



COLORADO DEPARTMENT OF HEALTH CARE POLICY & FINANCING

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

November 1, 2011

The Honorable Mary Hodge, Chairman
Joint Budget Committee
200 East 14th Avenue, Third Floor
Denver, CO 80203

Dear Senator Hodge:

Please find the legislative report to the Joint Budget Committee on the Department of Health Care Policy and Financing's Centralized Eligibility Contract Project, Legislative Request for Information #4, enclosed.

Legislative Request for Information #4 states:

The Department of Health Care Policy and Financing is requested to submit a report by November 1, 2011, to the Joint Budget Committee providing information on the current contract expenditures and the strategic plan for the centralized eligibility vendor contract project. In the report, the Department is requested to provide the following information:

(a) a three-year expenditure plan for the contract for FY 2012-13, FY 2013-14, and FY 2014-15; (b) information comparing the cost effectiveness of this contract when compared to eligibility performed by the counties; (c) information regarding the number of clients who have eligibility performed by the centralized eligibility vendor but may also be eligible for other state assistance programs with eligibility determined by the counties; (d) information comparing the ability of the contractor to meet federal guidelines for determining eligibility compared to eligibility performed by the counties; and (e) information about the amount of oversight the Governor's Office of Information Technology provides on the contract.

The report includes information regarding the expenditures for the centralized eligibility vendor contract for the next three fiscal years, the cost effectiveness of the contract when compared to eligibility performed by the counties, the number of clients who have eligibility performed by the centralized eligibility vendor but may be eligible for other state assistance programs with eligibility determined by counties and information comparing the ability of the contractor to meet federal guidelines for determining eligibility performed by the counties. The report also includes information on the amount of oversight the Governor's Office of Information Technology provides on the contract.

Please note that the Joint Budget Committee requested that the Department submit a total of 11 different requests for information on November 1. These reports are in addition to the Department's FY 2012-13 Budget Request, which is also due on November 1. Due to the volume of information due concurrently, the Department has not been able to submit all reports simultaneously. The Department hopes to work with the Joint Budget Committee in future years to alleviate some of the issues caused by the concurrent deadlines.

Questions regarding the Centralized Eligibility Vendor Contract Project FY 2011-12 Annual Report can be addressed to Tamara Paul-Reeff, Eligibility Contract Manager, at 303-866-3580.

Sincerely,



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

SB:hah

Enclosure(s)

Cc: Representative Cheri Gerou, Vice-Chairman, Joint Budget Committee
Senator Pat Steadman, Joint Budget Committee
Senator Kent Lambert, Joint Budget Committee
Representative Jon Becker, Joint Budget Committee
Representative Mark Ferrandino, Joint Budget Committee
Senator Brandon Shaffer, President of the Senate
Senator John Morse, Senate Majority Leader
Representative Frank McNulty, Speaker of the House
Representative Amy Stephens, House Majority Leader
Representative Sal Pace, House Minority Leader
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**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
BUDGET AND FINANCE OFFICE**

REPORT TO THE JOINT BUDGET COMMITTEE

**CENTRALIZED ELIGIBILITY VENDOR CONTRACT PROJECT
FY 2010-11 ANNUAL REPORT**

NOVEMBER 1, 2011

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INTRODUCTION

This report is presented to the Joint Budget Committee (JBC) of the Colorado General Assembly in response to Legislative Request for Information 4, which states:

Department of Health Care Policy and Financing, Executive Director's Office, Information Technology Contracts and Projects, Centralized Eligibility Vendor Contract Project – The Department of Health Care Policy and Financing is requested to submit a report by November 1, 2011, to the Joint Budget Committee providing information on the current contract expenditures and the strategic plan for the centralized eligibility vendor contract project. In the report, the Department is requested to provide the following information:

- (a) a three-year expenditure plan for the contract for FY 2012-13, FY 2013-14, and FY 2014-15;*
- (b) information comparing the cost effectiveness of this contract when compared to eligibility performed by the counties;*
- (c) information regarding the number of clients who have eligibility performed by the centralized eligibility vendor but may also be eligible for other state assistance programs with eligibility determined by the counties;*
- (d) information comparing the ability of the contractor to meet federal guidelines for determining eligibility compared to eligibility performed by the counties; and*
- (e) information about the amount of oversight the Governor's Office of Information Technology provides on the contract.*

PROGRAM OVERVIEW

When the State of Colorado implemented its State Children's Health Insurance Program (SCHIP) program in the late 1990s, it purposefully chose a stand-alone model, as opposed to a Medicaid expansion, that was modeled after private health insurance coverage. Additionally, the statutory language authorizing the State's implementation of SCHIP specifically referred to establishing a public/private partnership that encouraged enrollment and sought every opportunity to operate with the efficiency and effectiveness that is found in utilizing private sector systems and business processes. A non-government organization called Child Health Advocates contracted with the Department to perform member eligibility, member services, and outreach. Child Health Advocates used its own system, CCHAMP, a sophisticated Web-based system that was considered a state-of-the-art system for eligibility processing. Child Health Advocates coordinated with the local county departments of social/human services when a child was found to be eligible for Medicaid. Because of the higher income limits for CHP+, the vast majority of children eligible for CHP+ are not eligible for food assistance or other case assistance programs.

With the implementation of CBMS in 2004, the CHP+ and Medicaid eligibility and enrollment was put into one system. Additionally, a joint application was developed for Medicaid children and families programs as well as for CHP+. Because of the Federal

requirements to screen and enroll into Medicaid first and because families didn't really know whether they would qualify for Medicaid and CHP+, both the counties, the CHP+ contractor as well as the other two medical assistance sites, Denver Health and Peak Vista processed applications for both programs. Every eligibility site continues to use CBMS as the system that determines eligibility for Medicaid and CHP+.

The Eligibility and Enrollment Medical Assistance Vendor (EEMAP) contract is currently held by MAXIMUS, Inc. Child Health Plan *Plus*, or CHP+, statute (CRS 25.5-8-102.2. (6)(d)) requires a private-public partnership and the program has contracted with an outside vendor since the program's inception in 1998. The vendor not only performs eligibility and enrollment determination and redetermination, but also provides customer service, enrollment fee collection, CHP+ appeals, and training. Through the competitive bid process, the Colorado Department of Health Care Policy and Financing (the Department) signed a contract with MAXIMUS, Inc. to perform eligibility and enrollment for its medical assistance programs. The five-year contract was executed in July of 2010 with enrollment activities began in October 2010 and run through June 2015.

Under this contract – Eligibility and Enrollment Services for Medical Assistance Programs (EEMAP) – the vendor will leverage technology to help Colorado modernize the enrollment and renewal processes for Medicaid and CHP+. Efforts will simplify eligibility processing and accelerate enrollment and benefit distribution to clients.

The program includes a Denver-based customer service call center that hosts an interactive voice response system that provides callers with the status of their application, eligibility and program information 24 hours a day, 7 days a week. There is also an eligibility and enrollment center that supports a variety of self-service options to improve access to health care for Coloradans. All applications and documents are scanned to create a paperless environment and allow the electronic data access quickly.

The funding in the Department's budget for the Centralized Eligibility Vendor Contract consists of two distinct funding sources: the Children's Basic Health Plan Administration line item and the Centralized Eligibility Vendor Contract Project line item. Funding in the Children's Basic Health Plan Administration line item is appropriated for eligibility and enrollment services for the Children's Basic Health Plan population. FY 2010-11 funding in the Centralized Eligibility Vendor Contract Project line item was appropriated pursuant to HB 09-1293, Colorado Health Care Affordability Act, for increases in the volume of applications or customer service calls associated with the increase in Children's Basic Health Plan eligibility to 250% of the federal poverty level as authorized under HB 09-1293. In FY 2010-11, the volume levels that would trigger a contract negotiation for additional funding were not reached, and the funding from the Centralized Eligibility Vendor Contract Project line item was not used. The appropriate levels were reached late in FY 2010-11, and the Department executed a contract amendment using funding from this line item for FY 2011-12.

RESPONSE TO LEGISLATIVE REQUEST FOR INFORMATION 4

A. Three-year expenditure plan for the contract for FY 2012-13, FY 2013-14, and FY 2014-15

The contract total for FY 2011-12, including the contract amendment, is \$4,591,321. The expenditure plans for the following three state fiscal years are provided in the charts below.

**Table 1
 Expenditure plan for the contract for FY 2012-13**

TYPE OF PAYMENT	TOTAL MONTHLY AMOUNT	TOTAL YEARLY NOT-TO EXCEED -AMOUNT
Monthly Base Services	\$292,420	\$3,509,040
Available for Incentive Payments	\$19,867	\$238,404
Total Not-to-Exceed Yearly Amount		\$3,747,444

**Table 2
 Expenditure plan for the contract for FY 2013-14**

TYPE OF PAYMENT	TOTAL MONTHLY AMOUNT	TOTAL YEARLY NOT-TO EXCEED -AMOUNT
Monthly Base Services	\$289,772.75	\$3,477,273
Available for Incentive Payments	\$22,727.25	\$272,727
Total Not-to-Exceed Yearly Amount		\$3,750,000

**Table 3
 Expenditure plan for the contract for FY 2014-15**

TYPE OF PAYMENT	TOTAL MONTHLY AMOUNT	TOTAL YEARLY NOT-TO EXCEED -AMOUNT
Monthly Base Services	\$289,772.75	\$3,477,273
Available for Incentive Payments	\$22,727.25	\$272,727
Total Not-to-Exceed Yearly Amount		\$3,750,000

County reimbursement

As required by federal regulations, public entities such as the counties cannot be paid more than their cost for providing Medicaid eligibility services. The counties produce a cost report and allocate the Medicaid cost based on a time study. Therefore, counties will receive more funding from the Department as they increase Medicaid caseload and have increased costs relative to Medicaid.

Counties contribute 20 percent of the actual cost for providing Medicaid eligibility services. Because of the requirement for counties to be reimbursed on cost, it is difficult for the

Department to issue penalties or provide financial incentives like those paid to MAXIMUS, Inc. or any private vendor.

Counties	Appropriation*	Expenditures	Under/(Over) Expenditures
FY 2007-08	\$23,756,209	\$31,449,101	(\$7,692,892)
FY 2008-09	\$30,418,531	\$34,616,961	(\$4,198,430)
FY 2009-10	\$31,717,241	\$31,153,171	\$564,070
FY 2010-11	\$33,058,207	\$31,110,742	\$1,947,465

*Appropriation includes Long Bill and Special Bills. Supplementals and year-end transfers from other departments covered the over expenditures in FY 2007-08 and FY 2008-09.

B. Information comparing the cost effectiveness of this contract when compared to eligibility performed by the counties

The most recent analysis that was conducted was the Colorado Workload Study performed by Deloitte in 2007 (Colorado.gov/hcpf> Boards & Committees > Eligibility Modernization Project > Colorado Eligibility Modernization Meeting Schedule > Public Knowledge Report Appendix H). No other analysis has been conducted at this time.

C. Information regarding the number of clients who have eligibility performed by the centralized eligibility vendor but may also be eligible for other state assistance programs with eligibility determined by the counties

From October 15, 2010 to present, approximately 36% of the applicants qualify for other state assistance programs, (32% of which qualify for Food Stamps 4% of which qualify for one of the other public assistance programs managed by the Department of Human Services).

D. Information comparing the ability of the contractor to meet federal guidelines for determining eligibility compared to eligibility performed by the counties

Currently, the Department is in the development stages to correct the eligibility system operations to accurately capture timely processing of applications across eligibility sites. The Report on the following page (Timely Processing of Medical Applicant Determinations) reflects applications processed in September 2011. The following changes will more accurately depict performance across eligibility sites:

Issue	How it Currently Works?	How it Will Work?
Case Assignment	CBMS currently assigns cases or applications in conflict with current practice and operations.	The entire application will be assigned to the eligibility site

	<p>For example, part of an application can be assigned to a county while the CHP+ part of the same application is assigned to the vendor, regardless of which site is actually processing the application.</p>	<p>processing the application.</p> <p>Scheduled to be corrected in December 2011.</p>
Administratively Pending	<p>CBMS counts a pending application for each program in which the applicant is applying. There are up to six (6) different medical programs that can be determined when an individual applies. Once an individual is determined eligible in one of the medical programs, the remaining medical programs remain pending until an eligibility site closes those pending programs (Administratively Pending).</p> <p>For example, an individual is eligible for the Family Medical program and the CHP+ part of the program continues to pend at the vendor.</p>	<p>Once an individual is determined eligible in one medical program, the other pending medical programs will be closed by CBMS.</p> <p>Scheduled to be corrected in December 2011.</p>
Enrollment Fees	<p>Eligibility Sites have 45 days to complete eligibility determinations. Once approved for CHP+ an enrollment letter is sent to the applicant to return within 30 days. If the eligibility is completed within the 45 day requirement, the case remains in pending status for up to 30 days past the eligibility determination and counts as untimely for the vendor, regardless of the site that processes the application.</p>	<p>A solution with a timeline to correct has yet to be identified.</p>

As a result of the combination of these issues, the data presented in the report below may not be entirely accurate.



**Timely Processing of Medical Applicant Determinations - County
 Detail-Grand Total
 Monthly Period Ending 09/30/2011**



County Name	Office Name	Timely Count	Untimely Count	Total	Percentage of Timely
ADAMS	ADAMS	2,563	682	3,245	78.98%
ALAMOSA	ALAMOSA	154	37	191	80.63%
ARAPAHOE	ARAPAHOE	3,304	482	3,786	87.27%
ARCHULETA	ARCHULETA	8	14	22	36.36%
BACA	BACA	33	12	45	73.33%
BENT	BENT	30	6	36	83.33%
BOULDER	BOULDER	1,311	104	1,415	92.65%
BROOMFIELD	BROOMFIELD	149	10	159	93.71%
CHAFFEE	CHAFFEE	45	21	66	68.18%
CHEYENNE	CHEYENNE	21	5	26	80.77%
CLEAR CREEK	CLEAR CREEK	37	3	40	92.50%
CONEJOS	CONEJOS	47	6	53	88.68%
COSTILLA	COSTILLA	44	13	57	77.19%
CROWLEY	CROWLEY	44	6	50	88.00%
CLUSTER	CUSTER	10	0	10	100.00%
DELTA	DELTA	241	32	273	88.28%
DENVER	DENVER	2,432	610	3,042	79.95%
DOLORES	DOLORES	12	1	13	92.31%
DOUGLAS	DOUGLAS	363	82	445	81.57%
EAGLE	EAGLE	137	58	195	70.26%
EL PASO	EL PASO	1,825	361	2,186	83.49%
ELBERT	ELBERT	45	10	55	81.82%
FREMONT	FREMONT	263	28	291	90.38%
GARFIELD	GARFIELD	371	17	388	95.62%
GILPIN	GILPIN	30	0	30	100.00%
GRAND	GRAND	39	14	53	73.58%
GUNNISON	GUNNISON	61	3	64	95.31%
HUERFANO	HUERFANO	50	8	58	86.21%
JACKSON	JACKSON	7	0	7	100.00%
JEFFERSON	JEFFERSON	1,376	223	1,599	86.05%
KIOWA	KIOWA	14	0	14	100.00%
KIT CARSON	KIT CARSON	89	17	106	83.96%
LA PLATA	LA PLATA	221	47	268	82.46%
LAKE	LAKE	58	8	66	87.88%
LARIMER	LARIMER	1,115	132	1,247	89.41%
LAS ANIMAS	LAS ANIMAS	86	12	98	87.76%
LINCOLN	LINCOLN	55	2	57	96.49%
LOGAN	LOGAN	128	20	148	86.49%
MEDICAL ASSISTANCE SITES	Advanced Patient Adv	139	47	186	74.73%
MEDICAL ASSISTANCE SITES	DPA-IDS	212	500	712	29.78%
MEDICAL ASSISTANCE SITES	Denver Health	1,797	141	1,938	92.72%
MEDICAL ASSISTANCE SITES	Jefferson School R-1	145	3	148	97.97%
MEDICAL ASSISTANCE SITES	MA - Parkview	46	17	63	73.02%
MEDICAL ASSISTANCE SITES	MA -Denver Ind Hlth	2	0	2	100.00%
MEDICAL ASSISTANCE SITES	MA-PE Help Desk	121	81	202	59.90%
MEDICAL ASSISTANCE SITES	MAXIMUS	4,114	1,910	6,024	68.29%
MEDICAL ASSISTANCE SITES	Peak Vista	1,652	159	1,811	91.22%



**Timely Processing of Medical Applicant Determinations - County
 Detail-Grand Total
 Monthly Period Ending 09/30/2011**



County Name	Office Name	Timely Count	Untimely Count	Total	Percentage of Timely
MEDICAL ASSISTANCE SITES	Pueblo StepUp	226	24	250	90.40%
MESA	MESA	958	206	1,164	82.30%
MOFFAT	MOFFAT	137	15	152	90.13%
MONTEZUMA	MONTEZUMA	231	17	248	93.15%
MONTROSE	MONTROSE	418	18	436	95.87%
MORGAN	MORGAN	292	75	367	79.56%
OTERO	OTERO	152	15	167	91.02%
OURAY	OURAY	27	3	30	90.00%
PARK	PARK	56	8	64	87.50%
PE 3RD PRTY ENRLMNT BRKR	PE 3RD PRTY ENRLMNT BRKR	4	0	4	100.00%
PHILLIPS	PHILLIPS	23	2	25	92.00%
PITKIN	PITKIN	18	8	26	69.23%
PROWERS	PROWERS	244	29	273	89.38%
PUEBLO	PUEBLO	1,020	102	1,122	90.91%
RIO BLANCO	RIO BLANCO	47	5	52	90.38%
RIO GRANDE	RIO GRANDE	154	8	162	95.06%
ROUTT	ROUTT	83	5	88	94.32%
SAGUACHE	SAGUACHE	20	9	29	68.97%
SAN JUAN	SAN JUAN	0	3	3	0.00%
SAN MIGUEL	SAN MIGUEL	29	0	29	100.00%
SEDGWICK	SEDGWICK	31	0	31	100.00%
STATE OF COLORADO	STATE OF COLORADO	0	18	18	0.00%
SUMMIT	SUMMIT	86	11	97	88.66%
TELLER	TELLER	132	1	133	99.25%
WASHINGTON	WASHINGTON	22	2	24	91.67%
WELD	WELD	1,286	161	1,447	88.87%
YUMA	YUMA	77	3	80	96.25%
State Summary		30,819	6,692	37,511	82.16%

E. Information about the amount of oversight the Governor's Office of Information Technology provides on the contract

The contract is an existing administrative vendor contract and therefore outside of the Governor's Office of Information Technology (OIT) authority and scope to oversee.

When the State of Colorado implemented its State Children's Health Insurance Program (SCHIP) program in the late 1990s, it purposefully chose a stand-alone model, as opposed to a Medicaid expansion, that was modeled after private health insurance coverage. Additionally, the statutory language authorizing the State's implementation of SCHIP specifically referred to establishing a public/private partnership that encouraged enrollment and sought every opportunity to operate with the efficiency and effectiveness that is found in utilizing private sector systems and business processes. A non-government organization called Child Health Advocates contracted with the Department to perform member eligibility, member services, and outreach. Child Health Advocates used its own system, CCHAMP, a sophisticated Web-based system that was considered a state-of-the-art system for eligibility processing. Child Health Advocates coordinated with the local county departments of social/human services when a child was found to be eligible for Medicaid. Because of the higher income limits for CHP+, the vast majority of children eligible for CHP+ are not eligible for food assistance or other case assistance programs.

With the implementation of CBMS in 2004, the CHP+ and Medicaid eligibility and enrollment was put into one system. Additionally, a joint application was developed for Medicaid children and families programs as well as for CHP+. Because of the Federal requirements to screen and enroll into Medicaid first and because families didn't really know whether they would qualify for Medicaid and CHP+, both the counties, the CHP+ contractor as well as the other two medical assistance sites, Denver Health and Peak Vista processed applications for both programs. Every eligibility site continues to use CBMS as the system that determines eligibility for Medicaid and CHP+.