



COLORADO DEPARTMENT OF HEALTH CARE POLICY & FINANCING

1570 Grant Street, Denver, CO 80203-1818 • (303) 866-2993 • (303) 866-4411 Fax • (303) 866-3883 TTY

John W. Hickenlooper, Governor • Susan E. Birch MBA, BSN, RN, Executive Director

November 1, 2013

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

Dear Senator Steadman:

Enclosed please find a legislative report to the Joint Budget Committee from the Department of Health Care Policy and Financing on the Use of the Colorado Choice Transitions (CCT) Rebalancing Fund, Legislative Request for Information #3 for Fiscal Year 2013-14.

Legislative Request for Information #3 states:

Department is requested to submit to the Joint Budget Committee by November 1, 2013, a report on the specific projects funded with dollars in the Colorado Choice Transitions Program rebalancing funds. The report is requested to include the following information: description of the project, estimated timeline of the project and any deliverables and anticipated improvements the project will contribute to Colorado's long-term care system.

This report provides a summary of the CCT grant-funded program, purpose of the rebalancing fund, how funds are accrued and the current status of the rebalancing fund.

If you require further information or have additional questions, please contact the Department's Legislative Liaison, MaryKathryn Hurd, at MK.Hurd@state.co.us or 303-547-8494.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Susan Birch', written over a white background.

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

SEB/tac

Enclosure(s)

CC: Representative Crisanta Duran, Vice-Chair, Joint Budget Committee
Representative Jenise May, Joint Budget Committee
Representative Cheri Gerou, Joint Budget Committee
Senator Mary Hodge, Joint Budget Committee
Senator Kent Lambert, Joint Budget Committee
John Ziegler, Staff Director, JBC
Kevin Neimond, JBC Staff
Eric Kurtz, JBC Analyst
Henry Sobanet, Director, Office of State Planning and Budgeting
Erick Scheminske, Deputy Director, Office of State Planning and Budgeting
Bettina Schneider, Budget Analyst, Office of State Planning and Budgeting
Katherine Blair, Health Policy Advisor, Governor's Office
Legislative Council Library
State Library
Susan E. Birch, MBA, BSN, RN, Executive Director
John Bartholomew, Finance Office Director
Suzanne Brennan, Health Programs Office Director
Antoinette Taranto, Acting Client Services Eligibility & Enrollment Office Director
Lorez Meinhold, Community Partnerships Office Director
Tom Massey, Policy and Communications Office Director
MaryKathryn Hurd, Legislative Liaison
Rachel Reiter, Communications Director



**COLORADO DEPARTMENT OF HEALTH CARE
POLICY AND FINANCING**

LEGISLATIVE REQUEST FOR INFORMATION # 3

**COLORADO CHOICE TRANSITIONS PROGRAM REBALANCING
FUNDS**

NOVEMBER 1, 2013

Legislative Request for Information # 3 states:

The Department of Health Care Policy and Financing, Medical Services Premiums – The Department is requested to submit to the Joint Budget Committee by November 1, 2013, a report on the specific projects funded with dollars in the Colorado Choice Transitions Program rebalancing funds. The report is requested to include the following information: description of the project, estimated timeline of the project and any deliverables and anticipated improvements the project will contribute to Colorado’s long-term care system.

Colorado Choice Transitions (CCT), part of the federal Money Follows the Person (MFP) Rebalancing Demonstration, provides critical tools to address gaps in the availability of community services for individuals with disabilities. The Deficit Reduction Act of 2005 authorized the MFP Rebalancing Demonstration and was designed to provide assistance to States to balance their long-term care systems and help Medicaid enrollees transition from institutions to the community. Colorado was awarded grant funding in 2011 to implement MFP through 2016, with the possibility to extend to 2019, to:

- 1) Transition 490 clients from inpatient facilities to qualified residences in the community
- 2) Increase State Medicaid expenditures for Home and Community Based Services (HCBS) during each calendar year of the demonstration program
- 3) Expand the array of long-term services and supports available to consumers living in the community
- 4) Increase the availability of self-directed services
- 5) Streamline access to long-term care services and supports through entry point redesign
- 6) Increase access to housing opportunities for clients seeking housing in the community

The goals above reflect Colorado’s desire to “rebalance” the long-term care system so that the proportion of people served and dollars spent on Home and Community-Based Services (HCBS) increases when compared to institutional placements and costs. To support the accomplishment of these goals, CCT is funded through an enhanced Federal Medical Assistance Percentage (FMAP) on HCBS waiver and demonstration services for CCT consumers who have transitioned from nursing facilities into qualified residences in the community. Currently, Colorado has a 50% FMAP for HCBS services. The enhanced FMAP rate is 75% and is available for qualified services provided to CCT participants for 365 days after transition from an institution. The extra 25% FMAP creates and builds the rebalancing fund. Use of the rebalancing fund monies are targeted to fulfill the goals and benchmarks identified above. The administrative costs for the program are 100% funded through the CCT grant.

The federal government granted Colorado \$22 million in 2011; however, the majority of the funds were not paid up front. Rather, CMS provides funding in annual increments. Eighty percent of the award is allocated to support client transitions and provide enhanced services and supports for the 365 days that a client is enrolled in CCT. The remaining 20 percent is used to support the administrative costs of managing the grant, including outreach, personnel costs, and system changes. Since receiving the award, CCT has been in the ramp up phase of the grant. This time has been dedicated to designing enhanced services and supports, implementing information technology systems changes for tracking clients and drawing down federal match, and enrolling and training CCT providers statewide. Client transitions began in March 2013, with the first

enrollment in April 2013. Funds began accruing in the rebalancing fund when client began transitioning and receiving HCBS services through CCT. The rebalancing fund will continue to grow as CCT clients continue to transition out of long-term care facilities into the community. The Department is very confident that the target goal of 490 transitions will be reached.

As of October 8, 2013, the rebalancing fund has accrued \$11,758.84 since April 2013. Based on the Department's projected transition goal, the fund will reach or exceed approximately \$4 million by the end of the grant. To date, none of the accrued funds have been utilized. The Department plans to solicit stakeholder input to determine how the funds are used according to the goals of the program. The Department has convened the CCT Stakeholder Advisory Council to make recommendations on the use of the rebalancing funds. The Council consists of multiple stakeholders representing different perspectives, including consumers. The Department, taking into consideration regulatory, statutory and resource constraints, will determine which recommendations to finance through the rebalancing fund.