

Schedule 13

Funding Request for the FY 2015-16 Budget Cycle

Department of Health Care Policy and Financing

PB Request Number R-11

Request Titles

R-11 Public Health and Medicaid Alignment

Dept. Approval By:	Josh Block		<input checked="" type="checkbox"/>	Supplemental FY 2014-15
			<input type="checkbox"/>	Change Request FY 2015-16
			<input type="checkbox"/>	Base Reduction FY 2015-16
OSPB Approval By:			<input type="checkbox"/>	Budget Amendment FY 2015-16

Line Item Information	Fund	FY 2014-15		FY 2015-16		FY 2016-17
		Appropriation	Request	Base Request	FY 2015-16	Continuation
	Total	\$5,724,352,770	\$0	\$5,768,568,225	\$1,400,000	\$1,400,000
	FTE	-	-	-	-	-
Total of All Line Items	GF	\$1,608,812,454	\$0	\$1,654,584,623	\$495,740	\$495,740
	CF	\$622,898,368	\$0	\$628,705,349	\$190,120	\$190,120
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$3,492,641,948	\$0	\$3,485,278,253	\$714,140	\$714,140

Line Item Information	Fund	FY 2014-15		FY 2015-16		FY 2016-17
		Appropriation	Request	Base Request	FY 2015-16	Continuation
	Total	\$5,724,352,770	\$0	\$5,768,568,225	\$1,400,000	\$1,400,000
02. Medical Services	CF	\$622,898,368	\$0	\$628,705,349	\$190,120	\$190,120
Premiums - Medical	FF	\$3,492,641,948	\$0	\$3,485,278,253	\$714,140	\$714,140
and LT Care Services for Medicaid Eligible Indvls	GF	\$1,608,812,454	\$0	\$1,654,584,623	\$495,740	\$495,740

Letternote Text Revision Required?	Yes	No	X	If Yes, describe the Letternote Text Revision:
	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Cash or Federal Fund Name and CORE Fund Number:	Hospital Provider Fee Cash Fund (24A0)			
Reappropriated Funds Source, by Department and Line Item Name:	N/A			
Approval by OIT?	Yes	No	Not Required:	X
Schedule 13s from Affected Departments:	N/A			
Other Information:	N/A			



Cost and FTE

- The Department requests funding of \$1,400,000 total funds, including \$495,740 General Fund and \$190,120 Cash Funds to align the work of Colorado's Local Public Health Agencies (LPHAs) with the Accountable Care Collaborative (ACC). The request does not require any additional FTE.

Current Program

- The mission of the ACC is to improve clients' health and reduce costs through a coordinated, client-centered system. It is made up of seven Regional Care Collaborative Organizations (RCCO) that connect clients to Medicaid providers and help clients find community and social services in their area.
- Colorado currently has 54 LPHAs serving 64 Colorado counties that focus on population health, public health initiatives, community health outreach, health education, and many provide direct services such as immunizations and cancer screenings.

Problem or Opportunity

- Clients enrolled in Medicaid often have limited health literacy which can lead them to seek fewer preventive services, have a higher chance for developing a chronic condition, higher hospitalization rates, poorer health status, and often incur higher health care costs when compared to enrollees in private health insurance.
- The Department has the opportunity to utilize the expertise and experience of LPHAs to address gaps in service and education for Medicaid clients.
- By formalizing the relationship between LPHAs and the ACC, the Department can bridge the gap between direct health care and population based health intervention that have the potential to lower health care costs in the long term.
- Funding for integration of population health and individual health care services is currently not available in the ACC Program.

Consequences of Problem

- Without funding, public health services would fail to become an integrated part of the ACC. Population health and individual health services would continue to be provided in siloes, creating duplication and lack of coordination despite both types of services striving to achieve the same goal - a healthy Colorado.
- Poor health literacy is a common problem within the Medicaid population, and can lead to poor health outcomes and expensive treatment. Many LPHAs provide community outreach and health education to alter behaviors that can lead to expensive and unnecessary care. Without funding, the Department would lose the opportunity to utilize LPHA experience that could have a positive impact on health outcomes within the Medicaid population.

Proposed Solution

- The Department proposes that funding will be made available to each of the seven RCCOs to work jointly with LPHAs to support programs and services to Medicaid clients not currently available within the Medicaid framework.
- By establishing a Memorandum of Understanding with each RCCO, the Department would ensure that funding formalizes a relationship that builds on the expertise of LPHAs and RCCOs in providing quality health care that improves health outcomes.



COLORADO

Department of Health Care
Policy & Financing

FY 2015-16 Funding Request | November 1, 2014

John W. Hickenlooper
Governor

Susan E. Birch
Executive Director

Department Priority: R-11
Request Detail: Public Health and Medicaid Alignment

Summary of Incremental Funding Change for FY 2015-16	Total Funds	General Fund
Public Health and Medicaid Alignment	\$1,400,000	\$495,740

Problem or Opportunity:

Individuals with limited health education often seek fewer preventive services, are more likely to have a chronic condition, have higher hospitalization rates, worse health status, and incur higher health care costs than individuals that are more health literate¹. The Department has an opportunity to utilize the expertise and experience of Local Public Health Agencies (LPHAs) to address gaps in services and education for Medicaid clients to improve health outcomes and contain long term costs. Limited health education is more common among older adults, racial and ethnic minorities, people without a high school diploma, and people with low income levels. These are common traits among the Medicaid population, who currently have few resources to acquire meaningful health education, potentially resulting in poor health outcomes. It is estimated that as many as ninety percent of adults may lack the skills necessary to manage their health to prevent or treat disease². Health education reaches out to the population in an effort to change behaviors in ways that maximize treatments that individuals receive for chronic disease or post-acute care. Health education is a core public health function that can have a lasting impact on health outcomes and health care costs for those given the tools and training to make better health decisions.

Bridging the gap between direct health care and population based health interventions represents a significant opportunity for containing long term costs and improving client outcomes in the Medicaid population. While the Department is well positioned to leverage the Accountable Care Collaborative (ACC) to achieve this type of integration, funding is not currently allocated for this specific type of integration and coordination. The ACC Program aims to improve clients' health and reduce costs through a coordinated, client-centered system. The ACC is made up seven Regional Care Collaborative Organizations (RCCOs) that connect clients to Medicaid providers and also help clients find community and social services in their area. By formalizing a partnership between LPHAs that primarily work on population health and community outreach with RCCOs, the Department could have a long term impact on client health care outcomes while ensuring sound stewardship of financial resources.

¹ Quick Guide to Health Literacy. [www.health.gov](http://www.health.gov/communication/literacy/quickguide/factsliteracy.htm) <<http://www.health.gov/communication/literacy/quickguide/factsliteracy.htm>>

² <<http://www.health.gov/communication/literacy/quickguide/factsbasic.htm>>

Colorado currently has 54 LPHAs serving 64 Colorado counties. LPHAs focus on population health, public health initiatives, community health outreach, health education, and many provide direct services such as immunizations and cancer screenings. LPHAs are independently operated and largely grant funded, resulting in programs and services that differ significantly depending on the needs of the communities they serve. A recent survey of LPHAs conducted by the Colorado Department of Public Health and the Environment (CDPHE) indicated strong preferences towards a more integrated local health system through increased communication and planning with RCCOs. Funding collaboration would formalize this partnership and take full advantage of the ACC's mission to make innovations in Colorado's health care delivery system.

Significant opportunity exists to leverage the ACC program to better coordinate with LPHAs to ensure Medicaid clients have access to not just direct health care services to treat a defined problem, but population-based health services that cover a wide range of services and programs. For example, some LPHAs provide community-based diabetes management training for the public. Because diabetes is a condition of high prevalence in the Medicaid population, there is high value added when clients are connected to the classes through the ACC as part of the care coordination activities of the RCCOs. Similarly, obesity is common in the Medicaid population and may lead to poor health outcomes that may have been prevented with intervention. 37 LPHAs across Colorado have chosen obesity as a priority for intervention and education³. Further opportunity exists if the RCCOs were to work directly with LPHAs to develop Medicaid specific population health interventions. Unfortunately, there is no dedicated funding for this type of coordination, despite the opportunity to leverage additional federal dollars through the Medicaid program.

Proposed Solution:

The Department requests \$1,400,000 total funds, including \$495,740 General Fund and \$190,120 Cash Funds, for FY 2015-16 and future years to provide funding for RCCOs to support programs proposed by LPHAs.

Each of Colorado's seven RCCOs would establish a Memorandum of Understanding (MOU) with the Department to receive grants to work collaboratively with LPHAs in their region. Each RCCO would be eligible for funds to collaboratively administer programs and services targeting Medicaid clients. This would allow RCCOs to muster local resources in non-traditional ways to enhance Medicaid clients' access to quality health care, health education, and non-medical resources within their community. Grants would be awarded based on criteria developed by the Department directed at population health needs in the respective RCCO region. This proposal would formalize community health partnerships in order to create a more integrated health care system. LPHAs and RCCOs would be encouraged to work together in developing and submitting proposals. Likewise, multiple LPHAs could develop a proposal for a joint program to be administered in multiple counties within a RCCO region.

Without funding to support this integration, public health services would continue to be isolated to their respective departments and services would continue to be provided in siloes, potentially duplicating work

³ Local Public Health Priority Areas

<http://www.chd.dphe.state.co.us/CHAPS/Documents/Local%20Priorities%20Grid_June%202014.pdf>

with un-coordinated programs and goals. The State would continue to have health programs working separately while clients do not receive needed preventive care or education.

Anticipated Outcomes:

Funding collaboration between LPHAs and RCCOs would allow the public health system to become an integrated part of the ACC. LPHAs are ideally positioned to assist Medicaid in meeting the goals of prevention and population health in a high-quality, cost-effective fashion. LPHAs are able to quickly and efficiently address county level population health concerns that may not be addressed at the state level.

Across the nation, integrated health models such as the ACC continue to show encouraging signs of improved client outcomes and cost savings⁴. By expanding the RCCO scope of service beyond direct services to community health programs and population health, the ACC has a greater potential for improving health outcomes and cost savings through enhanced client access and local program coordination. Partnership with the LPHAs would allow RCCOs to use local program coordination, resources, and expertise to improve the health of a community while maintaining the health of individual Medicaid clients.

Funding to align LPHAs and Medicaid could support an improved billing system to ensure more consistent reimbursement when LPHAs provide direct services to Medicaid clients. RCCOs and LPHAs would be able to formally develop population-based health programs such as chronic disease education and self-management. Specific programs would vary depending on the capacity, expertise, and local needs of the LPHAs as well as the needs of the RCCOs.

Assumptions and Calculations:

Of the \$1,400,000 requested, each RCCO would receive an average of \$200,000 to develop and administer a grant program accessible by LPHAs. Criteria for grant funding would be set by the Department with a focus on program coordination and client health outcomes.

The Department assumes that only some LPHAs would apply for funding, as capacity and interest in such a program would vary. Particularly in counties with a small Medicaid population there may be little interest in a joint program with the RCCOs. The seven RCCOs cover regions of Colorado with varying numbers of Medicaid clients, so the Department assumes an average of \$200,000 would be administered to each RCCO to serve the Medicaid population within their region. The Department is unable to estimate the number and scope of requests from LPHAs, so the Department assumes \$200,000 for each RCCO, though the Department would shift funding where necessary. Appendix A.1 is included below to provide a reference of the number of clients enrolled with each RCCO. The Department assumes that this amount of funding is sufficient to reach a critical mass of Medicaid clients within the RCCO regions, while small enough in scope to manage and oversee programs effectively as this scope of work would be new under the ACC. Based on a survey of LPHAs conducted by CDPHE showing strong interest for further RCCO collaboration, the Department anticipates roughly 80% of the 54 LPHAs will apply for funding. This would allow for roughly \$30,000 for each LPHA to design and administer a program aimed at Medicaid clients in their area.

⁴ <<http://healthyamericans.org/assets/files/Incorporate%20Prevention03.pdf>>

Programs aimed at improving population health have a potential for long term cost savings through reductions in chronic illness, tobacco use, obesity, and emergency room visits. These savings are not included in the calculations as the Department cannot predict the types of programs LPHAs and RCCOs would choose to pursue. Furthermore, the efficacy of these programs would be difficult to calculate and any savings may not be realized until years after implementation. The Department would use the regular budget process to account for any savings achieved.

Appendix A.1: Reference Table of RCCO Client Count			
Row	Item	Client Enrollment June 2014	Comment
A	RCCO 1 Rocky Mountain Health Plans	84,060	MMIS Data June 2014
B	RCCO 2 Colorado Access	48,735	MMIS Data June 2014
C	RCCO 3 Colorado Access	171,329	MMIS Data June 2014
D	RCCO 4 Integrated Community Health Partners	74,336	MMIS Data June 2014
E	RCCO 5 Colorado Access	51,890	MMIS Data June 2014
F	RCCO 6 Colorado Community Health Alliance	82,599	MMIS Data June 2014
G	RCCO 7 Community Care of Central Colorado	96,795	MMIS Data June 2014
	Total	609,744	Row (A + B + C + D + E + F + G)

R-11 Public Health and Medicaid Alignment
Appendix A: Calculations and Assumptions

Table 1.1 FY 2015-16 Summary and Fund Splits									
Item	Total Funds	FTE	General Funds	General Fund Exempt	Cash Funds	Reappropriated Funds	Federal Funds	FMAP	Source
(2) Medical Services Premium									
Public Health and Medicaid Alignment	\$1,400,000	0.0	\$495,740	\$0	\$190,120	\$0	\$714,140	51.01%	Cash fund Percent Table 2.2
Total	\$1,400,000	0.0	\$495,740	\$0	\$190,120	\$0	\$714,140		

Table 1.2 FY 2016-17 Summary and Fund Splits									
Item	Total Funds	FTE	General Funds	General Fund Exempt	Cash Funds	Reappropriated Funds	Federal Funds	FMAP	Source
(2) Medical Services Premium									
Public Health and Medicaid Alignment	\$1,400,000	0.0	\$495,740	\$0	\$190,120	\$0	\$714,140	51.01%	Cash fund Percent Table 2.2
Total	\$1,400,000	0.0	\$495,740	\$0	\$190,120	\$0	\$714,140		

R-11 Public Health and Medicaid Alignment
Appendix A: Calculations and Assumptions

Table 2.1: Total Caseload Excluding Non-Citizens & Partial Dual Eligibles						
Item	FY 2015-16 Caseload Projection	Percent of Caseload	FMAP	FY 2016- 17 Caseload Projection	Percent of Caseload	FMAP
Adults 65 and Older (OAP-A)	43,060	3.62%	51.01%	44,025	3.44%	51.01%
Disabled Adults 60 to 64 (OAP-B)	11,442	0.96%	51.01%	11,975	0.93%	51.01%
Disabled Individuals to 59 (AND/AB)	69,042	5.81%	51.01%	71,205	5.56%	51.01%
Disabled Buy-In	4,359	0.37%	48.59%	4,951	0.39%	48.66%
MAGI Parents/ Caretakers to 68% FPL	164,433	13.83%	51.01%	180,501	14.09%	51.01%
MAGI Parents/Caretakers 60% to 68% FPL	6,502	0.55%	51.01%	6,502	0.51%	51.01%
MAGI Parents/ Caretakers 69% to 133% FPL	70,573	5.93%	100.00%	76,305	5.96%	97.50%
MAGI Adults (Excluding Non-Newly Eligibles)	254,703	21.42%	100.00%	285,624	22.30%	97.50%
Non-Newly Eligibles	1,221	0.10%	51.01%	1,221	0.10%	51.01%
Breast & Cervical Cancer Program	169	0.01%	65.71%	59	0.00%	65.71%
Eligible Children (AFDC-C/BC)	468,884	39.42%	51.01%	498,180	38.90%	51.01%
SB 11-008 Eligible Children	56,726	4.77%	82.96%	61,422	4.80%	88.71%
Foster Care	20,920	1.76%	51.01%	21,204	1.66%	51.01%
MAGI Pregnant Adults	15,333	1.29%	51.01%	15,503	1.21%	51.01%
SB 11-250 Eligible Pregnant Adults	1,971	0.17%	52.24%	2,120	0.17%	51.01%
TOTAL	1,189,338	100.00%		1,280,797	100.00%	

Table 2.2: Percent of State Share Funded Through Hospital Provider Fee		
Item	Caseload	Percent of Total Caseload
Disabled Buy-In	4,359	0.37%
MAGI Parents/ Caretakers 69% to 133% FPL	70,573	5.93%
MAGI Adults (Excluding Non-Newly Eligibles)	254,703	21.42%
Total	329,635	27.72%