



COLORADO
Department of Health Care
Policy & Financing

Department of Health Care Policy and Financing
1570 Grant Street
Denver, CO 80203

November 1, 2015

The Honorable Kent Lambert, Chair
Joint Budget Committee
200 East 14th Avenue, Third Floor
Denver, CO 80203

Dear Senator Lambert:

Enclosed please find the Department of Health Care Policy and Financing's response to the Joint Budget Committee's Request for Information #11 regarding appropriated funds for community capacity increases.

Legislative Request for Information #11 states:

The Department is requested to submit the following information to the Joint Budget Committee by November 1, 2015: how moneys appropriated for the community capacity increase have been and will be used by community centered boards and service providers, the feasibility of implementing a tiered incentivized system for the intellectual and developmental disabilities waivers, and the cost of such a system.

The enclosed report contains information regarding how community capacity increases have been used and the feasibility of implementing an incentivized system.

If you require further information or have additional questions, please contact the Department's Legislative Liaison, Zach Lynkiewicz, at Zach.Lynkiewicz@state.co.us or 720-854-9882.

Sincerely,

A handwritten signature in black ink, appearing to read 'Susan E. Birch', written in a cursive style.

Susan E. Birch, MBA, BSN, RN
Executive Director

SEB/eeb

Enclosure(s): Health Care Policy and Financing FY 2015-16 RFI #11



Cc: Representative Millie Hamner, Vice-chair, Joint Budget Committee
Representative Bob Rankin, Joint Budget Committee
Representative Dave Young, Joint Budget Committee
Senator Kevin Grantham, Joint Budget Committee
Senator Pat Steadman, Joint Budget Committee
John Ziegler, Staff Director, JBC
Eric Kurtz, JBC Analyst
Henry Sobanet, Director, Office of State Planning and Budgeting
Bettina Schneider, Budget Analyst, Office of State Planning and Budgeting
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John Bartholomew, Finance Office Director, HCPF
Gretchen Hammer, Health Programs Office Director, HCPF
Dr. Judy Zerzan, Client and Clinical Care Office Director, HCPF
Chris Underwood, Health Information Office Director, HCPF
Jed Ziegenhagen, Community Living Office Director, HCPF
Tom Massey, Policy, Communications, and Administration Office Director, HCPF
Rachel Reiter, External Relations Division Director, HCPF
Zach Lynkiewicz, Legislative Liaison, HCPF



Legislative Request for Information #11 states:

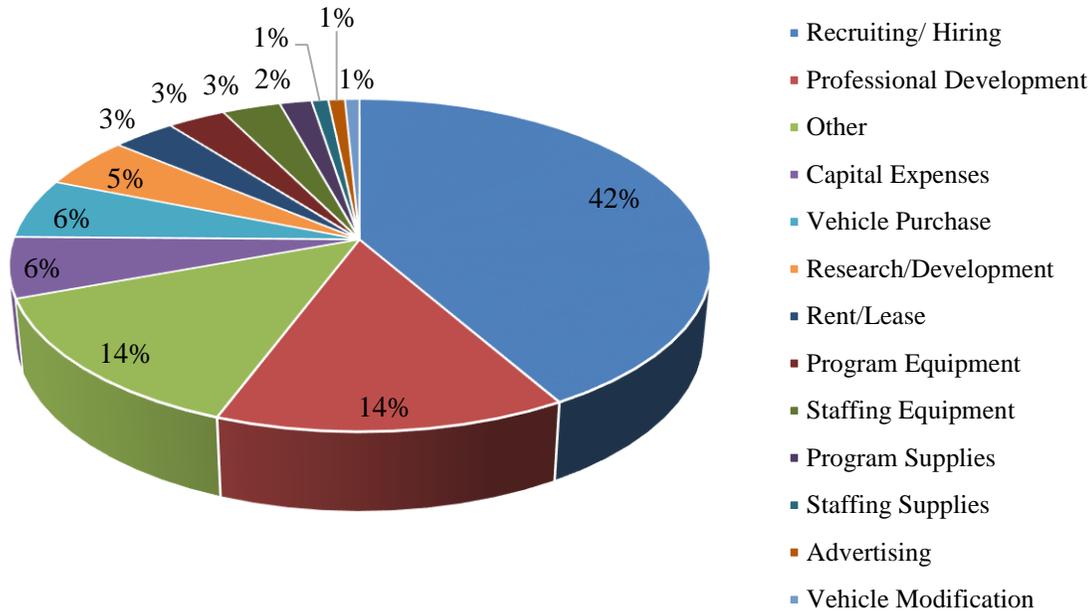
The Department is requested to submit the following information to the Joint Budget Committee by November 1, 2015: how moneys appropriated for the community capacity increase have been and will be used by Community Centered Boards and service providers, the feasibility of implementing a tiered incentivized system for the intellectual and developmental disabilities waivers, and the cost of such a system.

Community Capacity Increases

In April 2014, the Colorado General Assembly appropriated a total of \$4,293,074 in HB 14-1252, "Concerning Funding for System Capacity Changes Related to Intellectual and Developmental Disabilities Waiver Services", to build capacity to process the high volume of enrollments and serve newly enrolled individuals. The Department distributed a total of \$2,239,920 to the Community Centered Boards (CCBs) in order to build capacity to process the enrollments. The CCBs required funds in order to recruit, hire and train additional staff necessary to enroll individuals and assist these individuals with accessing services. A total of \$2,053,154 was distributed to Home and Community Based Services Supported Living Services (HCBS-SLS) waiver providers, including \$1,402,367 to CCBs, to build capacity at the service provider level. Like the CCBs, many providers also need to build capacity by hiring and training new staff in order to serve the influx of newly enrolled individuals.

The CCBs and providers were required to report to the Department regarding their use of the HB 14-1252 funds. CCBs and providers have reported that the majority of expenditures were used to recruit, hire, and train additional staff, allowing new individuals to be enrolled into services (see Figure 1, CCB and Provider Expenditures). The expenditure category of "Other" includes funds distributed by the CCBs to HCBS-SLS waiver providers under contract with the CCBs as well as miscellaneous costs associated with enrolling new individuals. As of September 15, 2015, 100% of HB 14-1252 funding distributed by the Department has been reported as expended.

Figure 1. HB14-1252 CCB and Provider Expenditures



In addition to HB 14-1252 funding, the Colorado General Assembly appropriated \$1,633,428 at the end of FY 2014-15 for the CCBs to further build capacity and enroll individuals into the HCBS-SLS and the Children’s Extensive Support (HCBS-CES) waivers. Additionally, the Department allocated \$1,537,628 to the CCBs for these purposes, using existing appropriations allocated in the Eligibility Determination and Waiting List Management line item in the Long Bill. The CCBs are required to report to the Department regarding their use of these additional enrollment funds. As of September, 15, 2015, 8% of these funds have been reported as expended, with 69% of the reported expenditures being used to recruit and hire additional staff. The Department will continue to work with the CCBs to collect quarterly reports identifying how funds were used for the remainder of the fiscal year. Table 1.0 below summarizes the funding distributed to the CCBs since April 2014 to eliminate the waiting list and enroll individuals into the HCBS-SLS and HCBS-CES waivers.

Table 1. Enrollment and Onboarding and System Capacity Building Funding Distribution by Community Centered Board

Community Centered Board	HB 14-1252 Enrollment & Onboarding	HB 14-1252 System Capacity Building	Waiting list Management	Enrollment & Onboarding	Additional Enrollment & Onboarding	Waiting list Management	Total
Distribution Date	April 2014	July 2014	July 2014	June 2015	June 2015	July 2015	
Blue Peaks	\$ -	\$ 23,431	\$ 4,358	\$ -	\$ -	\$ 4,432	\$ 27,789
Colorado Bluesky	\$ 81,252	\$ 56,027	\$ 34,086	\$ 64,297	\$ 60,526	\$ 34,666	\$ 296,189
Comm. Connect.	\$ 15,372	\$ 23,035	\$ 8,501	\$ 20,520	\$ 19,317	\$ 8,646	\$ 86,745
Comm. Options	\$ 29,646	\$ 36,982	\$ 12,613	\$ 2,736	\$ 2,576	\$ 12,827	\$ 84,552
Dev. Dis. Res. Ctr	\$ 79,056	\$ 219,237	\$ 109,159	\$ 154,587	\$ 145,521	\$ 111,015	\$ 707,561
Dev. Pathways	\$ 424,926	\$ 158,266	\$ 157,519	\$ 357,056	\$ 336,115	\$ 160,196	\$ 1,433,881
Eastern	\$ 42,822	\$ 16,105	\$ 18,328	\$ 25,993	\$ 24,468	\$ 18,640	\$ 127,716
Envision	\$ 54,900	\$ 63,204	\$ 36,090	\$ 54,721	\$ 51,512	\$ 36,704	\$ 260,427
Foothills Gateway	\$ 195,444	\$ 106,940	\$ 46,320	\$ 188,788	\$ 177,716	\$ 47,108	\$ 715,208
Horizons	\$ 16,470	\$ 13,557	\$ 5,873	\$ 19,152	\$ 18,029	\$ 5,973	\$ 73,082
Imagine!	\$ 328,302	\$ 88,221	\$ 69,911	\$ 173,740	\$ 163,550	\$ 71,099	\$ 823,724
Inspiration Field	\$ 3,294	\$ 6,168	\$ 2,845	\$ 2,736	\$ 2,576	\$ 2,893	\$ 17,618
Mesa Dev. Serv.	\$ 37,332	\$ 43,064	\$ 19,191	\$ 35,569	\$ 33,483	\$ 19,518	\$ 168,639
Mountain Valley	\$ 26,352	\$ 21,443	\$ 11,225	\$ 20,520	\$ 19,317	\$ 11,416	\$ 98,857
North Metro	\$ 275,598	\$ 127,326	\$ 79,473	\$ 217,517	\$ 204,760	\$ 80,824	\$ 904,673
Rocky Mountain	\$ 402,966	\$ 238,750	\$ 120,854	\$ 102,602	\$ 96,585	\$ 122,908	\$ 961,757
Southeastern	\$ 10,980	\$ 10,921	\$ 2,220	\$ 6,840	\$ 6,439	\$ 2,258	\$ 37,400
Southern	\$ -	\$ 36,296	\$ 5,334	\$ -	\$ -	\$ 5,425	\$ 41,630
Starpoint	\$ 13,176	\$ 35,904	\$ 6,801	\$ 9,576	\$ 9,015	\$ 6,917	\$ 74,472
The Resource Exc.	\$ 202,032	\$ 77,490	\$ 126,713	\$ 176,476	\$ 166,126	\$ 128,867	\$ 748,837
TOTAL	\$ 2,239,920	\$ 1,402,367	\$ 877,414	\$ 1,633,428	\$ 1,537,628	\$ 892,330	\$ 7,690,757

In the FY 2015-16 Long Bill, SB 15-234, the General Assembly appropriated \$1,586,987 for waiver enrollments. In addition, the General Assembly appropriated \$3,121,079 in the Eligibility Determination and Waiting List Management line item; of this total, the Department has earmarked \$2,333,676 for waiting list management with the remainder of the funds for eligibility determinations. Thus far in FY 2015-16, the Department has distributed \$892,330 for waiting list management as referenced in the table above, leaving \$1,441,346 to be distributed in the remainder of the fiscal year potentially through a tiered incentive system.

Tiered Incentive System Feasibility

As described above, the Department has provided funding to support building capacity through manual methods and distributed based on historical data. A different, tiered incentivized system is not something the Department has previously explored with its federal partners, the Centers for Medicare and Medicaid Services (CMS). In order to implement such a system, the Department would work with CMS to evaluate options for an incentive system; however, it should be noted that there is currently a backlog of waiver actions requiring approval from CMS and a brand new incentive system could take a significant amount of time to obtain federal approval.

Should the Department move forward in working to obtain federal approval for a tiered incentive system, the Department would need additional administrative resources for development and implementation. The Department anticipates that the equivalent of 1.0 FTE at the General Professional IV level would be needed to oversee any administrative payment reform across the waivers. Responsibilities of this staff person would include negotiation of any federal waiver

changes with the CMS, as well as the drafting of rule changes and execution of contract amendments with the CCBs and other providers to codify the new incentive system into contracts. Staff would also be responsible for procuring, executing, and managing a contract with an outside vendor that would be needed to evaluate possible methodologies for ultimate approval by CMS. This contractor would be needed to set competitive, sound incentive methodology in alignment with nationwide best practices in capacity building and provider recruitment. The Department estimates this vendor would require a one-time cost of \$150,000 to develop the methodology and process for distribution.

Changes to the Medicaid Management Information System (MMIS) may be necessary for the distribution of any incentive payments. The Department is still in the development and implementation phase for its new MMIS, which has a scheduled go live of November 2016; therefore, any potential system changes costs are unknown at this time.

The Department believes it could take a significant amount of time and administrative resources to implement a tiered incentive system. Based on funding already distributed for capacity building, the Department does not have sufficient evidence to demonstrate that it would be worthwhile to implement a new incentive system. The Joint Budget Committee's FY 2015-16 Figure Setting document included a recommendation of a \$1,601 per enrollee payment as necessary to facilitate building additional capacity at CCBs. As represented in Table 1, "Enrollment and Onboarding and System Capacity Building Funding Distribution by Community Centered Board" the total funds distributed for capacity building between April 2014 and July was \$7,690,757. Between July 2014 and September 2015, a total of 1,296 clients were enrolled by the CCBs across the Children's Extensive Support and the Supported Living Services waivers. To date, the per-enrollee cost to the Department for these clients is \$5,934, which is almost four times the recommended per enrollee payment from the Joint Budget Committee. It should be noted that the number 1,296 does not represent the amount of churn in enrollment and CCBs will have processed more unduplicated enrollments; however, the Department believes that while it has distributed significantly more than \$1,601 per enrollee, there continues to be a backlog of enrollments.

The Department would work with CMS to develop a tiered incentive model at the direction of the General Assembly. However, should staff resources and vendor financing be determined unfeasible in the current fiscal environment, the Department has also developed two simplified potential incentivized allocation methodologies utilizing existing funding and processes; one which allocates funds by enrollment-based tiers and another that allocates funds by individual enrollments.¹ Both potential methodologies include an up-front payment per-enrollee of \$1,601 in order to provide some funding to address capacity needs even if enrollment goals are not met by the end of the year.

Using July 2015 waiting list data, there are 1,216 individuals pending enrollment into the HCBS-SLS and HCBS-CES waivers. The total funds required to provide \$1,601 per individual currently identified as waiting for services is \$1,946,816. The remaining \$1,081,031 of existing funds could then be distributed as incentive funds using one of the simplified incentive models described below.

¹ The Department chose waiting list enrollments as the best measure of capacity growth because it is directly tied to the end-goal of waiting list enrollment and is measurable through existing systems.

Tiered Incentive Model

One proposed model would distribute incentive funds based on enrollment tiers. In this approach tiers would be unique to each CCB based on the percentage of individuals from each CCB's waiting list actually enrolled at the end of the fiscal year. The number of tiers would be set at the discretion of the Department based on available funding. For example, setting a tier at 25% of waiting list enrollment would lead to 4 tiers of potential incentives. The potential award for reaching a tier would be based on the number of enrollments required to reach a tier for each CCB, as well as the total number of enrollments from all CCBs at the end of the fiscal year. CCBs would only earn the incentive by achieving full enrollment of a tier level; partially completed tiers would not receive an incentive payment. Please see Appendix A for a sample of this distribution model.

Per-Enrollment Incentive Model

As an alternative, the Department could continue to allocate funding as it has in the past by distributing funds based on actual enrollments into the HCBS-SLS and HCBS-CES waivers, rather than tiered benchmarks. Under this per-enrollment methodology, incentive funds would be paid to each CCBs on a per-enrollment basis at a rate based on the total number of enrollments above the amount already reimbursed at the end of the fiscal year.

Both of these simplified incentive models allocate funds based on the number of individuals on the waiting list and the total number of individuals enrolled by the end of the fiscal year. The per-enrollment model results in all enrollments receiving an incentive payment. Under the tiered model, CCBs would not receive compensation for partial tier enrollments.

By utilizing either of these models, the CCBs would receive an upfront payment to cover the costs to enroll individuals currently on the waiting list and then an additional incentive payment to further build system capacity. The Department will continue to work with the CCBs to better identify and define additional capacity building needs and how those needs can best be met.

Appendix A – Sample Simplified Tiered Incentive Model

Tiered Incentive – Upfront Payment					
CCB	Clients Waiting for SLS ¹	Clients Waiting for CES	Total Clients waiting for SLS or CES	Percentage of Waitlist Clients	Upfront Payment
Bluepeaks	2	0	2	0.16%	\$ 3,202
Colorado Bluesky	43	0	43	3.54%	\$ 68,843
Community Connections	19	0	19	1.56%	\$ 30,419
Community Options	10	0	10	0.82%	\$ 16,010
Imagine!	119	0	119	9.79%	\$ 190,519
DDRC	101	37	138	11.35%	\$ 220,938
Starpoint	9	0	9	0.74%	\$ 14,409
Developmental Pathways	189	84	273	22.45%	\$ 437,073
Eastern	20	0	20	1.64%	\$ 32,020
Envision	36	0	36	2.96%	\$ 57,636
Foothills Gateway	151	1	152	12.50%	\$ 243,352
Horizons	13	0	13	1.07%	\$ 20,813
Inspiration Field	3	1	4	0.33%	\$ 6,404
Mountain Valley	13	0	13	1.07%	\$ 20,813
North Metro	164	0	164	13.49%	\$ 262,564
Rocky Mountain Human Services	82	3	85	6.99%	\$ 136,085
Southeastern	6	0	6	0.49%	\$ 9,606
Southern	0	0	0	0.00%	\$ -
Strive	31	0	31	2.55%	\$ 49,631
The Resource Exchange	78	1	79	6.50%	\$ 126,479
Total	1,089	127	1,216		\$ 1,946,816

¹ Based on July 2015 waiting list data from the Community Contract Management System (CCMS)

Appendix A – Sample Simplified Tiered Incentive Model

Example Payout¹							
CCB	Theoretical Year End Enrollments	Number of Tiers	Tier Reached	Example Payout Per-Tier	Incentive payout per CCB	Theoretical Payout (Including Payment)	Total per CCB Upfront
Bluepeaks	0	2	0	\$ 1,489.72	\$ -	\$ 3,202.00	
Colorado Bluesky	12	4	1	\$ 16,014.46	\$ 16,014.46	\$ 84,857.46	
Community Connections	10	4	2	\$ 7,076.16	\$ 14,152.32	\$ 44,571.32	
Community Options	7	4	2	\$ 3,724.29	\$ 7,448.59	\$ 23,458.59	
Imagine!	78	4	2	\$ 44,319.10	\$ 88,638.20	\$ 279,157.20	
DDRC	92	4	2	\$ 51,395.26	\$ 102,790.52	\$ 323,728.52	
Starpoint	7	4	3	\$ 3,351.86	\$ 10,055.59	\$ 24,464.59	
Developmental Pathways	108	4	1	\$ 101,673.23	\$ 101,673.23	\$ 538,746.23	
Eastern	13	4	2	\$ 7,448.59	\$ 14,897.18	\$ 46,917.18	
Envision	30	4	3	\$ 13,407.46	\$ 40,222.38	\$ 97,858.38	
Foothills Gateway	145	4	3	\$ 56,609.27	\$ 169,827.81	\$ 413,179.81	
Horizons	4	4	1	\$ 4,841.58	\$ 4,841.58	\$ 25,654.58	
Inspiration Field	2	4	2	\$ 1,489.72	\$ 2,979.44	\$ 9,383.44	
Mountain Valley	1	4	0	\$ 4,841.58	\$ -	\$ 20,813.00	
North Metro	143	4	3	\$ 61,078.42	\$ 183,235.27	\$ 445,799.27	
Rocky Mountain Human Services	57	4	2	\$ 31,656.50	\$ 63,313.00	\$ 199,398.00	
Southeastern	2	4	1	\$ 2,234.58	\$ 2,234.58	\$ 11,840.58	
Southern	0	0		\$ -	\$ -	\$ -	
Strive	5	4	0	\$ 11,545.31	\$ -	\$ 49,631.00	
The Resource Exchange	10	4	0	\$ 29,421.92	\$ -	\$ 126,479.00	
Total	726				\$ 822,324.13	\$ 2,769,140.13	

1. The purpose of this table is to illustrate the structure of the proposed tiered incentive model. Tiers and payment amounts are subject to change. End of year enrollments were randomly assigned and do not reflect enrollment expectations of the Department.