

Schedule 13 Funding Request for the 2014-15 Budget Cycle

Department: Health Care Policy and Financing
Request Title: Administrative Contract Reprocurements
Priority Number: R-12

Dept. Approval by: Josh Block *[Signature]* 11/1/13
 Date
OSPB Approval by: *[Signature]* 10/29/13
 Date

- Decision Item FY 2014-15
- Base Reduction Item FY 2014-15
- Supplemental FY 2013-14
- Budget Amendment FY 2014-15

Line Item Information		FY 2013-14		FY 2014-15		FY 2015-16
		1	2	3	4	5
		Appropriation FY 2013-14	Supplemental Request FY 2013-14	Base Request FY 2014-15	Funding Change Request FY 2014-15	Continuation Amount FY 2015-16
	Fund					
Total of All Line Items	Total	4,778,023,804	-	5,369,576,703	4,296,940	-
	FTE	358.1	-	395.1	-	-
	GF	1,047,004,091	-	1,048,611,796	1,148,457	-
	GFE	469,842,084	-	469,842,084	-	-
	CF	602,045,033	-	692,151,319	976,968	-
	RF	4,673,734	-	3,768,913	-	-
	FF	2,654,458,862	-	3,155,202,591	2,171,515	-
(1) Executive Director's Office, (A) General Administration, General Personal Services	Total	24,611,523	-	28,512,863	57,168	-
	FTE	358.1	-	395.1	-	-
	GF	8,410,879	-	10,245,685	28,584	-
	GFE	-	-	-	-	-
	CF	2,599,660	-	2,693,382	-	-
	RF	1,736,842	-	1,768,913	-	-
	FF	11,864,142	-	13,804,883	28,584	-
(1) Executive Director's Office, (D) Eligibility Determinations and Client Services, Customer Outreach	Total	5,523,166	-	5,760,824	486,245	-
	FTE	-	-	-	-	-
	GF	2,575,246	-	2,543,792	243,123	-
	GFE	-	-	-	-	-
	CF	186,338	-	336,620	-	-
	RF	-	-	-	-	-
	FF	2,761,582	-	2,880,412	243,122	-
(1) Executive Director's Office, (C) Information Technology Contracts and Projects, Centralized Eligibility Vendor Contract Project	Total	6,745,159	-	7,151,142	1,191,335	-
	FTE	-	-	-	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	3,357,390	-	3,560,382	592,515	-
	RF	-	-	-	-	-
	FF	3,387,769	-	3,590,760	598,820	-

Line Item Information		FY 2013-14		FY 2014-15		FY 2015-16
		1	2	3	4	5
Fund		Appropriation FY 2013-14	Supplemental Request FY 2013-14	Base Request FY 2014-15	Funding Change Request FY 2014-15	Continuation Amount FY 2015-16
(2) Medical Services Premiums	Total	4,736,824,877	-	5,323,832,795	1,753,499	-
	FTE	-	-	-	-	-
	GF	1,036,017,966	-	1,035,822,319	876,750	-
	GFE	469,842,084	-	469,842,084	-	-
	CF	593,882,063	-	683,541,353	-	-
	RF	2,936,892	-	2,000,000	-	-
	FF	2,634,145,872	-	3,132,627,039	876,749	-
(4) Indigent Care Program, Children's Basic Health Plan Administration	Total	4,319,079	-	4,319,079	808,693	-
	FTE	-	-	-	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	2,019,582	-	2,019,582	384,453	-
	RF	-	-	-	-	-
	FF	2,299,497	-	2,299,497	424,240	-

Letternote Text Revision Required? Yes: No: **If yes, describe the Letternote Text Revision:**
Cash or Federal Fund Name and COFRS Fund Number: Hospital Provider Fee (24A) and Children's Basic Health Plan Trust (11G)
Reappropriated Funds Source, by Department and Line Item Name:
Approval by OIT? Yes: No: **Not Required:**
Schedule 13s from Affected Departments: N/A
Other Information: N/A



COLORADO

Department of Health Care Policy
and Financing

Priority: R-12
Administrative Contract Reprocurements
FY 2014-15 Change Request

Cost and FTE

- The Department requests \$4,296,940 total funds, including \$1,148,457 General Fund, \$976,968 cash funds, and \$2,171,515 federal funds, for enrollment broker, eligibility determinations and enrollment services (EEMAP), and consumer-directed attendant support services (CDASS). This funding is only for FY 2014-15 and does not require any additional FTE.

Link to Operations

- The Department conducts a number of contractor-delivered services, including:
- Enrollment broker for Medicaid clients, which enrolls and disenrolls qualified Medicaid clients in an appropriate program;
- Eligibility determinations and enrollment services (EEMAP) for all Medicaid and CHP+ clients, ensuring only eligible individuals are enrolled in the Medicaid program; and
- CDASS, which allows long-term care clients to receive less-expensive, community-based care at the hands of a care provider of the client's choice.

Problem or Opportunity

- The current contracts for these services expire in 2015, and the Department is required to competitively reprocure each of the contracts.
- To assure a smooth transition between vendors, the Department must overlap contract periods and temporarily assign a transition manager to oversee each transition. Past transitions that did not include overlapping contracts resulted in delayed service delivery, longer processing periods, clients having to resubmit information, and loss of client data.

Consequences of Problem

- If this request is not approved, clients may experience delayed services, longer processing periods, or be forced to resubmit data, which means delayed or absent services, leading to poorer outcomes and higher costs. In some cases, it may violate federal law if clients are unable to obtain services.

Proposed Solution

- The Department requests: \$2,514,857 total funds for enrollment broker and EEMAP services and \$1,782,083 total funds for consumer-directed attendant support services (CDASS).
- If approved, this request would fund a one-time increase to the lines associated with these contracts to allow for a transitional overlap between vendors with a temporary transition manager for each contract who would be charged with ensuring the transition occurs in a timely and successful manner.
- The incoming vendor would be able to transition into the contractual obligations with assistance from the outgoing vendor, and affected clients should notice little to no change in service delivery.



COLORADO

Department of Health Care Policy and Financing

FY 2014-15 Funding Request | November 1, 2013

John W. Hickenlooper
Governor

Susan E. Birch
Executive Director

Department Priority: R-12

Request Detail: Administrative Contract Re procurements

Summary of Incremental Funding Change for FY 2014-15	Total Funds	General Fund
Administrative Contract Re procurements	\$4,296,940	\$1,148,457

Problem or Opportunity:

The Department is required to reprocure three administrative service contracts in 2015 and is requesting funding to assure that the transition of these contracts between vendors does not affect service delivery for clients. The current contracts for these services expire in FY 2014-15, and the Department is required to competitively reprocure each of the contracts.

The Department contracts with external vendors to provide administrative services for Colorado Medicaid and Child Health Plan *Plus* (CHP+) clients. These services include enrollment broker (a component of customer outreach), eligibility determinations and enrollment services (also referred to as Eligibility and Enrollment for Medical Assistance Programs, or EEMAP), and consumer-directed attendant support services (CDASS). The enrollment broker vendor contacts all newly eligible Medicaid clients to inform them of Medicaid plan choices, enrolls clients who choose the Primary Care Physician Program (PCPP) or a health maintenance organization (HMO) plan, and enrolls and disenrolls clients from managed care plans in accordance with Medicaid rules. Similar to counties, the vendor conducting eligibility determinations and enrollment ensures only eligible individuals are enrolled in the Medicaid and CHP+ programs; however, the vendor is solely responsible for processing and disposition of all mailed-in Medicaid and CHP+ applications, administration of the CHP+ customer call center and website, handling of CHP+ appeals and grievances, and processing CHP+ disenrollment files, enrollment fees, and buy-in program premiums. Because EEMAP covers both Medicaid and CHP+ populations, it is a single contract split between two line items. Due to the similar nature between the enrollment broker and EEMAP contracts, as well as the fact both are currently held by the same vendor, the Department plans to merge the two into a single contract during the reprocurement process. For certain clients who require long-term services and supports, the CDASS vendor trains these clients on how to select an attendee to provide in-home personal care, homemaker, and health maintenance services. The vendor also acts as a financial management service, paying the attendees for services rendered.

Proposed Solution:

The Department requests \$4,296,940 total funds – comprised of \$1,148,457 General Fund, \$976,968 cash funds, and \$2,171,515 federal funds – to fund a transitional overlap period for each contract and assign two temporary transition managers during contract reprocurement: one to oversee the merging contracts for enrollment broker and eligibility determinations and enrollment services (or EEMAP), and one for the CDASS contract. This funding is one-time (only for FY 2014-15) and does not require any additional FTE.

To assure a smooth transition between the outgoing and incoming vendors, the Department must overlap contract periods. As a best practice, the Department believes that transition to a new vendor should begin three to six months prior to the end-date of the incumbent vendor's contract. The new vendor will be responsible for leading, coordinating, and implementing the transition plan, with assistance from the Department. The goal is for the new vendor to demonstrate to the Department, prior to implementation, that their operations are ready to begin and services are set to be rendered. Past transitions that did not include overlapping contracts resulted in several negative consequences. When the current non-emergent medical transportation (NEMT) contract was reprocured, the incoming vendor began transition activities late. The vendor's new computer system deployed to coordinate all vendor activities, including NEMT, launched without being fully functional, resulting in service delays for the first few months of the contract period.

In addition to overlapping contract periods, the Department must also assign a temporary transition manager to oversee each new contract transition. When a new contractor is selected, the Department does not have the staffing resources to properly manage all the tasks of both the incoming and outgoing contractor. The transition manager is needed to perform basic project management, facilitating communication between the new and incumbent contractor, and verifying that the new contractor is operationally ready to perform. In the Department's previous transition for its eligibility determinations and enrollment services (or EEMAP) vendor, months after the current vendor took over the contract, the Department discovered that several thousand client applications and documents, which were mailed to the outgoing vendor, were left sitting in boxes. No review or determination of these cases was made. Other boxes contained applications and documentation that had been entered but not filed or categorized, which continues to create issues with locating records for internal reviews and external auditing. This type of mistake, affecting client eligibility, is categorically unacceptable and must not be allowed to happen again.

If this request is not approved, clients may have difficulty enrolling in a plan, and the Department risks client eligibility determinations and enrollment not being completed within an appropriate time frame. As a result, clients may experience longer processing periods or be forced to resubmit data, which results in delayed or absent services, leading to poorer outcomes and higher costs. In some cases, it may violate federal law if clients are unable to obtain services due to processing complications. Additionally, CDASS clients may experience a disruption in their services, which leads to poorer outcomes and higher costs.

Anticipated Outcomes:

If approved, this request would fund a one-time increase to the line items associated with these contracts to allow for a transitional overlap between the outgoing and incoming vendors. This request would also increase the Department's Personal Services line item to fund a temporary transition manager for each new

contract transition who would be charged with ensuring the transition occurs in a timely and successful manner. As a result, the incoming vendor would be able to transition into the contractual obligations with assistance from the outgoing vendor, while maintaining optimal health care access and outcomes for the clients and demonstrating sound stewardship of financial resources.

This request is in line with all five objectives of the Department's performance plan. By mitigating disruptions between outgoing and incoming eligibility and enrollment vendors, the Department is ensuring those who are eligible for Medicaid or CHP+ are enrolled. By mitigating disruptions between outgoing and incoming NEMT vendors, the Department is ensuring those who need medical attention receive it when they need it, instead of when their condition has worsened and becomes much more expensive to treat. By mitigating disruptions between outgoing and incoming CDASS vendors, the Department is ensuring certain clients requiring long-term services and supports receive the appropriate level of care in their homes instead of a facility, which is significantly more expensive.

Assumptions and Calculations:

This request is composed of three parts, one for each service contract being reprocured. Of the \$4,296,940 total funds requested, \$2,514,857 is for enrollment broker and eligibility determinations and enrollment services, and \$1,782,083 is for CDASS. The Department's calculations are provided in the appendix.

Traditionally, the Department determines start-up costs to be 10% of the five-year contract amount – which is the same as 50% of a single-year amount of the contract – and spreads it out over the life of the contract. This approach can be problematic, as it requires vendors to take a loss in the short-term, which may discourage qualified vendors from bidding on the contract. Because an incoming vendor will not be incurring any operational costs during the transition period, the Department believes 25% of the FY 2013-14 contract amount will be sufficient to fund necessary start-up costs related to capital and administration. The Department applied this methodology to each of the three contracts being reprocured. However, the actual costs would be determined based on the contractor's response to the Department's request for proposals. The Department would use the standard budget process to adjust for any differences between the incurred expenditure and the estimate.

Enrollment Broker and Eligibility Determinations and Enrollment Services (or EEMAP)

The Department estimates that the total additional funding need for enrollment broker and eligibility determinations and enrollment services is \$2,514,857 total funds, including \$257,415 General Fund, \$976,968 cash funds, and \$1,280,474 federal funds (see Table 4, Row I of the appendix).

Enrollment broker and eligibility determinations and enrollment services is a function of similar contracts within three separate appropriations: "Customer Outreach," which funds outreach and enrollment services to Medicaid clients, "Centralized Eligibility Vendor Contract Project," which funds eligibility and enrollment services for Medicaid clients, and "Children's Basic Health Plan Administration," which funds eligibility and enrollment services for CHP+ clients and families. Currently, both enrollment broker and EEMAP contracts are held by the same vendor, and the Department has elected to merge these contracts during the reprocurement process. Because there will only be one new contract, only one temporary transition manager is needed for this transition.

The Department determined the additional cost during the transition period to be 25% of the FY 2013-14 contract amount plus the cost of the temporary transition manager. Table 4 of the appendix details the FY 2013-14 contracts for enrollment broker and eligibility determinations and enrollment services, as well as the transition funding need for each portion of the contract.

The Department would fill the temporary transition manager position at the General Professional IV level. The current monthly salary at the General Profession IV level is \$4,764.

Consumer-Directed Attendant Support Services (CDASS)

The Department estimates that the total additional funding need for its CDASS contract is \$1,782,083 total funds, including \$891,042 General Fund and matching federal funds (see Table 6, row D of the appendix).

The Department determined the additional cost during the transition period to be 25% of the FY 2013-14 contract amount plus the cost of the temporary transition manager. The Department will fill the temporary transition manager position at the General Professional IV level, for which the monthly salary is \$4,764.

R-12 Administrative Contract Reprocurements
Appendix A: Calculations and Assumptions

Table 1: Summary						
Row	Item	Total Funds	General Fund	Cash Funds	Federal Funds	Notes
A	Enrollment Broker and Eligibility Determinations and Enrollment Services (or EEMAP)	\$2,514,857	\$257,415	\$976,968	\$1,280,474	Table 4, Row I
B	Consumer-Directed Attendant Support Services (CDASS)	\$1,782,083	\$891,042	\$0	\$891,041	Table 5, Row D
C	FY 2014-15 Additional Funding Request	\$4,296,940	\$1,148,457	\$976,968	\$2,171,515	Row A + Row B

Table 2: Request by Line Item						
Row	Item	Total Funds	General Fund	Cash Funds	Federal Funds	Notes
A	(1) Executive Director's Office, Personal Services	\$57,168	\$28,584	\$0	\$28,584	Table 3, Row A
B	(1) Executive Director's Office, Customer Outreach	\$486,245	\$243,123	\$0	\$243,122	Table 3, Row D
C	(1) Executive Director's Office, Centralized Eligibility Vendor Contract Project	\$1,191,335	\$0	\$592,515	\$598,820	Table 3, Row F
D	(2) Medical Services Premiums	\$1,753,499	\$876,750	\$0	\$876,749	Table 3, Row H
E	(4) Indigent Care Program, Children's Basic Health Plan Administration	\$808,693	\$0	\$384,453	\$424,240	Table 3, Row J
F	Total Request	\$4,296,940	\$1,148,457	\$976,968	\$2,171,515	Sum of Rows A through E

Table 3: Request by Line Item Detail						
Row	Item	Total Funds	General Fund	Cash Funds	Federal Funds	Notes
A	(1) Executive Director's Office, Personal Services	\$57,168	\$28,584	\$0	\$28,584	Row B + Row C
B	Transition Manager: Enrollment Broker and EEMAP	\$28,584	\$14,292	\$0	\$14,292	Table 4, Row H
C	Transition Manager: CDASS	\$28,584	\$14,292	\$0	\$14,292	Table 5, Row C
D	(1) Executive Director's Office, Customer Outreach	\$486,245	\$243,123	\$0	\$243,122	Row E
E	Enrollment Broker Transition Costs	\$486,245	\$243,123	\$0	\$243,122	Table 4, Row E
F	(1) Executive Director's Office, Centralized Eligibility Vendor Contract Project	\$1,191,335	\$0	\$592,515	\$598,820	Row G
G	EEMAP Transition Costs	\$1,191,335	\$0	\$592,515	\$598,820	Table 4, Row F
H	(2) Medical Services Premiums	\$1,753,499	\$876,750	\$0	\$876,749	Row I
I	CDASS Transition Costs	\$1,753,499	\$876,750	\$0	\$876,749	Table 5, Row B
J	(4) Indigent Care Program, Children's Basic Health Plan Administration	\$808,693	\$0	\$384,453	\$424,240	Row K
K	CHP+ Admin Transition Costs	\$808,693	\$0	\$384,453	\$424,240	Table 4, Row G
L	Total Request	\$4,296,940	\$1,148,457	\$976,968	\$2,171,515	Row A + Row D + Row F + Row H + Row J

Table 4: Enrollment Broker and Eligibility Determinations and Enrollment Services (or EEMAP)						
Row	Item	Total Funds	General Fund	Cash Funds	Federal Funds	Notes
FY 2013-14 Base Contract Amounts						
A	Enrollment Broker	\$1,944,980	\$972,490	\$0	\$972,490	
B	EEMAP: Centralized Eligibility Vendor Contract Project	\$4,765,339	\$0	\$2,370,058	\$2,395,281	
C	EEMAP: CHP+ Administration	\$3,234,773	\$0	\$1,537,811	\$1,696,962	
D	FY 2013-14 Contract Amount Total	\$9,945,092	\$972,490	\$3,907,869	\$5,064,733	Sum of Rows A through C
FY 2014-15 Transitional Funding Need by Contract						
E	Enrollment Broker: Transition Need	\$486,245	\$243,123	\$0	\$243,122	Row A × 25%
F	EEMAP: Centralized Eligibility Vendor: Transition Need	\$1,191,335	\$0	\$592,515	\$598,820	Row B × 25%
G	EEMAP: CHP+ Administration: Transition Need	\$808,693	\$0	\$384,453	\$424,240	Row C × 25%
H	Transition Manager	\$28,584	\$14,292	\$0	\$14,292	Table 6 Row C
I	FY 2014-15 Additional Funding Request	\$2,514,857	\$257,415	\$976,968	\$1,280,474	Sum of Rows E through H

Table 5: Consumer-Directed Attendant Support Services (CDASS)						
Row	Item	Total Funds	General Fund	Cash Funds	Federal Funds	Notes
A	FY 2013-14 Contract Amount	\$7,013,997	\$3,506,999	\$0	\$3,506,998	
B	Transition Need	\$1,753,499	\$876,750	\$0	\$876,749	Row A × 25%
C	Transition Manager	\$28,584	\$14,292	\$0	\$14,292	Table 6 Row C
D	FY 2014-15 Additional Funding Request	\$1,782,083	\$891,042	\$0	\$891,041	Row B + Row C

Table 6: Transition Manager (General Professional IV)			
Row	Item	Monthly Rate	Notes
A	Salary	\$4,764	Range Minimum as of July 2013
B	Effective Months	6	Assumed
C	Total Per Transition Manager	\$28,584	Row A × Row B