

**Schedule 13  
Funding Request for the 2012-13 Budget Cycle**

**Department:** Health Care Policy and Financing

**Request Title:** CBMS Electronic Document Management System

**Priority Number:** R-13

**Dept. Approval by:** John Bartholomew *JB 10/29/11*  **Decision Item FY 2012-13**  
Date

**OSPB Approval by:** Erin M. [Signature] *10/24/11*  **Base Reduction Item FY 2012-13**  
Date  **Supplemental FY 2011-12**  
 **Budget Amendment FY 2012-13**

Line Item Information		FY 2011-12		FY 2012-13		FY 2013-14
	Fund	1 Appropriation FY 2011-12	2 Supplemental Request FY 2011-12	3 Base Request FY 2012-13	4 Funding Change Request FY 2012-13	5 Continuation Amount FY 2013-14
<b>Total of All Line Items</b>	<b>Total</b>	\$8,983,839	\$0	\$8,895,282	\$464,126	\$32,515
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$4,461,609	\$0	\$4,416,786	\$230,708	\$16,162
	GFE	\$0	\$0	\$0	\$0	\$0
	CF	\$14,428	\$0	\$14,520	\$462	\$33
	RF	\$19,399	\$0	\$19,889	\$1,392	\$98
	FF	\$4,488,403	\$0	\$4,444,087	\$231,564	\$16,222
<b>(6) Department of Human Services Medicaid-Funded Programs; (B) Office of Information Technology Services - Medicaid Funding, Colorado Benefits Management System</b>	<b>Total</b>	\$8,983,839	\$0	\$8,895,282	\$464,126	\$32,515
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$4,461,609	\$0	\$4,416,786	\$230,708	\$16,162
	GFE	\$0	\$0	\$0	\$0	\$0
	CF	\$14,428	\$0	\$14,520	\$462	\$33
	RF	\$19,399	\$0	\$19,889	\$1,392	\$98
	FF	\$4,488,403	\$0	\$4,444,087	\$231,564	\$16,222

**Letternote Text Revision Required?** Yes:  No:  **If yes, describe the Letternote Text Revision:** The Department is authorized to roll forward into FY 2013-14 any remaining funding for this line.

**Cash or Federal Fund Name and COFRS Fund Number:** CF: 11G Children's Basic Health Plan Trust Fund, FF: Title XIX, Title XXI

**Reappropriated Funds Source, by Department and Line Item Name:** Old Age Pension Fund managed by Department of Human Services

**Approval by OIT?** Yes:  No:  **Not Required:**

**Schedule 13s from Affected Departments:** Department of Human Services, Governor's Office of Information Technology

**Other Information:**

**Schedule 13  
Funding Request for the 2012-13 Budget Cycle**

Department: Human Services  
 Request Title: CBMS Electronic Document Management System  
 Priority Number: NP-2

Dept. Approval by: Will Kye 10-20-11  
 Date

OSPB Approval by: Erin Mahoney 10/24/11  
 Date

- Decision Item FY 2012-13  
 Base Reduction Item FY 2012-13  
 Supplemental FY 2011-12  
 Budget Amendment FY 2012-13

Line Item Information		FY 2011-12		FY 2012-13		FY 2013-14
		1	2	3	4	5
	Fund	Appropriation FY 2011-12	Supplemental Request FY 2011-12	Base Request FY 2012-13	Funding Change Request FY 2012-13	Continuation Amount FY 2013-14
<b>Total of All Line Items</b>	<b>Total</b>	\$18,858,730	\$0	\$18,978,289	\$1,257,600	\$88,100
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$4,585,647	\$0	\$4,668,267	\$303,065	\$21,231
	CF	\$1,034,792	\$0	\$1,050,388	\$43,576	\$3,053
	RF	\$6,924,731	\$0	\$6,836,174	\$464,126	\$32,515
	FF	\$6,313,560	\$0	\$6,423,460	\$446,833	\$31,301
	MCF	\$6,924,731	\$0	\$6,836,174	\$464,126	\$32,515
	MGF	\$3,439,002	\$0	\$3,394,179	\$230,707	\$16,162
	NGF	\$8,024,649	\$0	\$8,062,446	\$533,772	\$37,393

<b>(2) Office of Information Technology Services, Colorado Benefits Management System (CBMS), Operating Expenses</b>	<b>Total</b>	\$18,858,730	\$0	\$18,978,289	\$1,257,600	\$88,100
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$4,585,647	\$0	\$4,668,267	\$303,065	\$21,231
	CF	\$1,034,792	\$0	\$1,050,388	\$43,576	\$3,053
	RF	\$6,924,731	\$0	\$6,836,174	\$464,126	\$32,515
	FF	\$6,313,560	\$0	\$6,423,460	\$446,833	\$31,301
	MCF	\$6,924,731	\$0	\$6,836,174	\$464,126	\$32,515
	MGF	\$3,439,002	\$0	\$3,394,179	\$230,707	\$16,162
	NGF	\$8,024,649	\$0	\$8,062,446	\$533,772	\$37,393

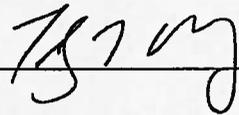
Letternote Text Revision Required? Yes:  No:  If yes, describe the Letternote Text Revision:  
<sup>h</sup> Of these amounts, \$1,130,795 \$1,174,371 shall be from the Old Age Pension Fund created in Section 1 of Article XXIV of the State Constitution and \$168,499 shall be from the Hospital Provider Fee Cash Fund created in Section 25.5-4-402.3 (4) (a), C.R.S.  
<sup>j</sup> Of these amounts, it is estimated that \$4,879,375 \$5,151,653 shall be from the U.S. Department of Agriculture for the Supplemental Nutrition Assistance Program and \$3,361,899 \$3,536,445 shall be from the Temporary Assistance for Needy Families Block Grant.

Cash or Federal Fund Name and COFRS Fund Number:  
 Reappropriated Funds Source, by Department and Line Item Name:  
 Approval by OIT? Yes:  No:  Not Required:   
 Schedule 13s from Affected Departments: Health Care Policy and Financing, Governor's Office of Information Technology

Other Information:

## Schedule 13 Funding Request for the 2012-13 Budget Cycle

Department: Governor's Office of Information Technology  
 Request Title: CBMS Electronic Document Management System  
 Priority Number: NP - 1

Dept. Approval by:  10-19-11  
 Date

- Decision Item FY 2012-13
- Base Reduction Item FY 2012-13
- Supplemental FY 2011-12
- Budget Amendment FY 2012-13

OSPB Approval by:  10/24/11  
 Date

Line Item Information		FY 2011-12		FY 2012-13		FY 2013-14
		1	2	3	4	6
		Appropriation FY 2011-12	Supplemental Request FY 2011-12	Base Request FY 2012-13	Funding Change Request FY 2012-13	Continuation Amount FY 2013-14
	Fund					
<b>Total of All Line Items</b>	<b>Total</b>	19,007,729	-	19,127,288	1,257,600	88,100
	FTE	-	-	-	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	19,007,729	-	19,127,288	1,257,600	88,100
	FF	-	-	-	-	-
<b>(5) Office of Information Technology, (E) Colorado Benefits Management System, Operating Expenses</b>	<b>Total</b>	19,007,729	-	19,127,288	1,257,600	88,100
	FTE	-	-	-	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	19,007,729	-	19,127,288	1,257,600	88,100
	FF	-	-	-	-	-

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

Cash or Federal Fund Name and COFRS Fund Number: COFRS Fund 613 (IT Revolving Fund)

Reappropriated Funds Source, by Department and Line Item Name: User charges

Approval by OIT?    Yes:     No:     Not Required:

Schedule 13s from Affected Departments: Departments of Health Care Policy & Financing and Human Services

Other Information:



# DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

John W. Hickenlooper  
Governor

*FY 2012-13 Funding Request  
November 1, 2011*

Susan E. Birch  
Executive Director

**Department Priority: R-13**  
**CBMS Electronic Document Management System**

Summary of Incremental Funding Change for FY 2012-13 HCPF	Total Funds	General Fund for HCPF	FTE
CBMS Electronic Document Management System	\$464,126	\$230,708	0.0

## Request Summary:

The Colorado Department of Health Care Policy and Financing (HCPF), the Colorado Department of Human Services (DHS), and the Colorado Governor's Office of Information Technology (GOIT) request \$1,257,600 total funds and \$533,792 General Fund to develop and implement an Electronic Document Management System to be integrated into Colorado PEAK that is part of the Colorado Benefits Management System (CBMS) to meet requirements of the recent federal Centers for Medicare and Medicaid Services (CMS) audit.

The Electronic Document Management System is the hardware and software used for the process of scanning and storing documents in the CBMS database and associating each document with the eligibility client by one or more indices so that the documents can be retrieved electronically. The Electronic Document Management System will also become integrated into the Colorado PEAK system that is already currently available to Colorado citizens to apply for medical assistance or other financial assistance programs managed by the Department of Health Care Policy and Financing or the Department of Human Services.

Colorado PEAK is the Program Eligibility Application Kit that is the web based system through which assistance applications can be initiated by Colorado citizens with access to a

computer, and county departments of social services workers can review and complete the applications. Development and upgrades of PEAK were fully completed and implemented in FY 2010-11. The Electronic Document Management System added to Colorado PEAK would capture and maintain the hard copy records that applicants must supply to substantiate their eligibility for assistance programs. The original paper records could include driver's licenses, birth certificates, tax returns, pay stubs, and other similar documents.

The Electronic Document Management System would include 6,800 hours of development and computer programming changes as estimated by the CBMS vendor, purchase of a large storage server with storage space of 20 terabytes of storage that is capable of storing the documents for the foreseeable future, two models of scanners for testing compatibility, and purchase of software licenses. Ongoing costs would include maintenance of the storage server and annual renewal of the software licenses.

There would also be implementation costs for OIT to purchase one or two scanners per county as needed to be distributed to the counties. Those costs would be to purchase scanners for the county offices to upload scanned documents into the CBMS database. A few county offices already have scanners for a local small scale

electronic document system, but most of the counties would need new scanners.

An Electronic Document Management System was first requested by the Department of Health Care Policy and Financing in S-1A, BA-A1A “Building Blocks to Health Care Reform” submitted February 15, 2008. At that time, the estimated costs for development of such a system were \$1,750,000 in FY 2009-10 and \$3,500,000 in FY 2010-11. The Department did not go forward with this development due to an economic downturn that was occurring nationally, as well as in Colorado, that placed constraints on funding available to state government. The Department abandoned the Electronic Document Management System as a budget balancing measure after JBC staff recommended budget reductions in Request JBC-1 discussed in the HCPF Supplemental Requests hearing on January 29, 2009, page 73. However, the Department did go forward with a smaller scale project as requested in BA-35 “Revised Implementation of DI-5 - Improved Eligibility and Enrollment Processing” submitted January 23, 2009 and discussed in the HCPF FY 2009-10 Figure Setting on March 18, 2009, page 95. This smaller scale project applied only to the Children’s Basic Health Plan and cost \$100,000. By delaying until FY 2012-13, the technology has advanced so that the requested large scale project would now cost much less than in 2008.

The need for an Electronic Document Management System has come to the fore again because of several findings in an audit by the federal Centers for Medicare and Medicaid Services released July 1, 2011. That audit found that the Department lacked management control of the CBMS processes, including, among other findings, lack of timeliness of Medicaid eligibility determinations and re-determinations, lack of providing a reasonable period of time for applicants to present satisfactory documentary evidence of citizenship, lack of reasonable time frames in terminating eligibility, and in completing periodic redeterminations. The Department has developed a plan for addressing

the findings, and that plan is pending federal approval. Improvements in the aforementioned areas are highly dependent on having quickly available documentation to prove eligibility as required by federal guidelines, thus the Electronic Document Management System is part of the improvement plan.

The same improvements in the Electronic Document Management System would also benefit assistance programs managed by the Department of Human Services because this process would allow the electronic capture, archiving, and retrieval of documents for DHS programs. For this reason, it is appropriate that both Departments participate in this request. Since the Governor’s Office of Information Technology manages the technology to maintain the CBMS database, this requirement would impact their appropriations as well.

After the Electronic Document Management System development and implementation is completed, this new process will capture and archive all new documentation provided on a go-forward basis. However, counties will need to scan all physical client documentation residing in their files currently. It is not known at this time the timeframe for completion of the scanning of the older documents by the counties.

Due to the complexities associated with the planning and implementation of a project of this scale and the potential for unforeseen contingencies, the Departments request that any remaining funds in the CBMS line item left over for this project at the end of FY 2012-13 be authorized for roll forward into FY 2013-14 for completion of the project at the county level.

**Anticipated Outcomes:**

The anticipated outcomes from approval and completion of this request would be improved compliance with federal guidelines preventing possible loss of federal matching funding for the CBMS program or other federal programs; reduced county worker workload; increased client satisfaction by decreasing frustration about

misplaced or delayed retrieval of paperwork; reduced archival costs of paper documentation; and additional efficiencies in the operation of the CBMS database.

**Assumptions for Calculations:**

The Colorado Benefits Management System line item uses random moment sampling (RMS) for calculating cost sharing between HCPF and DHS for various programs. The Department assumes that random moment sampling would be used to allocate costs in this request.

It is also assumed that:

- The State share of the Children’s Basic Health Plan related costs will be 35% and the federal funds will be 65%.
- The State share of costs related to Old Age Pension will be 100%.
- Costs related to Temporary Aid to Needy Families (TANF or Colorado Works) will be 100% from the federal block grant.
- Costs associated with the Supplemental Nutrition Assistance Program (SNAP or Food Stamps) will be 50% State share and 50% federal share.
- Costs related to Foster Care will be 100% State share.
- Costs related to the Title XX Block Grant will be 100% State share.
- Costs related to Adult Protective Services will be 100% State share.
- Costs related to Medicaid will be 50% General Fund and 50% federal funds.
- The FY 2012-13 hourly rate for the CBMS vendor to develop the programming changes would be \$112 as stated in the vendor contract.
- Funding appropriated to HCPF and DHS for development and implementation of the Electronic Document Management System will be transferred to GOIT as reappropriated funds.
- Funding for the purchase of scanners would be included in the GOIT allocation for CBMS because a large group purchase would allow GOIT to utilize a discount achieved through economies of scale. In later years when

replacement of the scanners may become necessary, the counties would have responsibility for the replacement costs.

See attachments for cost calculations.

**Consequences if not Funded:**

Failure to address the findings of the audit of CBMS by the federal Centers for Medicare and Medicaid Services could result in loss of federal financial participation for CBMS. County workload could continue to increase unabated. Client frustration could continue due to lost or delayed paper documentation. Continued untimely eligibility determination could lead to more lawsuits against the Department(s).

**Impact to Other State Government Agency:**

There would be impacts to the Department of Human Services and to the Governor’s Office of Information Technology.

See attachments for financial impacts.

**Cash Fund Projections:**

The Old Age Pension Fund, managed by DHS and the Children’s Basic Health Plan Trust Fund, managed by HCPF, would provide part of the funding for this request, as calculated by the RMS calculator. The Old Age Pension Fund, created in Article XXIV of the State Constitution, does not have a specific balance but is managed by the State Controller to have the amount needed for programs for eligible Old Age Pension clients.

The Children's Basic Health Plan Trust projection is below.

Cash Fund Name	Children's Basic Health Plan Trust Fund
Cash Fund Number	11G
FY 2010-11 Expenditures	\$43,062,875
FY 2010-11 End of Year Cash Balance	\$7,745,026
FY 2011-12 End of Year Cash Balance Estimate	\$9,332,096
FY 2012-13 End of Year Cash Balance Estimate	\$8,036,989
FY 2013-14 End of Year Cash Balance Estimate	\$6,924,385

**Relation to Performance Measures:**

This request relates to strategic goals of increasing the number of insured Coloradans that leads to increased access to health care. The strategic goals tie with performance measures to meet timely processing requirements for 95% of all new applications for medical assistance and to

meet timely processing requirements for 95% of all redeterminations for medical assistance.

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

Not applicable.

**Current Statutory Authority or Needed Statutory Change:**

Statutory authority is under 25.5-4-106 (3), C.R.S. (2010 and 25.5-4-204 (1), C.R.S. (2010). No changes to statutes are needed.

### Attachment 1 Cost Calculations

<b>CBMS Electronic Document Management System Costs</b>	
<b>Colorado Benefits Management System Line Item</b>	
<i>Year of Implementation FY 2012-13</i>	<i>Costs</i>
6,800 Development Hours at \$112 per Hour	\$761,600
Purchase Storage Server with 20 Terabytes of Storage Space	\$305,000
Purchase Test Gear: Two Different Models of Scanners	\$2,000
Purchase Software License	\$93,000
Purchase by GOIT of Scanners for Distribution to the Counties	\$96,000
<b>Total Costs for First Fiscal Year</b>	<b>\$1,257,600</b>
<b>Estimated HCPF Share</b>	<b>\$464,126</b>
<b>Estimated DHS Share</b>	<b>\$793,474</b>
<b>Estimated GOIT Reappropriated Funds</b>	<b>\$1,257,600</b>
<i>Year after Implementation and Ongoing FY 13-14</i>	<i>Costs</i>
Annual Maintenance of Storage Server	\$67,100
Annual Maintenance of Software License	\$21,000
<b>Total Costs for Each Future Ongoing Fiscal Year</b>	<b>\$88,100</b>
<b>Estimated HCPF Share</b>	<b>\$32,515</b>
<b>Estimated DHS Share</b>	<b>\$55,585</b>
<b>Estimated OIT Reappropriated Funds</b>	<b>\$88,100</b>

**Attachment 2 Agency Impacts**

<b>Summary of Request FY 2012-13 Department of Health Care Policy and Financing</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>\$464,126</b>	<b>\$230,708</b>	<b>\$462</b>	<b>\$1,392</b>	<b>\$231,564</b>
(6) Department of Human Services Medicaid-Funded Programs; (B) Office of Information Technology Services - Medicaid Funding, Colorado Benefits Management System	\$464,126	\$230,708	\$462	\$1,392	\$231,564

<b>Summary of Request FY 2012-13 Department of Human Services</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>Medicaid Cash Funds</b>	<b>Medicaid General Fund</b>	<b>Net General Fund</b>
Total Request	<b>\$1,257,600</b>	<b>\$303,065</b>	<b>\$43,576</b>	<b>\$464,126</b>	<b>\$446,833</b>	<b>\$464,126</b>	<b>\$230,707</b>	<b>\$533,792</b>
(2) Office of Information Technology Services; Colorado Benefits Management System, Operating Expenses	\$1,257,600	\$303,065	\$43,576	\$464,126	\$446,833	\$464,126	\$230,707	\$533,772

<b>Summary of Request FY 2012-13 Governor's Office of Information Technology</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>\$1,161,600</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,161,600</b>	<b>\$0</b>
(5) Office of Information Technology; (E) Colorado Benefits Management System, Operating Expenses	\$1,257,600	\$0	\$0	\$1,257,600	\$0

<b>Summary of Request FY 2013-14 Department of Health Care Policy and Financing</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>\$32,515</b>	<b>\$16,162</b>	<b>\$33</b>	<b>\$98</b>	<b>\$16,222</b>
(6) Department of Human Services Medicaid-Funded Programs; (B) Office of Information Technology Services - Medicaid Funding, Colorado Benefits Management System	\$32,515	\$16,162	\$33	\$98	\$16,222

<b>Summary of Request FY 2013-14 Department of Human Services</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>Medicaid Cash Funds</b>	<b>Medicaid General Fund</b>	<b>Net General Fund</b>
<b>Total Request</b>	<b>\$88,100</b>	<b>\$21,231</b>	<b>\$3,053</b>	<b>\$32,515</b>	<b>\$31,301</b>	<b>\$432,515</b>	<b>\$16,162</b>	<b>\$37,393</b>
(2) Office of Information Technology Services; Colorado Benefits Management System, Operating Expenses	\$88,100	\$21,231	\$3,053	\$32,515	\$31,301	\$32,515	\$16,162	\$37,393

<b>Summary of Request FY 2013-14 Governor's Office of Information Technology</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>\$88,100</b>	<b>\$0</b>	<b>\$0</b>	<b>\$88,100</b>	<b>\$0</b>
(5) Office of Information Technology; (E) Colorado Benefits Management System, Operating Expenses	\$88,100	\$0	\$0	\$88,100	\$0