financing](#)

Summary: As a result of updated timelines, recent contractor work, and receipt of additional grant funding, the Department requires the shifting of funds between fiscal years to complete the development and implementation of the single assessment tool required by SB16-192. Without the proper movement of funds, the Department would revert funds that are essential to the infrastructure of the tool and could delay implementation of the single assessment tool which is required to begin as soon as practicable after the tool selection deadline of July 1, 2018

FY 2017-18 Budget Impact: A reduction of \$830,699 total funds, including \$526,944 General Fund

FY 2018-19 Budget Impact: A reduction of \$6,112,924, including \$3,056,462 General Fund

[R18 | Cost Allocation Vendor Consolidation](#)

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Summary: The Department is required to comply with federal requirements of cost allocation of administrative costs to ensure that costs are allocated appropriately to various federal programs and to ensure no duplication of payments. Compliance has become more difficult over time due to increased complexity of Department operations, increased caseload and enhanced match rates. To date, the Department has absorbed costs related to compliance within existing appropriations. The Department is requesting to procure a cost allocation vendor to assist the Department in compliance of federal cost allocation requirements and to ensure that costs are appropriately allocated between programs.

FY 2018-19 Budget Impact: \$366,400 total funds, including \$120,050 General Fund

FY 2019-20 Budget Impact: \$373,728 total funds, including \$122,451 General Fund

[R19 | IDD Waiver Consolidation Administrative Funding](#)

Summary: The Department was unable to implement a consolidated adult IDD waiver by July 1, 2016 due to obstacles that were discovered through the stakeholder process and additional research identified through contractor work that require resources and time to resolve. The Department is requesting additional funding to hire contractors to continue work related to redesigning the HCBS-DD and HCBS-SLS waivers and submit the waiver application to CMS for review by July 2019.

FY 2018-19 Budget Impact: \$478,500 total funds, including \$239,250 General Fund

FY 2019-20 Budget Impact: \$177,000 total funds, including \$88,500 General Fund

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