

STATE OF COLORADO FY 2011-12 BUDGET REQUEST CYCLE: DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

Schedule 13 Change Request for FY 2011-12 Budget Request Cycle											
Decision Item FY 2011-12		Base Reduction Item FY 2011-12			Supplemental FY 2010-11			Budget Amendment FY 2011-12			
<b>Request Title:</b> Medicaid Managed Care Payment Delay											
<b>Department:</b> Health Care Policy and Financing					<b>Dept. Approval by:</b> John Bartholomew <i>JB</i>			<b>Date:</b> November 1, 2010 <i>10/25</i>			
<b>Priority Number:</b> BRI-6					<b>OSPb Approval:</b> <i>John M. Z...</i>			<b>Date:</b> 10-27-10			
	Fund	1 Prior-Year Actual FY 2009-10	2 Appropriation FY 2010-11	3 Supplemental Request FY 2010-11	4 Total Revised Request FY 2010-11	5 Base Request FY 2011-12	6 Decision/ Base Reduction FY 2011-12	7 November 1 Request FY 2011-12	8 Budget Amendment FY 2011-12	9 Total Revised Request FY 2011-12	10 Change from Base (Column 5) FY 2012-13
Total of All Line Items	Total	3,302,453,025	3,605,428,390	0	3,605,428,390	3,599,946,906	(12,783,371)	3,587,163,535	0	3,587,163,535	(5,307,444)
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	847,644,398	792,671,881	0	792,671,881	1,198,573,009	(4,295,826)	1,194,277,183	0	1,194,277,183	(1,684,930)
	GFE	0	161,444,485	0	161,444,485	161,444,485	0	161,444,485	0	161,444,485	0
	CF	413,407,558	420,832,216	0	420,832,216	397,597,906	(1,618,064)	395,979,842	0	395,979,842	(729,508)
	CFE/RF	4,028,416	14,564,497	0	14,564,497	3,446,761	0	3,446,761	0	3,446,761	0
	FF	2,037,372,653	2,215,915,311	0	2,215,915,311	1,838,884,745	(6,869,481)	1,832,015,264	0	1,832,015,264	(2,893,006)
(1) Executive Director's Office;	Total	22,767,387	34,553,769	0	34,553,769	31,825,489	126,000	31,951,489	0	31,951,489	0
(C) Information Technology	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contracts and Projects,	GF	5,348,546	6,134,303	0	6,134,303	6,147,926	31,500	6,179,426	0	6,179,426	0
Information Technology	GFE	0	0	0	0	0	0	0	0	0	0
Contracts	CF	642,364	2,433,429	0	2,433,429	1,766,770	0	1,766,770	0	1,766,770	0
	CFE/RF	100,328	100,328	0	100,328	100,328	0	100,328	0	100,328	0
	FF	16,676,149	25,885,709	0	25,885,709	23,810,465	94,500	23,904,965	0	23,904,965	0
(2) Medical Services	Total	2,877,822,564	3,106,858,127	0	3,106,858,127	3,101,279,542	(8,059,320)	3,093,220,222	0	3,093,220,222	(2,154,911)
Premiums	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	762,936,068	700,606,422	0	700,606,422	1,079,820,226	(3,670,033)	1,076,150,193	0	1,076,150,193	(981,298)
	GFE	0	161,444,485	0	161,444,485	161,444,485	0	161,444,485	0	161,444,485	0
	CF	343,695,933	339,633,220	0	339,633,220	307,745,803	(359,627)	307,386,176	0	307,386,176	(96,158)
	CFE/RF	3,917,255	7,595,243	0	7,595,243	3,334,253	0	3,334,253	0	3,334,253	0
	FF	1,767,273,308	1,897,578,757	0	1,897,578,757	1,548,934,775	(4,029,650)	1,544,905,115	0	1,544,905,115	(1,077,455)

STATE OF COLORADO FY 2011-12 BUDGET REQUEST CYCLE: DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

Schedule 13													
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Decision Item FY 2011-12	<input type="checkbox"/>	Base Reduction Item FY 2011-12			<input checked="" type="checkbox"/>	Supplemental FY 2010-11			<input type="checkbox"/>	Budget Amendment FY 2011-12			<input type="checkbox"/>
<b>Request Title:</b>	Medicaid Managed Care Payment Delay												
<b>Department:</b>	Health Care Policy and Financing				<b>Dept. Approval by:</b> John Bartholomew			<b>Date:</b> November 1, 2010					
<b>Priority Number:</b>	BRI-6				<b>OSP Approval:</b>			<b>Date:</b>					
		1	2	3	4	5	6	7	8	9	10		
		Prior-Year Actual	Appropriation	Supplemental Request	Total Revised Request	Base Request	Decision/ Base Reduction	November 1 Request	Budget Amendment	Total Revised Request	Change from Base		
	Fund	FY 2009-10	FY 2010-11	FY 2010-11	FY 2010-11	FY 2011-12	FY 2011-12	FY 2011-12	FY 2011-12	FY 2011-12	FY 2012-13		
(3) Medicaid Mental Health Community Programs; (A) Mental Health Capitation Payments	Total	223,368,053	247,616,458	0	247,616,458	250,441,839	(1,454,747)	248,987,092	0	248,987,092	(1,557,306)		
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
	GF	79,359,784	85,931,156	0	85,931,156	112,604,857	(657,293)	111,947,564	0	111,947,564	(703,632)		
	GFE	0	0	0	0	0	0	0	0	0	0		
	CF	6,393,602	9,555,600	0	9,555,600	12,018,486	(70,080)	11,948,406	0	11,948,406	(75,021)		
	CFE/RF	10,833	12,046	0	12,046	12,180	0	12,180	0	12,180	0		
	FF	137,603,834	152,117,656	0	152,117,656	125,806,316	(727,374)	125,078,942	0	125,078,942	(778,653)		
(4) Indigent Care Program; Children's Basic Health Plan Premium Costs	Total	167,729,257	202,521,966	0	202,521,966	202,521,966	(3,223,502)	199,298,464	0	199,298,464	(1,508,766)		
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
	GF	0	0	0	0	0	0	0	0	0	0		
	GFE	0	0	0	0	0	0	0	0	0	0		
	CF	58,910,116	64,352,642	0	64,352,642	71,209,522	(1,128,226)	70,081,296	0	70,081,296	(528,068)		
	CFE/RF	0	6,856,880	0	6,856,880	0	0	0	0	0	0		
	FF	108,819,141	131,312,444	0	131,312,444	131,312,444	(2,095,276)	129,217,168	0	129,217,168	(980,698)		
(4) Indigent Care Program; Children's Basic Health Plan Dental Benefits Costs	Total	10,765,764	13,878,070	0	13,878,070	13,878,070	(171,802)	13,706,268	0	13,706,268	(86,461)		
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
	GF	0	0	0	0	0	0	0	0	0	0		
	GFE	0	0	0	0	0	0	0	0	0	0		
	CF	3,765,543	4,857,325	0	4,857,325	4,857,325	(60,131)	4,797,194	0	4,797,194	(30,261)		
	CFE/RF	0	0	0	0	0	0	0	0	0	0		
	FF	7,000,221	9,020,745	0	9,020,745	9,020,745	(111,671)	8,909,074	0	8,909,074	(56,200)		

STATE OF COLORADO FY 2011-12 BUDGET REQUEST CYCLE: DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

Schedule 13											
Change Request for FY 2011-12 Budget Request Cycle											
Decision Item FY 2011-12	<input type="checkbox"/>	Base Reduction Item FY 2011-12	<input checked="" type="checkbox"/>	Supplemental FY 2010-11	<input type="checkbox"/>	Budget Amendment FY 2011-12	<input type="checkbox"/>				
<b>Request Title:</b>	Medicaid Managed Care Payment Delay										
<b>Department:</b>	Health Care Policy and Financing			<b>Dept. Approval by:</b>	John Bartholomew			<b>Date:</b>	November 1, 2010		
<b>Priority Number:</b>	BRI-6			<b>OSP Approval:</b>				<b>Date:</b>			
		1	2	3	4	5	6	7	8	9	10
		Prior-Year		Supplemental	Total	Base	Decision/	November 1	Budget	Total	Change
		Actual	Appropriation	Request	Revised	Request	Base	Request	Amendment	Revised	from Base
	Fund	FY 2009-10	FY 2010-11	FY 2010-11	FY 2010-11	FY 2011-12	FY 2011-12	FY 2011-12	FY 2011-12	FY 2011-12	(Column 5) FY 2012-13
<b>Non-Line Item Request:</b>	None.										
<b>FY 2011-12 Letternote Revised Text:</b>	<p>LBG 2: (b) Of this amount, <del>\$171,705,885</del> \$171,648,166(H) shall be from the Hospital Provider Fee Cash Fund created in Section 25.5-4-402.3 (4), C.R.S., <del>\$88,721,925</del> \$88,420,017(H) shall be from the Health Care Expansion Fund created in Section 24-22-117 (2) (a) (I), C.R.S., \$24,012,014(H) shall be from the Medicaid Nursing Facility Cash Fund created in Section 25.5-6-203 (2) (a), C.R.S., \$13,348,299 represents public funds certified as expenditures incurred by public hospitals and agencies that are eligible for federal financial participation under the Medicaid program, \$2,543,207 shall be from the Breast and Cervical Cancer Prevention and Treatment Fund created in Section 25.5-5-308 (8) (a) (I), C.R.S., \$645,147(H) shall be from the Colorado Autism Treatment Fund created in Section 25.5-6-805 (1), C.R.S., and \$237,500 shall be from the Coordinated Care for People with Disabilities Fund created in Section 25.5-6-111 (4), C.R.S.</p> <p>LBG 3: (a) Of this amount, <del>\$10,261,740</del> \$10,201,905(H) shall be from the Health Care Expansion Fund created in Section 24-22-117 (2) (a) (I), C.R.S., <del>\$1,723,204</del> \$1,713,225(H) shall be from the Hospital Provider Fee Cash Fund created in Section 25.5-4-402.3 (4), C.R.S., and <del>\$33,542</del> \$33,276 shall be from the Breast and Cervical Cancer Prevention and Treatment Fund created in Section 25.5-5-308 (8) (a) (I), C.R.S.</p> <p>LBG 4: (h) Of this amount, <del>\$30,000,842</del> \$29,536,133 shall be from the Health Care Expansion Fund created in Section 24-22-117 (2) (a) (I), C.R.S., <del>\$32,449,328</del> \$31,996,373 shall be from the Children's Basic Health Plan Trust created in Section 25.5-8-105 (1), C.R.S., <del>\$8,297,682</del> \$8,087,090 shall be from the Hospital Provider Fee Cash Fund created in Section 25.5-4-402.3 (4), C.R.S., and \$461,700 shall be from the Colorado Immunization Fund created in Section 25-4-2301, C.R.S.</p> <p>LBG 4: (j) Of this amount, <del>\$2,517,883</del> \$2,488,648 shall be from the Children's Basic Health Plan Trust created in Section 25.5-8-105 (1), C.R.S., <del>\$1,946,470</del> \$1,922,613 shall be from the Health Care Expansion Fund created in Section 24-22-117 (2) (a) (I), C.R.S., and <del>\$392,972</del> \$385,933 shall be from Hospital Provider Fee Cash Fund created in Section 25.5-4-402.3 (4), C.R.S.</p>										
<b>Cash or Federal Fund Name and COFRS Fund Number:</b>	CF: Health Care Expansion Fund (18K); Breast and Cervical Cancer Prevention and Treatment Fund (15D); Hospital Provider Fee Cash Fund (24A); Children's Basic Health Plan Trust (11G); FF: Title XIX.										
<b>Reappropriated Funds Source, by Department and Line Item Name:</b>	(3) Medicaid Mental Health Community Programs Reappropriated Funds - Transfers from the Department of Public Health and Environment : (9) Prevention Services Division; (A) Prevention Programs, (3) Chronic Disease and Cancer Prevention Grants Program										
<b>Approval by OIT?</b>	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input checked="" type="checkbox"/>								
<b>Schedule 13s from Affected Departments:</b>	N/A										

**CHANGE REQUEST for FY 2011-12 BUDGET REQUEST CYCLE**

Department:	Health Care Policy and Financing
Priority Number:	BRI-6
Change Request Title:	Medicaid Managed Care Payment Delay

**SELECT ONE (click on box):**

- Decision Item FY 2011-12
- Base Reduction Item FY 2011-12
- Supplemental Request FY 2010-11
- Budget Request Amendment FY 2011-12

**SELECT ONE (click on box):**

Supplemental or Budget Request Amendment Criterion:

- Not a Supplemental or Budget Request Amendment
- An emergency
- A technical error which has a substantial effect on the operation of the program
- New data resulting in substantial changes in funding needs
- Unforeseen contingency such as a significant workload change

Short Summary of Request:

The Department requests a reduction of \$12,783,371 total funds and \$4,295,826 General Fund in FY 2011-12, and \$5,307,444 total funds and \$1,684,930 General Fund in FY 2012-13. To achieve these savings, the Department proposes to move managed care service providers from a concurrent payment methodology (services paid for during the month in which they are delivered) to a retrospective payment methodology (services paid for in the month following delivery). This request continues the implementation of the managed care delay requested as part of FY 2010-11 budget balancing, in request ES-3, submitted on October 22, 2010, "Managed Care Payment Delay for FY 2010-11."

General Description of Request:

At the end of FY 2009-10, the Department was directed to delay the final two weeks of Medicaid fee-for-service payments processed through the Department's claims processing system, the Medicaid Management Information System (MMIS). This resulted in a savings in FY 2009-10 of \$79,348,709 total funds and \$28,115,526 General Fund. These payments were then processed in July of the new fiscal year, FY 2010-11.

For FY 2010-11 budget balancing, the Department submitted a request related to delaying managed care payments. In request ES-3, “Managed Care Payment Delay in FY 2010-11,” the Department requested to move managed care providers from a concurrent payment methodology – one in which providers were paid during the month in which services were being provided – to a retrospective payment methodology, resulting in providers being paid in the month following the provision of services. This would allow for one less month of payments to be made in FY 2010-11. In order to mitigate the impact to relatively new providers with limited cash flow, the Department sought to exclude specific managed care providers. These providers are the two provider classes of Program for All-Inclusive Care for the Elderly (PACE) and the Accountable Care Collaborative (ACC). Additionally, ES-3 requested first-year funding to make changes to the MMIS in order to allow the Department to automate the retrospective payment process.

The Department’s full calculations for ES-3 are included in this request, as ES-3, if approved, will have a FY 2011-12 impact. This request has no FY 2010-11 impact other than what was already reflected in ES-3.

In this request, the Department seeks to continue the managed care delay into FY 2011-12 to include the providers that were exempted in FY 2010-11. The delay would be expanded to all Medicaid and CHP+ managed care providers.

#### **Move Remaining Managed Care Providers to Retrospective Payments**

The Department requests a net reduction of \$12,783,371 total funds and \$4,295,826 General Fund in FY 2011-12, and \$5,307,444 total funds and \$1,684,930 General Fund in FY 2012-13 in order to continue paying managed care providers on a retrospective

payment cycle.<sup>1</sup> Providers would continue to be paid in the month following the month of service as opposed to being paid in the month during which services are to be provided.

When this methodology is implemented, the change would result in an 11 month payment year (rather than 12) during that fiscal year; per request ES-3, “Managed Care Payment Delay in FY 2010-11”, managed care payments would be made in May 2011 and in July 2011. No payment would be made in June 2011. As stated previously, the FY 2010-11 impact is included in ES-3. In FY 2011-12 and future years, the Department will return to paying 12 months of claims, although providers will continue to receive payment retrospectively.

Because the Department has requested to implement managed care delays in a separate request, this request accounts for only the ongoing impact of the delay. This includes moving any providers which were exempted from the payment delay in FY 2010-11 to the retrospective model and accounting for the ongoing budgetary impact of time-shifting expenditure. For example, the Department estimates that expenditure that is being delayed at the end of FY 2011-12 is estimated to be greater than the average weekly expenditure from FY 2010-11 due to increases in managed care rates as well as changes in managed care enrollment.

This request would impact providers within Medicaid Medical Services Premiums, Medicaid Mental Health Capitation Programs, and Children’s Basic Health Plan Plus.

In ES-3, the Department requested to phase in implementation of this payment policy in order to mitigate the impact to specific providers for FY 2010-11. The Department identifies two classes of providers will be temporarily exempted: providers in the Program for All-Inclusive Care for the Elderly, and Regional Care Collaborative Organizations in

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<sup>1</sup> In the FY 2010-11 budget balancing request ES-3, “Managed Care Payment Delay for FY 2010-11,” the Department requested to move the majority of managed care payments to a retrospective payment model. Because budget balancing requests were for FY 2010-11 only, the FY 2011-12 impact of ES-3 is included in this request. If ES-3 is not approved, the FY 2011-12 totals in this request would need to be adjusted.

the Accountable Care Collaborative. The Department anticipates that all providers will be on the same retrospective payment schedule by the end of FY 2011-12.

The Department also requests \$126,000 total funds including \$31,500 General Fund for system changes to allow the Department to automate the new retrospective payment methodology through the Medicaid Management Information System (MMIS). This funding is required for phase one in FY 2010-11 (as requested in ES-3) and phase two in FY 2011-12. The Department anticipates the MMIS system changes in FY 2011-12 will systematize the new retroactive payment methodology across all managed care providers.

*Children's Basic Health Plan Plus Financing*

Portions of the savings from the Children's Basic Health Plan Plus program are the result of transfers made to the Children's Basic Health Plan Trust; when Children's Basic Health Plan Plus (CHP+) Premiums expenditure is reduced, it reduces the need to transfer General Fund into the Trust. The Department has made the request for these funds in the November 2010 S-5 request "Cash Fund Insolvency Financing." Should both this request and the S-5 request be approved, and additional \$2,696,994 of General Fund savings would be realized in FY 2010-11. Similarly, the amount would annualize to an additional \$482,190 of General Fund savings in FY 2011-12.

The Department has estimated the proportion of delayed expenditure from the Children's Basic Health Plan Trust according to estimated caseload, as specific CHP+ caseloads are paid for via specific funds. These caseload estimates are presented as part of the Department's November 2010 DI-3 "Children's Basic Health Plan Medical Premium and Dental Benefit Costs" request. This FY 2010-11 request will be adjusted for November 2010 caseload via a January 3, 2011 supplemental.

Consequences if Not Funded:

If this request is not funded, the Department will fail to realize the net reduction of \$12,783,371 total funds and \$4,295,826 General Fund in FY 2011-12, and \$5,307,444

total funds and \$1,684,930 General Fund in FY 2012-13. Other reductions to state programs would be required to balance the budget.

Calculations for Request:

<b>Summary of Request FY 2011-12</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>
<b>Total Request</b>	<b>(\$12,783,371)</b>	<b>(\$4,295,826)</b>	<b>(\$1,618,064)</b>	<b>\$0</b>	<b>(\$6,869,481)</b>
(1) Executive Director's Office; (C) Information Technology Contracts and Projects, Information Technology Contracts	\$126,000	\$31,500	\$0	\$0	\$94,500
(2) Medical Services Premiums	(\$8,059,320)	(\$3,670,033)	(\$359,627)	\$0	(\$4,029,660)
(3) Medicaid Mental Health Programs; (A) Mental Health Capitation Payments	(\$1,454,747)	(\$657,293)	(\$70,080)	\$0	(\$727,374)
(4) Indigent Care Program; Children's Basic Health Plan Premium Costs	(\$3,223,502)	\$0	(\$1,128,226)	\$0	(\$2,095,276)
(4) Indigent Care Program; Children's Basic Health Plan Dental Benefits Costs	(\$171,802)	\$0	(\$60,131)	\$0	(\$111,671)

Summary of Request FY 2012-13	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
<b>Total Request</b>	<b>(\$5,307,444)</b>	<b>(\$1,684,930)</b>	<b>(\$729,508)</b>	<b>\$0</b>	<b>(\$2,893,006)</b>
(1) Executive Director's Office; (C) Information Technology Contracts and Projects, Information Technology Contracts	\$0	\$0	\$0	\$0	\$0
(2) Medical Services Premiums	(\$2,154,911)	(\$981,298)	(\$96,158)	\$0	(\$1,077,455)
(3) Medicaid Mental Health Programs; (A) Mental Health Capitation Payments	(\$1,557,306)	(\$703,632)	(\$75,021)	\$0	(\$778,653)
(4) Indigent Care Program; Children's Basic Health Plan Premium Costs	(\$1,508,766)	\$0	(\$528,068)	\$0	(\$980,698)
(4) Indigent Care Program; Children's Basic Health Plan Dental Benefits Costs	(\$86,461)	\$0	(\$30,261)	\$0	(\$56,200)

Cash Funds Projections:

Cash Fund Name	Cash Fund Number	FY 2009-10 Expenditures	FY 2009-10 End of Year Cash Balance	FY 2010-11 End of Year Cash Balance Estimate	FY 2011-12 End of Year Cash Balance Estimate	FY 2012-13 End of Year Cash Balance Estimate
Children's Basic Health Plan Trust Fund	11G	\$35,440,483	\$599,735	\$54,080	\$11,692	\$2,398,058
Health Care Expansion Fund	18K	\$111,444,298	\$79,234,953	\$35,822,131	\$753,168	\$10,456,327
Hospital Provider Fee Cash Fund	24A	\$298,055,638	\$5,714,436	\$5,714,436	\$5,714,436	\$5,714,436
Breast and Cervical Cancer Prevention and Treatment Fund	15D	\$2,201,761	\$9,036,534	\$7,981,503	\$6,472,606	\$5,458,052

Note: This Cash Fund table assumes approval of the November 2010 S-5 request "Cash Fund Insolvency Financing."

Assumptions for Calculations:

Summary information, including fund splits, for the Department’s request is contained in the Appendix. The tables and calculations for this request also include FY 2010-11 calculations associated with the request ES-3 “Managed Care Payment Delays for FY 2010-11.” Although this request does not have any FY 2010-11 budget impact, the net reduction from payment delays requested for FY 2011-12 and FY 2012-13 are dependent on the calculations from FY 2010-11. Therefore, in order to provide a complete presentation of the associated costs and savings from payment delays, the Department includes the calculation of all the FY 2010-11 components

Total Fund Requests by Long Bill Group and Fiscal Year	Table A.1
Requests by Fund Source	Table A.2-4
Medicaid Medical Services Premiums Calculations	Table B.1
Medicaid Mental Health Calculations	Table B.2
Children’s Basic Health Plan Plus Calculations	Tables C.1-2
System Costs	Tables D.1-2
Long Bill Letternote Calculations	Tables E.1-3

Impact on Other Government Agencies:

The request was not sent to the Governor’s Office of Information Technology (OIT). Centers for Medicare and Medicaid Services (CMS) require that the Medicaid Management Information System (MMIS) remain under the control of the single state Medicaid agency. As a result, when OIT was created, the management of the MMIS remained the purview of the Department of Health Care Policy and Financing (the Department), and for that reason OIT review is not necessary.

Cost Benefit Analysis:

Not applicable.

Implementation Schedule:

By the end of FY 2011-12, the Department will continue with implementation of a managed care payment delay equaling of one month of the fiscal year. Because the Department has requested this payment delay as a permanent reduction, the Department may also investigate the possibility of implementing the delay over time. However, before implementing a solution of this nature, the Department will be required to work with

stakeholders to determine if such a solution is preferred or feasible. The Department would attempt to minimize the disruption to providers as much as possible.

Statutory and Federal Authority:

In SB 09-265, the Department was granted statutory authority to delay fee-for-service and managed care payments. While this authorization was repealed in HB 10-1382, the Department assumes that similar authorization in statute would be required to implement this request, and has requested such changes as part of the above mentioned ES-1 and ES-2.

SB 09-265 altered the following statutes to implement the payment delay:

- 25.5-4-401(1), C.R.S. on fee-for-service payment requirements.
- 25.5-5-407.5, C.R.S. on Prepaid Inpatient Health Plan (PIHP) payment requirements.
- 25.5-5-408, C.R.S. on Managed Care Entity capitation (MCE) payment requirements.
- 25.5-5-411, C.R.S. on Behavioral Health Organization (BHO) capitation payment requirements.
- 25.5-5-412, C.R.S. on Program of All-Inclusive Care for the Elderly (PACE) payment requirements.
- 25.5-8-110, C.R.S. on Children's Basic Health Plan payment requirements.

The Department requests that any changes to statute be written in a way that would permit a staggered implementation of the managed care delay as described in the implementation plan above.

Current statutory authority includes:

25.5-4-401, C.R.S. (2010). Providers - payments - rules - repeal.

*(1)(c) The state department shall exercise its overexpenditure authority under section 24-75-109, C.R.S., and shall not intentionally interrupt the normal provider payment*

*schedule unless notified jointly by the director of the office of state planning and budgeting and the state controller that there is the possibility that adequate cash will not be available to make payments to providers and for other state expenses. If it is determined that adequate cash is not available and the state department does interrupt the normal payment cycle, the state department shall notify the joint budget committee of the general assembly and any affected providers in writing of its decision to interrupt the normal payment schedule. Nothing in this paragraph (c) shall be interpreted to establish a right for any provider to be paid during any specific billing cycle.*

Performance Measures:

This request will assist the Department in meeting its performance goal to “maintain or reduce the difference between the Department’s spending authority and actual expenditures for Medical Services Premiums.”

**Delay Managed Care Payments  
Appendix**

**Table A.1: Request by Long Bill Group, Service Category, and Fiscal Year**

Service Category	FY 2010-11	FY 2011-12	FY 2012-13
<i>(1) Executive Director's Office; (C) Information Technology Contracts and Projects, Information Technology Contracts</i>	\$126,000	\$126,000	\$0
<b>Executive Director's Office Information Technology Contracts and Projects Subtotal</b>	<b>\$126,000</b>	<b>\$126,000</b>	<b>\$0</b>
<i>(2) Medical Services Premiums</i>			
Managed Care Organizations	(\$11,954,313)	(\$8,059,320)	(\$2,154,911)
<b>Medical Services Premiums Subtotal</b>	<b>(\$11,954,313)</b>	<b>(\$8,059,320)</b>	<b>(\$2,154,911)</b>
<i>(3) Medicaid Mental Health Community Programs; (A) Mental Health Capitation Payments</i>	(\$20,634,705)	(\$1,454,747)	(\$1,557,306)
<b>Mental Health Capitation Subtotal</b>	<b>(\$20,634,705)</b>	<b>(\$1,454,747)</b>	<b>(\$1,557,306)</b>
<i>(4) Children's Basic Health Plan</i>			
Children's Basic Health Plan Premiums <sup>(1)</sup>	(\$17,624,416)	(\$3,223,502)	(\$1,508,766)
Children's Basic Health Plan Dental <sup>(1)</sup>	(\$1,295,640)	(\$171,802)	(\$86,461)
<b>Children's Basic Health Plan Subtotal</b>	<b>(\$18,920,056)</b>	<b>(\$3,395,304)</b>	<b>(\$1,595,227)</b>
<b>Grand Total <sup>(2)</sup></b>	<b>(\$51,383,074)</b>	<b>(\$12,783,371)</b>	<b>(\$5,307,444)</b>

<sup>(1)</sup> The savings from both the Children's Basic Health Plan Premiums and Dental lines are partially funded by the Children's Basic Health Plan Trust. That trust is funded through General Fund. Should both this request and the Department's October 22, 2010 ES-3 request be funded, there would be an additional \$2,696,994 General Fund savings in FY 2010-11. That additional savings is formally requested in the October 22, 2010 ES-3 request.

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Table A.2 FY 2010-11 Managed Care Delay Payment Savings by Long Bill Group												
FY 2010-11	Total Funds	General Fund and General Fund Exempt	Health Care Expansion Fund	Breast and Cervical Cancer Prevention and Treatment Fund	Colorado Autism Treatment Fund	Hospital Provider Fee Fund	Coordinated Care for People with Disabilities Fund	Old Age Pension and Medical Care Fund	Children's Basic Health Plan Trust	Certified Public Expenditure	Reappropriated Funds	Federal Funds
<b>Total Delayed</b>	<b>(\$51,509,074)</b>	<b>(\$12,524,915)</b>	<b>(\$4,017,075)</b>	<b>(\$2,765)</b>	<b>\$0</b>	<b>(\$1,431,652)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,696,994)</b>	<b>\$0</b>	<b>(\$1,004)</b>	<b>(\$30,834,669)</b>
(2) Medical Services Premiums	(\$11,954,313)	(\$4,621,269)	(\$447,817)	\$0	\$0	(\$85,614)	\$0	\$0	\$0	\$0	\$0	(\$6,799,613)
(3) Medicaid Mental Health Community Programs; (A) Mental Health Capitation Program	(\$20,634,705)	(\$7,903,646)	(\$848,723)	(\$2,765)	\$0	(\$141,547)	\$0	\$0	\$0	\$0	(\$1,004)	(\$11,737,020)
(4) Indigent Care Program; Children's Basic Health Plan Premium Costs	(\$17,624,416)	\$0	(\$2,540,618)	\$0	\$0	(\$1,151,408)	\$0	\$0	(\$2,476,520)	\$0	\$0	(\$11,455,870)
(4) Indigent Care Program; Children's Basic Health Plan Dental Benefits Costs	(\$1,295,640)	\$0	(\$179,917)	\$0	\$0	(\$53,083)	\$0	\$0	(\$220,474)	\$0	\$0	(\$842,166)

Note: This table demonstrates the effect to medical expenditures that would result from this request, if approved; associated administrative costs impacting Long Bill Group 1 are identified in Tables D.1 and D.2 of this request.

Table A.3 FY 2011-12 Managed Care Delay Payment Savings by Long Bill Group												
FY 2011-12	Total Funds	General Fund and General Fund Exempt	Health Care Expansion Fund	Breast and Cervical Cancer Prevention and Treatment Fund	Colorado Autism Treatment Fund	Hospital Provider Fee Fund	Coordinated Care for People with Disabilities Fund	Old Age Pension and Medical Care Fund	Children's Basic Health Plan Trust	Certified Public Expenditure	Reappropriated Funds	Federal Funds
<b>Total Delayed</b>	<b>(\$12,909,371)</b>	<b>(\$4,327,326)</b>	<b>(\$850,279)</b>	<b>(\$266)</b>	<b>\$0</b>	<b>(\$285,329)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$482,190)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$6,963,981)</b>
(2) Medical Services Premiums	(\$8,059,320)	(\$3,670,033)	(\$301,908)	\$0	\$0	(\$57,719)	\$0	\$0	\$0	\$0	\$0	(\$4,029,660)
(3) Medicaid Mental Health Community Programs; (A) Mental Health Capitation Program	(\$1,454,747)	(\$657,293)	(\$59,835)	(\$266)	\$0	(\$9,979)	\$0	\$0	\$0	\$0	\$0	(\$727,374)
(4) Indigent Care Program; Children's Basic Health Plan Premium Costs	(\$3,223,502)	\$0	(\$464,679)	\$0	\$0	(\$210,592)	\$0	\$0	(\$452,955)	\$0	\$0	(\$2,095,276)
(4) Indigent Care Program; Children's Basic Health Plan Dental Benefits Costs	(\$171,802)	\$0	(\$23,857)	\$0	\$0	(\$7,039)	\$0	\$0	(\$29,235)	\$0	\$0	(\$111,671)

Note: This table demonstrates the effect to medical expenditures that would result from this request, if approved; associated administrative costs impacting Long Bill Group 1 are identified in Tables D.1 and D.2 of this request.

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**Table B.1: Delayed Payment Incremental Savings Calculation for Medical Services Managed Care Expenditure**

<b>Row</b>	<b>Description</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>Source</b>
A	Estimated Medicaid Physical Health Managed Care Expenditure	\$220,695,015	\$240,163,600	\$266,022,526	FY 2010-11: FY 2010-11 Appropriations Report <sup>(1)</sup> ; FY 2011-12: The average annual rate of change in expenditure from FY 2003-04 through FY 2008-09, carried forward.
B	Implementation Percentage	65.00%	100.00%	100.00%	The Department will phase-in specific managed care delay in order to mitigate the cash-flow impact to those providers.
C	Estimated Effected Managed Care Expenditure	\$143,451,760	\$240,163,600	\$266,022,526	Row A * Row B
D	Payment Months	12	12	12	Months in the fiscal year
E	Expenditure Per Month	\$11,954,313	\$20,013,633	\$22,168,544	Row C / Row D
F	Months Delayed	1	1	1	Department's Request; moving to retrospective payment.
G	Shifted Payment	(\$11,954,313)	(\$20,013,633)	(\$22,168,544)	-(Row E * Row F)
H	Estimated Expenditure from Prior Year due to Shifted Payment	\$0	\$11,954,313	\$20,013,633	-(Row G, from Previous Year)
<b>I</b>	<b>Total Incremental Change</b>	<b>(\$11,954,313)</b>	<b>(\$8,059,320)</b>	<b>(\$2,154,911)</b>	<b>Row G + Row H</b>

<sup>(1)</sup> The Department has determined the amount of the appropriation attributable to these services from documentation provided by the Joint Budget Committee.

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**Table B.2: Delayed Payment Incremental Savings Calculation for Medicaid Mental Health Capitation Expenditure**

<b>Row</b>	<b>Description</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>Source</b>
A	Estimated Incurred Capitation Expenditure	\$247,616,458	\$265,073,418	\$283,761,094	FY 2010-11: FY 2010-11 Appropriations Report <sup>(1)</sup> ; FY 2011-12: The average annual rate of change in capitation expenditure from FY 2004-05 through FY 2008-09, carried forward.
B	Payment Months	12	12	12	Months in the Fiscal Year
C	Expenditure per Month	\$20,634,705	\$22,089,452	\$23,646,758	Row A / Row B
D	Months Delayed	1	1	1	Department's Request; moving to retrospective payment.
E	Shifted Payment	(\$20,634,705)	(\$22,089,452)	(\$23,646,758)	-(Row C * Row D)
F	Estimated Expenditure from Prior Year due to Shifted Payment	\$0	\$20,634,705	\$22,089,452	-(Row E, from Previous Year)
<b>G</b>	<b>Total Incremental Change</b>	<b>(\$20,634,705)</b>	<b>(\$1,454,747)</b>	<b>(\$1,557,306)</b>	<b>Row E + Row F</b>

<sup>(1)</sup> The Department has determined the amount of the appropriation attributable to these services from documentation provided by the Joint Budget Committee.

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**Table C.1: Delayed Payment Incremental Savings Calculation for Indigent Care Programs, CHP+ Premiums Expenditure**

Row	Description	FY 2010-11	FY 2011-12	FY 2012-13	Source
A	Estimated CHP+ Child Premiums Caseload for June (by year)	89,975	99,826	101,034	Department's DI-3 Request and Caseload Forecast, November 2010
B	Estimated CHP+ Premiums Blended Capitation Child Rate	\$155.37	\$165.92	\$173.56	FY 2010-11: Actuarially set rates, blended at 65% HMO and 35% state program
C	Subtotal: 1 Month of CHP+ Premiums Child Savings	(\$13,979,416)	(\$16,563,130)	(\$17,535,461)	-(Row A * Row B)
D	Estimated CHP+ Prenatal Premiums Caseload for June (by year)	2,899	3,726	4,008	Department's DI-3 Request and Caseload Forecast, November 2010
E	Estimated CHP+ Premiums Blended Capitation	\$1,257.33	\$1,149.97	\$1,202.90	FY 2010-11: Actuarially set rate
F	Subtotal: 1 Month of CHP+ Premiums Prenatal Savings	(\$3,645,000)	(\$4,284,788)	(\$4,821,223)	-(Row D * Row E)
G	Estimated CHP+ Premiums Savings per Month	(\$17,624,416)	(\$20,847,918)	(\$22,356,684)	Row C + Row F
H	Months Delayed	1	1	1	Department's Request; moving to retrospective payment.
I	Estimated Monthly Savings	(\$17,624,416)	(\$20,847,918)	(\$22,356,684)	Row G * Row H
J	Estimated Expenditure from Prior Year due to Shifted Payment	\$0	\$17,624,416	\$20,847,918	-(Row I from Previous Year)
<b>K</b>	<b>Total Incremental Change</b>	<b>(\$17,624,416)</b>	<b>(\$3,223,502)</b>	<b>(\$1,508,766)</b>	<b>Row I + Row J</b>

**Table C.2: Delayed Payment Incremental Savings Calculation for Indigent Care Programs, CHP+ Dental Expenditure**

Row	Description	FY 2010-11	FY 2011-12	FY 2012-13	Source
A	Estimated CHP+ Premiums Child Caseload for June (by year)	89,975	99,826	101,034	Department's DI-3 Request and Caseload Forecast, November 2010
B	Estimated CHP+ Premiums Blended Capitation	\$14.40	\$14.70	\$15.38	FY 2010-11: Actuarially set rate
C	Subtotal: 1 Month of CHP+ Premiums Child Savings	(\$1,295,640)	(\$1,467,442)	(\$1,553,903)	-(Row A * Row B)
D	Months Delayed	1	1	1	Department's Request; moving to retrospective payment.
E	Estimated Monthly Savings	(\$1,295,640)	(\$1,467,442)	(\$1,553,903)	Row C * Row D
F	Estimated Expenditure from Prior Year due to Shifted Payment	\$0	\$1,295,640	\$1,467,442	-(Row E from Previous Year)
<b>G</b>	<b>Total Incremental Change</b>	<b>(\$1,295,640)</b>	<b>(\$171,802)</b>	<b>(\$86,461)</b>	<b>Row E + Row F</b>

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**Table D.1: System Change Costs**

<b>Row</b>	<b>Item</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>
A	Managed Care System Enhancement	1,000	1,000	0
B	Cost per Hour	\$126.00	\$126.00	\$126.00
<b>C</b>	<b>Total Cost</b>	<b>\$126,000</b>	<b>\$126,000</b>	<b>\$0</b>

**Table D.2: System Change Fund Splits**

<b>Row</b>	<b>Item</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Federal Funds</b>
A	FY 2010-11	\$126,000	\$31,500	\$94,500
B	FY 2011-12	\$126,000	\$31,500	\$94,500
C	FY 2012-13	\$0	\$0	\$0

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Long Bill Group	Line Item	Cash Fund	Appropriation Type	COFRS Number	Previous Total	Requested Total	Incremental Change
(2) Medical Services Premiums	Medical Services Premiums	Health Care Expansion Fund	Cash Fund	18K	\$88,721,925	\$88,420,017	(\$301,908)
(2) Medical Services Premiums	Medical Services Premiums	Hospital Provider Fee Fund	Cash Fund	24A	\$171,705,885	\$171,648,166	(\$57,719)

**Table E.2: New Letternote Totals for Medicaid Mental Health Community Programs**

Long Bill Group	Line Item	Cash Fund	Appropriation Type	COFRS Number	Previous Total	Total	Incremental Change
(3) Medicaid Mental Health Community Programs	Mental Health Capitation Payments	Health Care Expansion Fund	Cash Fund	18K	\$10,261,740	\$10,201,905	(\$59,835)
(3) Medicaid Mental Health Community Programs	Mental Health Capitation Payments	Hospital Provider Fee Cash Fund	Cash Fund	24A	\$1,723,204	\$1,713,225	(\$9,979)
(3) Medicaid Mental Health Community Programs	Mental Health Capitation Payments	Breast and Cervical Cancer Prevention and Treatment Fund	Cash Fund	15D	\$33,542	\$33,276	(\$266)

**Table E.3: New Letternote Totals for Indigent Care Programs**

Long Bill Group	Line Item	Fund	Appropriation Type	COFRS Number	Previous Total	Total	Incremental Change
(4) Indigent Care Program	Children's Basic Health Plan Premiums Costs	Health Care Expansion Fund	Cash Fund	18K	\$30,000,812	\$29,536,133	(\$464,679)
(4) Indigent Care Program	Children's Basic Health Plan Premiums Costs	Hospital Provider Fee Cash Fund	Cash Fund	24A	\$8,297,682	\$8,087,090	(\$210,592)
(4) Indigent Care Program	Children's Basic Health Plan Premiums Costs	Children's Basic Health Plan Trust	Cash Fund	11G	\$32,449,328	\$31,996,373	(\$452,955)
(4) Indigent Care Program	Children's Basic Health Plan Dental Costs	Health Care Expansion Fund	Cash Fund	18K	\$1,946,470	\$1,922,613	(\$23,857)
(4) Indigent Care Program	Children's Basic Health Plan Dental Costs	Hospital Provider Fee Cash Fund	Cash Fund	24A	\$392,972	\$385,933	(\$7,039)
(4) Indigent Care Program	Children's Basic Health Plan Dental Costs	Children's Basic Health Plan Trust	Cash Fund	11G	\$2,517,883	\$2,488,648	(\$29,235)