

**Schedule 13**

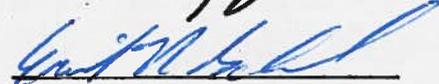
**Funding Request for the FY 2015-16 Budget Cycle**

**Department of Health Care Policy and Financing**

PB Request Number R-04

**Request Titles**

R-04 Medicare Modernization Act of 2003 State Contr. Payment

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	\$104,007,505	\$0	\$104,007,505	\$15,613,436	\$29,170,390
	FTE	-	-	-	-	-
Total of All Line Items	GF	\$99,304,985	\$0	\$99,304,985	\$20,315,956	\$33,872,910
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$4,702,520	\$0	\$4,702,520	(\$4,702,520)	(\$4,702,520)

Line Item Information	Fund	FY 2014-15		FY 2015-16		FY 2016-17
		Appropriation	Request	Base Request	FY 2015-16	Continuation
	Total	\$104,007,505	\$0	\$104,007,505	\$15,613,436	\$29,170,390
06. Other Medical Services - Medicare Modernization Act State Contribution Payment	FF	\$4,702,520	\$0	\$4,702,520	(\$4,702,520)	(\$4,702,520)
	GF	\$99,304,985	\$0	\$99,304,985	\$20,315,956	\$33,872,910

Letternote Text Revision Required?	Yes	No	X	If Yes, describe the Letternote Text Revision:
Cash or Federal Fund Name and CORE Fund Number:				
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		



## COLORADO

Department of Health Care  
Policy & Financing

Priority: R-4  
MMA State Contribution Payment  
FY 2015-16 Change Request

### ***Cost and FTE***

- \$5,765,582 total funds, including an increase of \$10,038,677 General Fund and a reduction of \$4,273,095 federal funds for FY 2014-15; and \$15,613,436 total funds, including an increase of \$20,315,956 General Fund and a reduction of \$4,702,520 federal funds for FY 2015-16, for the Medicare Modernization Act of 2003 State Contribution Payment line item to make the mandatory reimbursement payments to the federal government for the States' share of the cost of outpatient prescription drugs for clients that are eligible for both Medicaid and Medicare, referred to as dual-eligible clients.

### ***Current Program***

- The Department serves clients who are eligible for both Medicaid and Medicare.
- These dual-eligible clients are provided prescription drug coverage through the federal Medicare program.
- The State is required to reimburse the federal government for the amount the federal Centers for Medicare and Medicaid Services (CMS) determines is the State's obligation for such prescription drug coverage, which is also called the "clawback" payment.

### ***Problem or Opportunity***

- The State's obligation varies from year to year and is affected by changes in caseload and the per member per month (PMPM) rate, which is also determined by CMS.
- The Department must annually forecast both anticipated caseload and PMPM rate to ensure the State is adequately funded to meet its reimbursement obligation to the federal government.

### ***Consequences of Problem***

- If this request is not approved and the State is unable to meet its reimbursement obligation to the federal government, the Department would be at risk of having the amount due for the clawback payment – plus interest – deducted from the federal funds received for the Medicaid program, generating overexpenditures on other line items.

### ***Proposed Solution***

- The Department would be able to meet the State's obligation to the federal government for prescription drug coverage for dual-eligible clients; thus avoiding the additional cost of accumulating interest on the amount owed to the federal government and deductions from the federal funds owed to the State for the Medicaid program.



# 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-4**

**Request Detail: Medicare Modernization Act of 2003 State Contribution Payment**

Summary of Incremental Funding Change for FY 2015-16	Total Funds	General Fund
MMA State Contribution Payment	\$15,613,436	\$20,315,956

**Problem or Opportunity:**

On January 1, 2006, the federal Centers for Medicare and Medicaid Services (CMS) assumed responsibility for the Medicare Part D prescription-drug benefit that replaced the Medicaid prescription-drug coverage for dual-eligible clients, who are individuals eligible for both Medicare and Medicaid. States are required to make mandatory state payments to the federal government, known as the “clawback” payment, to help finance the Medicaid Part D benefit for the dual-eligible population for the states’ share of the costs of outpatient prescription drugs. The amount of each state’s clawback payment roughly reflects the expenditures of its own funds that the state would make if it continued to pay for outpatient prescription drugs through Medicaid on behalf of dual-eligible clients. These clawback payments, if left unpaid, are subject to automatic deduction – plus interest – from the federal funds the State receives for the Medicaid program.

**Proposed Solution:**

The Department requests to increase the Medicare Modernization Act of 2003 State Contribution Payment line item to cover the State’s share of the costs of the Medicare Part D outpatient prescription drug benefit for dual-eligible clients as follows:

- FY 2014-15: \$5,765,582 total funds, including an increase of \$10,038,677 General Fund and a reduction of \$4,273,095 federal funds;
- FY 2015-16: \$15,613,436 total funds, including an increase of \$20,315,956 General Fund and a reduction of \$4,702,520 federal funds; and
- FY 2016-17: \$29,170,390 total funds, including an increase of \$33,872,910 General Fund and a reduction of \$4,702,520 federal funds.

The Department estimates the clawback payment will total \$109,773,087 for FY 2014-15; \$119,620,941 for FY 2015-16; and \$133,177,895 for FY 2016-17, based on the Department’s most recent caseload projections and projections of the per member per month (PMPM) rate paid by the State as required by federal regulations (see row O of tables 2.1, 2.3, and 2.5 of the appendix). Typically, the Medicare Modernization Act of 2003 State Contribution Payment line item is entirely General Fund, as it is a reimbursement to the federal

government and is not eligible to receive a federal match. However, from FY 2011-12 to FY 2014-15, the Department elected to utilize federal funds received from the Children's Health Insurance Program Reauthorization Act (CHIPRA) performance bonus to offset General Fund in this line item. The federal funding for the CHIPRA bonus was awarded annually for qualifying states in federal fiscal years 2009 through 2013. The Department will receive the final supplemental payment for the 2013 CHIPRA performance bonus in FY 2014-15, which was announced by CMS in September to be \$429,425. This is a much lower supplemental payment than in years past, due to retroactive caseload being much lower in FFY 2013 than in prior years.

If the Department does not receive the requested appropriations and subsequently cannot make the required federal payment within the Department's existing spending authority, the Department would be required to use overexpenditure authority to make the payment, pursuant to section 24-75-109(1)(a.6), C.R.S. Without overexpenditure authority, the Department would be at risk of having the amount due for the clawback payment – plus interest – deducted from the federal funds received for the Medicaid program, generating overexpenditures on other line items.

***Anticipated Outcomes:***

One of the Department's top priorities in its Performance Plan is to "ensure sound stewardship of financial resources." The approval of this request would be a direct implementation of this goal by allowing the Department to meet its obligation to the federal government, and ensuring that no amount of federal funds owed to the State for Medicaid would be subject to deduction plus interest.

***Assumptions and Calculations:***

A summary of the Medicare Modernization Act of 2003 State Contribution Payment line item request by fund type is provided for FY 2014-15, FY 2015-16, and FY 2016-17 in tables 1.1, 1.2, and 1.3, respectively. Row E in each of these tables provides the incremental changes by fiscal year and fund type of the cost due to projected caseload growth and the impact in fund splits related to the change in availability of federal funds from the CHIPRA bonus to offset part of the General Fund obligation.

The State's clawback payment is calculated according to three factors:

1. The number of dual-eligible clients enrolled in a Part D plan;
2. A per capita estimate of the amount the State otherwise would have spent on Medicaid prescription drugs for dual-eligible clients; and
3. A "phasedown" percentage of the State's obligation for the PMPM rate set forth by the MMA which declines 1.67% each year, starting from 90% in 2006 and declining to 75% in 2015, where it will remain.

The total caseload estimates for FY 2014-15, FY 2015-16, and FY 2016-17 are calculated in tables 2.1, 2.3, and 2.5, respectively, in the appendix. To estimate caseload, the Department analyzed data from January 2006 through June 2014 and applied a 6.92% annual growth trend, based upon a monthly average over the past two years. This method estimates caseload by increasing the total caseload incurred each month by 0.60% to forecast the total caseload for the following month. Because clients are able to be retroactively

enrolled and disenrolled for up to 24 months, retroactivity is also considered in this forecast. Rows A through L on tables 2.1, 2.3 and 2.5 show the breakdown of actual and projected caseload for a given month by the calendar year of which the caseload is attributed to. Due to a two-month delay between when the Department receives an invoice from CMS and when the invoice is paid, the amount paid in the state fiscal year are actually invoices received between May and April. Therefore, rows A through L in tables 2.1, 2.3 and 2.5 show invoice actuals and projections for this time period. Tables 2.2, 2.4, and 2.6 provide a calculation of caseload total expenditures for dual-eligible clients covered in CY 2014 who will receive a PMPM rate of \$125.50 during January through September and a PMPM rate of \$122.97 during October through December (CY 2014 rates are found in table 3.1 rows R and V, respectively). The change in CY 2014 rates is caused by a change in the Federal Medicaid Assistance Percentage (FMAP) from 50% to 51.01%.

The Department assumes the changes in the PMPM rate paid by the Department will be based on the formula established by CMS. PMPM rates for CY 2015, CY 2016, and CY 2017 are calculated in tables 3.2, 3.3, and 3.4, respectively in the appendix. To calculate the PMPM rate, CMS first uses 2013 and 2014 annual National Health Expenditure (NHE) Projections of the average growth rate of per capita prescription drug expenditure between years 2003 and 2006 to calculate the percentage change in growth rate estimates, shown in row G. Then, CMS calculates the average percentage increase (API) in average per capita aggregate Part D expenditures for the current year by multiplying the annual percentage trend for the current year by the revision of the previous year's annual percentage trend, shown in row J. CMS aggregates these growth rates, shown in row I, and uses this aggregate growth rate to trend out next year's PMPM rate using the prior year's PMPM rate, shown in row N. Finally, this figure is multiplied by the state share and the phasedown percentage, shown in rows O and Q, respectively. This approach yields a PMPM rate of \$124.70 for CY 2015, shown in row R.

The PMPM rates for CY 2016 and CY 2017 are not yet known. Therefore, the Department has applied the current aggregate trend of 3.66% used to calculate the CY 2015 PMPM rate to trend forward the PMPM to produce estimates for CY 2016 and CY 2017 (the aggregate trend of 3.66% can be found in row I of table 3.1). This methodology produces PMPM rates of \$129.26 for CY 2016 and \$133.99 for CY 2017, shown in row R of tables 3.3 and 3.4, respectively.

The Department notes that this methodology is in contrast to the 4.03% decrease in the CY 2014 PMPM rate from the previous year (table 3.1 row K). This significant dip in the CY 2014 PMPM rate is a result of CMS trending out a one-time decrease in prescription drug costs that occurred in 2012 induced by the expiration of multiple brand-name drug patents which allowed more generic brands to flood the market. However, CMS anticipates the current generic-brand dispensing rates to level off while prescription drug utilization increases due to projected income growth and drug usage earlier in treatment. According to the most recent National Health Expenditure projections, the average annual growth in prescription drug spending is projected to be 6.5% for 2015 through 2022 (National Health Expenditure Projections 2012-2022). This report and the current upward trend in the CY 2014 PMPM rate support the Department's decision to continue using an aggregate trend of 3.66% to forecast CY 2016 and CY 2017 PMPM rates.

The product of the State's PMPM rate and the projected caseload for a given fiscal year produce the total projected expenditure for this line item, which can be found in row O of tables 2.1, 2.3, and 2.5 of the

appendix. Historical caseload and PMPM rate data can be found in tables 6.1-6.3 of the appendix. Historical total expenditures for the Medicare Modernization Act of 2003 State Contribution Payment line item can be found in table 6.4.

R-4 Medicare Modernization Act of 2003 State Contribution Payment  
Appendix A: Calculations and Assumptions

<b>Table</b>	<b>Title</b>
<b>1</b>	<b>MMA Summary</b>
1.1	FY 2014-15 Summary
1.2	FY 2015-16 Summary
1.3	FY 2016-17 Summary
<b>2</b>	<b>MMA Caseload and Expenditure Projections</b>
2.1	FY 2014-15 Caseload and Expenditures
2.2	Caseload Breakdown for FY 2014-15 by CY 2014 Rates
2.3	FY 2015-16 Caseload and Expenditures
2.4	Caseload Breakdown for FY 2015-16 by CY 2014 Rates
2.5	FY 2016-17 Caseload and Expenditures
2.6	Caseload Breakdown for FY 2016-17 by CY 2014 Rates
<b>3</b>	<b>MMA Per Member Per Month Calculations</b>
3.1	CY 2014 PMPM Rate Calculation
3.2	Estimated CY 2015 PMPM Rate Calculation
3.3	Estimated CY 2016 PMPM Rate Calculation
3.4	Estimated CY 2017 PMPM Rate Calculation
<b>4</b>	<b>CHIPRA Bonus Summary</b>
4.1	CHIPRA Bonus Payments by State Fiscal Year
<b>5</b>	<b>CHIPRA Bonus Calculation</b>
5.1	CHIPRA Bonus Calculation
<b>6</b>	<b>Caseload &amp; PMPM History</b>
6.1	Invoice Caseload History
6.2	Aggregate Monthly Caseload History
6.3	PMPM Rate History
6.4	MMA Expenditures by State Fiscal Year



R-4 Medicare Modernization Act of 2003 State Contribution Payment  
Appendix A: Calculations and Assumptions

<b>Table 1.1</b>					
<b>FY 2014-15 Summary by Incremental Funding Request</b>					
<b>Row</b>	<b>Item</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Federal Funds</b>	<b>Source</b>
A	Projected FY 2014-15 Expenditures	\$109,773,087	\$109,773,087	\$0	Table 2.1 Row O
B	Supplemental CHIPRA Bonus Payment FY 2014-15	\$0	(\$429,425)	\$429,425	Table 4.1 Row C
C	Projected FY 2014-15 Expenditures with CHIPRA Bonus Offset	\$109,773,087	\$109,343,662	\$429,425	Row A + Row B
D	FY 2014-15 Spending Authority	\$104,007,505	\$99,304,985	\$4,702,520	Long Bill Appropriation
E	<b>FY 2014-15 Incremental <sup>(1)</sup></b>	<b>\$5,765,582</b>	<b>\$10,038,677</b>	<b>(\$4,273,095)</b>	Row C - Row D

(1) Incremental requests impact Line Item: (6) Other Medical Services, Medicare Modernization Act of 2003 State Contribution Payment

<b>Table 1.2</b>					
<b>FY 2015-16 Summary of Incremental Funding Request</b>					
<b>Row</b>	<b>Item</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Federal Funds</b>	<b>Source</b>
A	Projected FY 2015-16 Expenditures	\$119,620,941	\$119,620,941	\$0	Table 2.3 Row O
B	Supplemental CHIPRA Bonus Payment FY 2015-16	\$0	\$0	\$0	Table 4.1 Row C
C	Projected FY 2015-16 Expenditures with CHIPRA Bonus Offset	\$119,620,941	\$119,620,941	\$0	Row A + Row B
D	FY 2014-15 Spending Authority	\$104,007,505	\$99,304,985	\$4,702,520	Long Bill Appropriation
E	<b>FY 2015-16 Incremental <sup>(1)</sup></b>	<b>\$15,613,436</b>	<b>\$20,315,956</b>	<b>(\$4,702,520)</b>	Row C - Row D

(1) Incremental requests impact Line Item: (6) Other Medical Services, Medicare Modernization Act of 2003 State Contribution Payment

<b>Table 1.3</b>					
<b>FY 2016-17 Summary of Incremental Funding Request</b>					
<b>Row</b>	<b>Item</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Federal Funds</b>	<b>Source</b>
A	Projected FY 2016-17 Expenditures	\$133,177,895	\$133,177,895	\$0	Table 2.5 Row O
B	Supplemental CHIPRA Bonus Payment FY 2016-17	\$0	\$0	\$0	Table 4.1 Row C
C	Projected FY 2016-17 Expenditures with CHIPRA Bonus Offset	\$133,177,895	\$133,177,895	\$0	Row A + Row B
D	FY 2014-15 Spending Authority	\$104,007,505	\$99,304,985	\$4,702,520	Long Bill Appropriation
E	<b>FY 2016-17 Incremental <sup>(1)</sup></b>	<b>\$29,170,390</b>	<b>\$33,872,910</b>	<b>(\$4,702,520)</b>	Row C - Row D

(1) Incremental requests impact Line Item: (6) Other Medical Services, Medicare Modernization Act of 2003 State Contribution Payment

R-4 Medicare Modernization Act of 2003 State Contribution Payment  
Appendix A: Calculations and Assumptions

<b>Table 2.1</b>						
<b>FY 2014-15 Caseload and Expenditures</b>						
<b>Row</b>	<b>Month</b>	<b>CY 2012</b>	<b>CY 2013</b>	<b>CY 2014</b>	<b>CY 2015</b>	<b>FY 2014-15 TOTAL</b>
A	May 2014	(55)	30	70,685	0	70,660
B	June 2014	(120)	(198)	71,014	0	70,696
C	July 2014	188	477	71,297	0	71,962
D	August 2014	153	448	71,789	0	72,390
E	September 2014	117	431	72,274	0	72,822
F	October 2014	79	427	72,758	0	73,264
G	November 2014	40	425	73,232	0	73,697
H	December 2014	0	436	73,708	0	74,144
I	January 2015	0	408	3,249	70,933	74,590
J	February 2015	0	374	1,871	72,792	75,037
K	March 2015	0	337	1,178	73,972	75,487
L	April 2015	0	301	853	74,785	75,939
M	CY Client Total	402	3,896	583,908	292,482	880,688
N	CY PMPM Rate <sup>(1)</sup>	\$132.41	\$133.62	Varies <sup>(2)</sup>	\$124.70	
O	<b>Expenditures <sup>(3)</sup></b>	<b>\$53,229</b>	<b>\$520,584</b>	<b>\$72,726,769</b>	<b>\$36,472,505</b>	<b>\$109,773,087</b>

(1) PMPM Rates in row N are calculated in tables 3.1-3.5  
(2) In CY 2014, Q1-Q3 PMPM is \$125.50, whereas Q4 is \$122.97 due to FMAP increasing from 50.0% to 51.01%. Expenditure for CY 2014 in row O is calculated in table 2.2  
(3) Expenditures are calculated by summing the caseload of rows A through L for a given CY and then multiplying that sum (row M) by its respective CY PMPM rate (row N) to get total CY expenditures (row O) for FY 2014-15.

<b>Table 2.2</b>					
<b>Caseload Breakdown for FY 2014-15 by CY 2014 Rates</b>					
<b>Row</b>	<b>Rate Period</b>	<b>FY 2014-15 Dual Eligible Count</b>	<b>CY 2014 Rates</b>	<b>Total</b>	<b>Source</b>
A	January - September 2014	365,060	\$125.50	\$45,815,030	
B	October - December 2014	218,848	\$122.97	\$26,911,739	
C	<b>Total</b>			<b>\$72,726,769</b>	<b>Row A + Row B</b>

R-4 Medicare Modernization Act of 2003 State Contribution Payment  
Appendix A: Calculations and Assumptions

<b>Table 2.3</b>						
<b>FY 2015-16 Caseload and Expenditures</b>						
<b>Row</b>	<b>Month</b>	<b>CY 2013</b>	<b>CY 2014</b>	<b>CY 2015</b>	<b>CY 2016</b>	<b>FY 2015-16 TOTAL</b>
A	May 2015	271	673	75,456	0	76,400
B	June 2015	233	566	76,056	0	76,855
C	July 2015	199	524	76,595	0	77,318
D	August 2015	164	496	77,129	0	77,789
E	September 2015	126	472	77,654	0	78,252
F	October 2015	84	469	78,170	0	78,723
G	November 2015	43	470	78,684	0	79,197
H	December 2015	0	476	79,194	0	79,670
I	January 2016	0	450	3,486	76,213	80,149
J	February 2016	0	409	2,013	78,210	80,632
K	March 2016	0	372	1,265	79,478	81,115
L	April 2016	0	331	916	80,351	81,598
M	CY Client Total	1,120	5,708	626,618	314,252	947,698
N	CY PMPM Rate <sup>(1)</sup>	\$133.62	Varies <sup>(2)</sup>	\$124.70	\$129.26	
O	<b>Expenditures <sup>(3)</sup></b>	<b>\$149,654</b>	<b>\$711,808</b>	<b>\$78,139,265</b>	<b>\$40,620,214</b>	<b>\$119,620,941</b>

(1) PMPM Rates in row N are calculated in tables 3.1-3.5  
(2) In CY 2014, Q1-Q3 PMPM is \$125.50, whereas Q4 is \$122.97 due to FMAP increasing from 50.0% to 51.01%. Expenditure for CY 2014 in row O is calculated in table 2.4  
(3) Expenditures are calculated by summing the caseload of rows A through L for a given CY and then multiplying that sum (row M) by its respective CY PMPM rate (row N) to get total CY expenditures (row O) for FY 2015-16.

<b>Table 2.4</b>					
<b>Caseload Breakdown for FY 2015-16 by CY 2014 Rates</b>					
<b>Row</b>	<b>Rate Period</b>	<b>FY 2015-16 Dual Eligible Count</b>	<b>CY 2014 Rates</b>	<b>Total</b>	<b>Source</b>
A	January - September 2014	3,911	\$125.50	\$490,831	
B	October - December 2014	1,797	\$122.97	\$220,977	
C	<b>Total</b>			<b>\$711,808</b>	<b>Row A + Row B</b>

R-4 Medicare Modernization Act of 2003 State Contribution Payment  
Appendix A: Calculations and Assumptions

<b>Table 2.5</b>						
<b>FY 2016-17 Caseload and Expenditures</b>						
<b>Row</b>	<b>Month</b>	<b>CY 2014</b>	<b>CY 2015</b>	<b>CY 2016</b>	<b>CY 2017</b>	<b>FY 2016-17 TOTAL</b>
A	May 2016	296	719	81,073	0	82,088
B	June 2016	257	607	81,716	0	82,580
C	July 2016	218	563	82,295	0	83,076
D	August 2016	179	528	82,870	0	83,577
E	September 2016	136	508	83,430	0	84,074
F	October 2016	92	503	83,989	0	84,584
G	November 2016	46	503	84,539	0	85,088
H	December 2016	0	511	85,086	0	85,597
I	January 2017	0	482	3,748	81,883	86,113
J	February 2017	0	441	2,160	84,029	86,630
K	March 2017	0	396	1,358	85,390	87,144
L	April 2017	0	358	984	86,329	87,671
M	CY Client Total	1,224	6,119	673,248	337,631	1,018,222
N	CY PMPM Rate <sup>(1)</sup>	Varies <sup>(2)</sup>	\$124.70	\$129.26	\$133.99	
O	<b>Expenditures <sup>(3)</sup></b>	<b>\$151,642</b>	<b>\$763,039</b>	<b>\$87,024,036</b>	<b>\$45,239,178</b>	<b>\$133,177,895</b>

(1) PMPM Rates in row N are calculated in tables 3.1-3.5  
(2) In CY 2014, Q1-Q3 PMPM is \$125.50, whereas Q4 is \$122.97 due to FMAP increasing from 50.0% to 51.01%. Expenditure for CY 2014 in row O is calculated in table 2.6  
(3) Expenditures are calculated by summing the caseload of rows A through L for a given CY and then multiplying that sum (row M) by its respective CY PMPM rate (row N) to get total CY expenditures (row O) for FY 2016-17.

<b>Table 2.6</b>					
<b>Caseload Breakdown for FY 2016-17 by CY 2014 Rates</b>					
<b>Row</b>	<b>Rate Period</b>	<b>FY 2016-17 Dual Eligible Count</b>	<b>CY 2014 Rates</b>	<b>Total</b>	<b>Source</b>
A	January - September 2014	445	\$125.50	\$55,848	
B	October - December 2014	779	\$122.97	\$95,794	
C	<b>Total</b>			<b>\$151,642</b>	<b>Row A + Row B</b>

R-4 Medicare Modernization Act of 2003 State Contribution Payment  
Appendix A: Calculations and Assumptions

<b>Table 3.1</b>			
<b>CY 2014 PMPM Rate Calculation</b>			
<b>Row</b>	<b>Item</b>		<b>Source</b>
	From 2012 NHE Estimates		
A	Estimated 2003 Per Capita Rx Drug Expenditures	\$607	
B	Estimated 2006 Per Capita Rx Drug Expenditures	\$752	
C	Percentage Growth	23.89%	(Row B ÷ Row A) - 1
	From 2013 NHE Estimates		
D	Estimated 2003 Per Capita Rx Drug Expenditures	\$607	
E	Estimated 2006 Per Capita Rx Drug Expenditures	\$752	
F	Percentage Growth	23.89%	(Row E ÷ Row D) - 1
G	Change in Percentage Growth	0.00%	(1 + Row F) ÷ (1 + Row C) - 1
	From Announcement of CY 2014 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies 4/1/13		
H	Annual percentage trend for July 2013	-2.76%	
I	Revisions of Annual percentage trend for July 2012	-1.31%	
J	Annual Percentage Increase in Average Per Capita Aggregate Part D Expenditures for 2014 (Attachment VI, Table IV-2)	-4.03%	(1 + Row H) × (1 + Row I) - 1
K	<b>FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2013</b>	<b>-4.03%</b>	Row G + Row H
L	CY 2013 PMPM Rate Prior to FMAP and Phasedown	\$341.15	
M	FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2014	-4.03%	Row K
N	Projected CY 2014 PMPM Rate Prior to FMAP and Phasedown	\$327.40	Row L × (1 + Row M)
O	FMAP State Share (January-September)	50.00%	
P	Projected CY 2014 PMPM Rate Prior to Phasedown	\$163.70	Row N × Row O
Q	CY 2014 Phasedown Percentage	76.67%	
R	<b>CY 2014 PMPM Rate (January-September)</b>	<b>\$125.50</b>	Row P × Row Q
S	FMAP State Share (October-December)	48.99%	
T	Projected CY 2014 PMPM Rate Prior to Phasedown	\$160.39	Row N × Row S
U	CY 2014 Phasedown Percentage	76.67%	
V	<b>CY 2014 PMPM Rate (October-December)</b>	<b>\$122.97</b>	Row T × Row U

Source: Centers for Medicare and Medicaid Services (CMS), 2012 and 2013 NHE estimates; and Announcement of CY 2014 Medicare Advantage Capitation Rates and Medicare Advantage Part D Payment Policies, Attachment VI, Table IV-2.

<b>Table 3.2</b>			
<b>Estimated CY 2015 PMPM Rate Calculation</b>			
Row	Item		Source
	From 2013 NHE Estimates		
A	Estimated 2003 Per Capita Rx Drug Expenditures	\$607	
B	Estimated 2006 Per Capita Rx Drug Expenditures	\$752	
C	Percentage Growth	23.89%	(Row B ÷ Row A) - 1
	From 2014 NHE Estimates		
D	Estimated 2003 Per Capita Rx Drug Expenditures	\$610	
E	Estimated 2006 Per Capita Rx Drug Expenditures	\$753	
F	Percentage Growth	23.44%	(Row E ÷ Row D) - 1
G	Change in Percentage Growth	-0.36%	(1 + Row F) ÷ (1 + Row C) - 1
	From Announcement of CY 2015 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies 4/7/14		
H	Annual percentage trend for July 2014	4.07%	
I	Revisions of Annual percentage trend for July 2013	-0.05%	
J	Annual Percentage Increase in Average Per Capita Aggregate Part D Expenditures for 2015 (Attachment V, Table V-3)	4.02%	(1 + Row H) × (1 + Row I) - 1
K	<b>FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2015</b>	<b>3.66%</b>	Row G + Row H
L	CY 2014 PMPM Rate Prior to FMAP and Phasedown	\$327.40	Table 4.1 Row N
M	FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2015	3.66%	Row K
N	Projected CY 2015 PMPM Rate Prior to FMAP and Phasedown	\$339.38	Row L × (1 + Row M)
O	FMAP State Share	48.99%	
P	Projected CY 2015 PMPM Rate Prior to Phasedown	\$166.26	Row N × Row O
Q	CY 2015 Phasedown Percentage	75.00%	
R	<b>CY 2015 PMPM Rate</b>	<b>\$124.70</b>	Row P × Row Q

Source: Centers for Medicare and Medicaid Services (CMS), 2013 and 2014 NHE estimates; and Announcement of CY 2015 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies, Attachment V, Table V-3.

<b>Table 3.3</b>			
<b>Estimated CY 2016 PMPM Rate Calculation</b>			
Row	Item		Source
	From 2014 NHE Estimates		
A	Estimated 2003 Per Capita Rx Drug Expenditures	\$607	
B	Estimated 2006 Per Capita Rx Drug Expenditures	\$752	
C	Percentage Growth	23.89%	(Row B ÷ Row A) - 1
	Projected 2015 NHE Estimates		
D	Estimated 2003 Per Capita Rx Drug Expenditures	\$610	
E	Estimated 2006 Per Capita Rx Drug Expenditures	\$753	
F	Percentage Growth	23.44%	(Row E ÷ Row D) - 1
G	Change in Percentage Growth	-0.36%	(1 + Row F) ÷ (1 + Row C) - 1
	From Announcement of CY 2015 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies 4/7/14		
H	Projected Annual percentage trend for July 2015	4.07%	
I	Projected Revisions of Annual percentage trend for July 2014	-0.05%	
J	Annual Percentage Increase in Average Per Capita Aggregate Part D Expenditures for 2015 (Attachment V, Table V-3)	4.02%	(1 + Row H) × (1 + Row I) - 1
I	<b>FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2016</b>	<b>3.66%</b>	Row G + Row H
L	CY 2015 PMPM Rate Prior to FMAP and Phasedown	\$339.38	Table 4.2 Row N
M	FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2016	3.66%	Row K
N	Projected CY 2016 PMPM Rate Prior to FMAP and Phasedown	\$351.81	Row L × (1 + Row M)
O	FMAP State Share	48.99%	
P	Projected CY 2016 PMPM Rate Prior to Phasedown	\$172.35	Row N × Row O
Q	CY 2016 Phasedown Percentage	75.00%	
R	<b>CY 2016 PMPM Rate</b>	<b>\$129.26</b>	Row P × Row Q

Source: Centers for Medicare and Medicaid Services (CMS), 2013 and 2014 NHE estimates; and Announcement of CY 2015 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies, Attachment V, Table V-3.

<b>Table 3.4</b>			
<b>Estimated CY 2017 PMPM Rate Calculation</b>			
Row	Item		Source
	Projected 2015 NHE Estimates		
A	Estimated 2003 Per Capita Rx Drug Expenditures	\$607	
B	Estimated 2006 Per Capita Rx Drug Expenditures	\$752	
C	Percentage Growth	23.89%	(Row B ÷ Row A) - 1
	Projected 2016 NHE Estimates		
D	Estimated 2003 Per Capita Rx Drug Expenditures	\$610	
E	Estimated 2006 Per Capita Rx Drug Expenditures	\$753	
F	Percentage Growth	23.44%	(Row E ÷ Row D) - 1
G	Change in Percentage Growth	-0.36%	(1 + Row F) ÷ (1 + Row C) - 1
	From Announcement of CY 2015 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies 4/7/14		
H	Projected Annual percentage trend for July 2016	4.07%	
I	Projected Revisions of Annual percentage trend for July 2015	-0.05%	
J	Annual Percentage Increase in Average Per Capita Aggregate Part D Expenditures for 2015 (Attachment V, Table V-3)	4.02%	(1 + Row H) × (1 + Row I) - 1
<b>I</b>	<b>FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2017</b>	<b>3.66%</b>	Row G + Row H
L	CY 2016 PMPM Rate Prior to FMAP and Phasedown	\$351.81	Table 4.3 Row N
M	FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2017	3.66%	Row K
N	Projected CY 2017 PMPM Rate Prior to FMAP and Phasedown	\$364.69	Row L × (1 + Row M)
O	FMAP State Share	48.99%	
P	Projected CY 2017 PMPM Rate Prior to Phasedown	\$178.66	Row N × Row O
Q	CY 2017 Phasedown Percentage	75.00%	
<b>R</b>	<b>CY 2017 PMPM Rate</b>	<b>\$133.99</b>	Row P × Row Q

Source: Centers for Medicare and Medicaid Services (CMS), 2013 and 2014 NHE estimates; and Announcement of CY 2015 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies, Attachment V, Table V-3.

<b>Table 4.1: CHIPRA Bonus Payments by State Fiscal Year</b>									
<b>Row</b>	<b>Description</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>Source</b>
A	Initial CHIPRA Bonus Payment Awarded	\$13,671,043	\$26,141,052	\$42,909,585	\$58,489,650	\$0	\$0	\$0	
B	Supplemental Payment Awarded from Prior FFY	\$0	\$4,502,230	\$6,765,450	\$4,581,212	\$429,425	\$0	\$0	
C	<b>Total Payment Awarded by SFY</b>	<b>\$13,671,043</b>	<b>\$30,643,282</b>	<b>\$49,675,035</b>	<b>\$63,070,862</b>	<b>\$429,425</b>	<b>\$0</b>	<b>\$0</b>	Row A + Row B

*\* The supplemental payment for FFY 2010 received in SFY 2011-12 was reduced by \$30,000 for IDEA awards.*

<b>Table 5.1 CHIPRA Bonus Calculation</b>			
<b>Row</b>	<b>Item</b>	<b>FFY 2013</b>	<b>Notes</b>
<b>Caseload for Initial Bonus Payment Calculation</b>			
A	Baseline Enrollment	300,158	
B	Colorado Children Annual Population Growth	0.25%	U.S. Census Bureau
C	Additional Percentage in Statute	3.00%	Provided by CMS
D	Child Population Growth Factor	3.25%	Row B + Row C
E	Tier 1 Bonus Target Enrollment	309,903	Row A * (1 + Row D)
F	Tier 2 Bonus Target Enrollment	340,893	Row E * 110%
G	Initial Enrollment	416,404	Submitted in November 2013
H	<b>Initial Tier 1 Bonus Enrollment</b>	<b>30,990</b>	Row E * 10%
I	<b>Initial Tier 2 Bonus Enrollment</b>	<b>75,511</b>	Row G - Row F
<b>Per Capita for Initial Bonus Payment Calculation</b>			
J	Per-Capita	\$2,125.19	Provided by CMS
K	Percent Growth Factor	6.18%	Provided by CMS
L	State FMAP Rate	50.00%	
M	<b>Applicable Per Capita</b>	<b>\$1,128.21</b>	Row J * (1 + Row K) * Row L
<b>Initial Bonus Payment Calculation</b>			
N	Tier 1 Percent Factor	15.00%	Provided by CMS
O	Initial Tier 1 Bonus Enrollment	30,990	Row H
P	Applicable Per Capita	\$1,128.21	Row M
Q	<b>Initial Tier 1 Bonus Payment</b>	<b>\$5,244,484</b>	Row N * Row O * Row P
R	Tier 2 Percent Factor	62.50%	Provided by CMS
S	Initial Tier 2 Bonus Enrollment	75,511	Row I
T	Applicable Per Capita	\$1,128.21	Row M
U	<b>Initial Tier 2 Bonus Payment</b>	<b>\$53,245,166</b>	Row R * Row S * Row T
V	<b>Initial CHIPRA Bonus Payment</b>	<b>\$58,489,650</b>	Row Q + Row U
<b>Caseload for Supplemental Bonus Payment Calculation</b>			
W	Initial Enrollment	416,404	Row G
X	Enrollment with Retroactivity	417,013	Submitted in April 2014
Y	<b>Enrollment with Estimated Retroactivity</b>	N/A	
Z	Tier 1 Bonus Enrollment with Retroactivity	30,990	Row H
AA	Tier 2 Bonus Enrollment with Retroactivity	76,120	Row Y - Row F
<b>Final Bonus Payment Calculation</b>			
AB	Tier 1 Percent Factor	15.00%	Provided by CMS
AC	Tier 1 Bonus Enrollment	30,990	Row Z
AD	Applicable Per Capita	\$1,128.21	Row M
AE	<b>Projected Tier 1 Bonus Payment</b>	<b>\$5,244,484</b>	Row AB * Row AC * Row AD
AF	Tier 2 Percent Factor	62.50%	Provided by CMS
AG	Tier 2 Bonus Enrollment	76,120	Row AA
AH	Applicable Per Capita	\$1,128.21	Row M
AI	<b>Tier 2 Bonus Payment</b>	<b>\$53,674,591</b>	Row AF * Row AG * Row AH
AJ	<b>Total CHIPRA Bonus Payment</b>	<b>\$58,919,075</b>	Row AE + Row AI
AK	<b>Initial CHIPRA Bonus Payment</b>	<b>\$58,489,650</b>	Row V
AL	<b>Supplemental CHIPRA Bonus Payment</b>	<b>\$429,425</b>	Row AJ - Row AK

R-4 Medicare Modernization Act of 2003 State Contribution Payment  
Appendix A: Calculations and Assumptions

<b>Table 6.1</b>		
<b>Invoice Caseload History</b>		
<b>Item</b>	<b>Total Member Months Caseload</b>	<b>Average Monthly Caseload</b>
<b>FY 2006-07</b>	611,212	50,934
<b>FY 2007-08</b>	642,840	53,570
% Change from FY 2006-07	5.17%	5.18%
<b>FY 2008-09</b>	651,968	54,331
% Change from FY 2007-08	1.42%	1.42%
<b>FY 2009-10</b>	664,292	55,358
% Change from FY 2008-09	1.89%	1.89%
<b>FY 2010-11</b>	697,817	58,151
% Change from FY 2009-10	5.05%	5.05%
<b>FY 2011-12</b>	725,075	60,423
% Change from FY 2010-11	3.91%	3.91%
<b>FY 2012-13</b>	750,509	62,542
% Change from FY 2011-12	3.51%	3.51%
<b>FY 2013-14</b>	812,812	67,734
% Change from FY 2012-13	8.30%	8.30%
<b>FY 2014-15 Projection</b>	880,688	73,391
% Change from FY 2013-14	8.35%	8.35%
<b>FY 2015-16 Projection</b>	947,698	78,975
% Change from FY 2014-15 Projection	7.61%	7.61%
<b>FY 2016-17 Projection</b>	1,018,222	84,852
% Change from FY 2015-16 Projection	7.44%	7.44%

R-4 Medicare Modernization Act of 2003 State Contribution Payment  
Appendix A: Calculations and Assumptions

<b>Table 6.2</b>		
<b>Aggregate Monthly Caseload History</b>		
<b>Item</b>	<b>Total Member Months Caseload</b>	<b>Average Monthly Caseload</b>
<b>FY 2006-07</b>	618,862	51,572
<b>FY 2007-08</b>	630,715	52,560
% Change from FY 2006-07	1.92%	1.92%
<b>FY 2008-09</b>	621,662	51,805
% Change from FY 2007-08	-1.44%	-1.44%
<b>FY 2009-10</b>	665,732	55,478
% Change from FY 2008-09	7.09%	7.09%
<b>FY 2010-11</b>	693,267	57,772
% Change from FY 2009-10	4.14%	4.13%
<b>FY 2011-12</b>	728,875	60,740
% Change from FY 2010-11	5.14%	5.14%
<b>FY 2012-13 Projection</b>	759,756	63,313
% Change from FY 2011-12	4.24%	4.24%
<b>FY 2013-14 Projection</b>	811,900	67,658
% Change from FY 2012-13	6.86%	6.86%
<b>FY 2014-15 Projection</b>	883,466	73,622
% Change from FY 2013-14	8.81%	8.81%
<b>FY 2015-16 Projection</b>	948,975	79,081
% Change from FY 2014-15 Projection	7.41%	7.41%
<b>FY 2016-17 Projection</b>	1,019,587	84,966
% Change from FY 2015-16 Projection	7.44%	7.44%

R-4 Medicare Modernization Act of 2003 State Contribution Payment  
Appendix A: Calculations and Assumptions

<b>Table 6.3</b>					
<b>PMPM Rate History</b>					
Item	Q1	Q2	Q3	Q4	Average PMPM Rate
<b>CY 2006</b>	\$114.71	\$114.71	\$114.71	\$114.71	<b>\$114.71</b>
<b>CY 2007</b>	\$120.30	\$120.30	\$120.30	\$120.30	<b>\$120.30</b>
% Change from CY 2006					4.87%
<b>CY 2008</b>	\$120.03	\$120.03	\$120.03	\$98.95	<b>\$114.76</b>
% Change from CY 2007					-4.61%
<b>CY 2009</b>	\$106.03	\$98.81	\$98.81	\$98.81	<b>\$100.62</b>
% Change from CY 2008					-12.33%
<b>CY 2010</b>	\$101.49	\$101.49	\$101.49	\$101.49	<b>\$101.49</b>
% Change from CY 2009					0.87%
<b>CY 2011</b>	\$107.07	\$111.97	\$129.84	\$129.84	<b>\$119.68</b>
% Change from CY 2010					17.92%
<b>CY 2012</b>	\$132.41	\$132.41	\$132.41	\$132.41	<b>\$132.41</b>
% Change from CY 2011					10.64%
<b>CY 2013</b>	\$133.62	\$133.62	\$133.62	\$133.62	<b>\$133.62</b>
% Change from CY 2013-14					0.91%
<b>CY 2014</b>	\$125.50	\$125.50	\$125.50	\$122.97	<b>\$124.87</b>
% Change from CY 2014-15					-6.55%
<b>CY 2015</b>	\$124.70	\$124.70	\$124.70	\$124.70	<b>\$124.70</b>
% Change from CY 2014					-0.13%
<b>CY 2016 Projection</b>	\$129.26	\$129.26	\$129.26	\$129.26	<b>\$129.26</b>
% Change from CY 2015-16 Projection					3.66%
<b>CY 2017 Projection</b>	\$133.99	\$133.99	\$133.99	\$133.99	<b>\$133.99</b>
% Change from CY 2016-17 Projection					3.66%

R-4 Medicare Modernization Act of 2003 State Contribution Payment  
Appendix A: Calculations and Assumptions

<b>Table 6.4</b>			
<b>MMA Expenditures by State Fiscal Year</b>			
<b>Item</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Federal Funds</b>
FY 2005-06	\$31,461,626	\$31,461,626	\$0
FY 2006-07	\$72,494,301	\$72,494,301	\$0
FY 2007-08	\$71,350,801	\$71,350,801	\$0
FY 2008-09	\$73,720,837	\$73,720,837	\$0
FY 2009-10	\$57,624,126	\$57,624,126	\$0
FY 2010-11	\$72,377,768	\$58,706,725	\$13,671,043
FY 2011-12	\$93,582,494	\$62,939,212	\$30,643,282
FY 2012-13	\$101,817,855	\$52,136,848	\$49,681,007
FY 2013-14	\$106,376,992	\$68,306,130	\$38,070,862