



COLORADO

Department of Health Care
Policy & Financing

FY 2017-18 Budget Request Overview

November 2016

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) 2017-18 budget. The state Fiscal Year runs from July 1, 2017 – June 30, 2018. Additional detail on each request summarized below as well as the caseload requests is available at Colorado.gov/ospb.

All of the Department's discretionary requests focus on improving the delivery system for members and provide for smarter use of limited administrative resources. **In total, these requests are budget negative, and in many cases, reduce General Fund expenditure in FY 2017-18.** The budget becomes final after it has been passed by the Colorado General Assembly and signed into law by the Governor.

R6 – Delivery System and Payment Reform

Summary: The request focuses on strengthening the primary care system, advancing the integration of physical and behavioral care and increasing payment tied to value. The four main components of the request are:

1. Implement the Accountable Care Collaborative Phase II in FY 2018-19, including mandatory enrollment, a focus on integrating physical and behavioral health care, and greater emphasis on value-based payments.
2. Implement value-based payment components, including incentive alignment across initiatives and continuation of the primary care rate increases authorized in HB 16-1408.
3. Implement behavioral health payment reform with payments tied to quality in FY 2017-18 and beyond.
4. Account for technical adjustments for ongoing payment methodology changes.

FY 2017-18 Budget Impact: \$3,213,375 total funds, **reduces General Fund expenditure by \$200,342**

R7 – Oversight of State Resources

Summary: The Department has the highest total funds budget in the State but one of the smallest number of staff. This request would add staff to implement nine initiatives to increase oversight of State resources to ensure compliance with audit recommendations and implement best practices. Many of these initiatives would drive savings for the Department.

The Department will use those resources to:

1. Deploy an electronic asset verification program
2. Evaluate the consumer directed care services offered by Medicaid

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3. Develop a robust audit tracking and reporting database
4. Turn existing time-limited project management staff into full time project management staff
5. Audit the cost reports of every Community Mental Health Center
6. Increase the number of provider and client investigators
7. Increase coordination of care between the federal Indian Health Services, Medicaid, the Office of Behavioral Health, and the Colorado Commission on Indian Affairs
8. Provide necessary FTE and contract resources for the Hospital Provider Fee
9. Hire a dedicated benefit manager for office administered drugs and raise the average rates for this class of drugs to 2.5% above average sale price

FY 2017-18 Budget Impact: \$1,486,941 total funds and 13.2 FTE, **reduces General Fund expenditure by \$1,658,036.**

R8 – Medicaid Management Information System (MMIS) Operations

Summary: The MMIS is an automated health care claims processing system used to process and pay claims to and from providers. The Department is implementing a new state of the art MMIS system beginning March 1, 2017. This request includes additional funding, largely federal funds, for the new MMIS to ensure claims processing continues without interruption; transition of the new MMIS system from the development phase to the operational phase; align distribution of funding with current FFP rates; support data analytics; comply with federal requirements regarding co-pay notifications and provide for sufficient contract management resources.

FY 2017-18 Budget Impact: \$23,524,339 total funds and 1.8 FTE, **reduces General Fund expenditure by \$566,430**

R9 – Long Term Care Utilization Management

Summary: This request would allow the Department to contract with a quality improvement organization to perform utilization management functions and better monitor the health and welfare of clients who receive long term services and supports. Outsourcing utilization management would allow faster responses to client issues, allow staff with expertise in the field to perform tasks that are currently being performed by Department staff, and would create an efficient use of funds as the Department would be able to claim an enhanced 75% federal match on these activities.

FY 2017-18 Budget Impact: \$1,030,568 total funds, including **\$257,644 General Fund**



R10 – Regional Center Task Force Recommendations Implementation

Summary: The Department proposes expanding intensive case management eligibility to clients living in intermediate care facilities (ICF) or clients receiving services from a Regional Center for up to one year after their transition to the community begins. This would ensure that each transitioning client’s needs are fully assessed and that a service package is created for the client prior to leaving the ICF or regional center, to help the client seamlessly transition to the community. This request would also create dedicated resources at the Department for the purpose of continuing work on other recommendations from the Regional Center Task Force.

FY 2017-18 Budget Impact: \$922,801 total funds and 1.8 FTE, including **\$224,066 General Fund**

R11 – Vendor Transitions

Summary: The Department is required to competitively reprocure contracts at least every five years. Several contracts will need to be reprocured in FY 2017-18 and this request includes one-time funding to allow for transitional overlap between vendors to reduce service disruption and minimize any negative impact to members or providers.

FY 2017-18 Budget Impact: \$2,598,458 total funds, including **\$929,629 General Fund**

R12 – Local Public Health Agency Partnerships

Summary: This request would increase funding to Local Public Health Agencies (LPHA) to work collaboratively with the Regional Care Collaborative Organizations to address health outcomes of the common Medicaid population they serve through their respective programs. By leveraging the federal Medicaid match, the Department, in conjunction with the Colorado Department of Public Health and Environment, would be able to increase federal funding to LPHAs by \$355,500 without increasing General Fund expenditure.

FY 2017-18 Budget Impact: \$1,066,500 total funds, including **\$0 General Fund**

R13 – Quality of Care and Program Improvement

Summary: The Department is seeking additional funding to improve member quality of care through enhanced consumer assessment and performance improvement processes. This request would fund changes needed to:

- measure member experience by conducting the Consumer Assessment of Healthcare Providers and Systems (CAHPS) adult and child surveys at the practice level,
- implement and expand existing National Core Indicators surveys on a permanent, statewide basis, and

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- increase the number of Performance Improvement Projects (PIP) in order to fully comply with federal managed care regulations.

FY 2017-18 Budget Impact: \$639,237 total funds, including **\$280,869 General Fund**

R14 –Federal Medical Assistance Percentage (FMAP)

Summary: The Department anticipates the U.S. Department of Health and Human Services will reduce the federal match on Colorado Medicaid expenditures by .02%, resulting in a 50% match effective October 1, 2017. The FMAP for each state is determined through a formula that compares the state's per capita personal income to the national per capita personal income.

FY 2017-18 Budget Impact: \$0 total funds, including **\$253,832 General Fund**

For more information contact Zach Lynkiewicz, HCPF Legislative Liaison, at 720-854-9882.

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