Schedule 13
Funding Request for the 2014-15 Budget Cycle

Department: Health Care Policy and Financing
Request Title: Medicare Modernization Act of 2003 State Contribution Payment
Priority Number: R-4

Dept. Approval by: Josh Block 11/1/13 Date

OSPB Approval by: 10/29/13 Date

- [x] 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
	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
Total of All Line Items	Total	107,173,869	-	107,173,869	(6,366,816)	(4,926,626)
	FTE	-	-	-	-	-
	GF	82,492,862	-	82,492,862	13,951,390	19,754,381
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	-	-	-	-	-
	FF	24,681,007	-	24,681,007	(20,318,206)	(24,681,007)
(5) Other Medical Services, Medicare Modernization Act of 2003 State Contribution Payment	Total	107,173,869	-	107,173,869	(6,366,816)	(4,926,626)
	FTE	-	-	-	-	-
	GF	82,492,862	-	82,492,862	13,951,390	19,754,381
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	-	-	-	-	-
	FF	24,681,007	-	24,681,007	(20,318,206)	(24,681,007)

Letternote Text Revision Required? Yes: [ ] No: [x] **If yes, describe the Letternote Text Revision:**

Cash or Federal Fund Name and COFRS Fund Number: Federal funds: CHIPRA Bonus
Reappropriated Funds Source, by Department and Line Item Name:
Approval by OIT? Yes: [ ] No: [ ] Not Required: [x]
Schedule 13s from Affected Departments: N/A
Other Information: N/A

Cost and FTE

- The Department requests an increase of $13,951,390 General Fund and a reduction of $20,318,206 federal funds, for a net reduction of $6,366,816 total funds to the Medicare Modernization Act of 2003 State Contribution Payment line item for FY 2014-15. This request does not require any additional FTE.

Link to Operations

- The Department serves clients who are eligible for both Medicaid and Medicare.
- Dual-eligible clients are provided prescription drug coverage through the federal Medicare program.
- The State then is required to reimburse the federal government for what the federal Centers for Medicare and Medicaid Services (CMS) determines the State's obligation to be.

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 requests $13,951,390 General Fund and a reduction of $20,318,206 federal funds, for a net reduction of $6,366,816 total funds to the Medicare Modernization Act of 2003 State Contribution Payment line item for FY 2014-15.
- If approved, the Department would be able to meet the State's obligation to the federal government and ensure the Department would not have the amount of payment plus interest deducted from the federal funds received for the Medicaid program.

Department Priority: R-4
Request Detail: Medicare Modernization Act of 2006 State Contribution Payment

Summary of Incremental Funding Change for FY 2014-15	Total Funds	General Fund
MMA State Contribution Payment	($6,366,816)	$13,951,390

Problem or Opportunity:

The Department is requesting a change in funding to its Medicare Modernization Act (MMA) of 2003 State Contribution Payment line item to match the Department's most recent caseload and expenditure projections.

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 (individuals eligible for both Medicare and Medicaid). In lieu of the states' obligation to cover prescription drugs for this population, CMS began requiring states to pay a portion of what their anticipated dual-eligible drug cost would have been had this cost shift not occurred. 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 an increase of $13,951,390 General Fund and a reduction of $20,318,206 federal funds, for a net reduction of $6,366,816 total funds to the Medicare Modernization Act of 2003 State Contribution Payment line item for FY 2014-15. This request is the result of a projected increase in caseload, a projected decrease in the PMPM rate paid by the State as required by federal regulations, and the expiration of the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) performance bonus.

For FY 2014-15, the Department estimates the clawback payment will total $100,807,053, comprised of $96,444,252 General Fund and $4,362,801 federal funds. Typically, this 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, since 2010, the Department has elected to utilize federal funds received from the CHIPRA bonus to offset General Fund in this line item. The CHIPRA bonus is set to expire in 2014, at which point the State will need to reassume the General Fund portion offset by the bonus (see tables 5.1, 6.1, and 7.1 of the appendix for more detail on the CHIPRA bonus calculations).

The Department also estimates the FY 2013-14 General Fund need for this line item will decrease by $16,805,357 due to application of the CHIPRA bonus, while the FY 2015-16 General Fund need will increase by $19,754,381 due to expiration of the CHIPRA bonus. The Department will officially request the FY 2013-14 change in funding on January 2, 2014.

If the Department does not receive the requested appropriation and subsequently cannot make the required federal payment, 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:

Approval of this request would allow the Department to meet its obligation to the federal government and ensure the Department would not have the amount of payment plus interest deducted from the federal funds received for the Medicaid program.

Assumptions and Calculations:

The Department assumes the changes in the PMPM rate paid by the Department will be based on the formula established by CMS, which considers changes in annual growth of NHE prescription drug per capita estimates and are offset by the corresponding phasedown percentage rate. The Department further assumes the changes in dual-eligible caseload will follow a trend of 3.84% annual growth, as has been evidenced historically.

To calculate the PMPM rate, CMS multiplies the prior year's PMPM rate by the average growth rate of per capita prescription drug expenditures according to the annual National Health Expenditure (NHE) Projections between years 2003 and 2006. This figure is then multiplied by the state share and the "phasedown" percentage, which began at 90% in 2006 and is lowered 1.67% each year until it reaches 75% in 2015, where it will remain. The 2011-21 NHE Projections, released in 2012, is the last report to carry the 2003 expenditure estimates. CMS has not yet released a formula to calculate the PMPM rate beyond CY 2014.

Using the prescribed methodology provided by CMS, the Department estimates the CY 2014 PMPM rate to be $125.50 (see table 4.2 of the appendix); however, due to the data used by CMS to determine the PMPM rate becoming outdated and unavailable, this methodology cannot be applied to estimating the PMPM rates for CY 2015 and CY 2016. The Department has elected to estimate the PMPM rate for these years by averaging the average percentage change in per capita prescription drug expenditure estimates from the prior year for each NHE estimate from the previous three years. This approach yields a PMPM rate of $121.57 for CY 2015 and $120.38 for CY 2016 (see tables 4.2 and 4.3). Because CMS announces PMPM rates approximately three months prior to the rate taking effect, the Department should have more information regarding CMS' new PMPM calculation methodology in October 2014 and will make any necessary adjustments through the normal budget process.

To estimate caseload, the Department analyzed data from January 2006 through June 2013 and concluded a 3.84% annual growth trend, based upon a monthly average over the past two years, is the most reasonable forecast method for the MMA clawback population. This method estimates caseload by increasing the total caseload incurred each month by 0.32% 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. 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 July-through-June fiscal year are actually the invoices received between May and April. To improve the accuracy of the estimate for this line item, the caseload tables reflect this May-through-April period of time (see tables 3.1-3.3 of the appendix).

Based upon a 3.84% annual growth rate, the Department anticipates FY 2014-15 caseload will increase from 66,458 in May 2014 to 68,834 in April 2015. As a result, the total projected expenditure for the Medicare Modernization Act of 2003 State Contribution Payment for FY 2014-15 is $100,807,053 (see table 3.2).

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

Not applicable.

Table	Title
1	**MMA Summary**
1.1	FY 2013-14 Summary
1.2	FY 2014-15 Summary
1.3	FY 2015-16 Summary
2	**MMA Fund Splits**
2.1	FY 2013-14 Fund Splits
2.2	FY 2014-15 Fund Splits
2.3	FY 2015-16 Fund Splits
3	**MMA Caseload and Expenditure Projections**
3.1	FY 2013-14 Caseload and Expenditures
3.2	FY 2014-15 Caseload and Expenditures
3.3	FY 2015-16 Caseload and Expenditures
4	**MMA Per Member Per Month Calculations**
4.1	CY 2013 PMPM Rate Calculation
4.2	CY 2014 PMPM Rate Calculation
4.3	Projected CY 2015 PMPM Rate Calculation
4.4	Projected CY 2016 PMPM Rate Calculation
5	**CHIPRA Bonus Summary**
5.1	FY 2013-14 CHIPRA Bonus
5.2	FY 2014-15 CHIPRA Bonus
6	**CHIPRA Bonus Calculations**
6.1	CHIPRA Bonus Calculations
7	**CHIPRA Bonus by State Fiscal Year**
7.1	CHIPRA Bonus Payments by State Fiscal Year

Table 1.1: FY 2013-14 Summary					
Row	Item	Total Funds	General Fund	Federal Funds	Notes
A	**FY 2013-14 Spending Authority**	**$107,173,869**	**$82,492,862**	**$24,681,007**	**Long Bill Appropriation**
B	Projected FY 2013-14 Expenditures	$102,256,317	$65,687,505	$36,568,812	Table 2.1 Row D
C	**FY 2013-14 Incremental**	**($4,917,552)**	**($16,805,357)**	**$11,887,805**	**Row B - Row A**

Table 1.2: FY 2014-15 Summary					
Row	Item	Total Funds	General Fund	Federal Funds	Notes
A	**FY 2013-14 Spending Authority**	**$107,173,869**	**$82,492,862**	**$24,681,007**	**Table 1.1 Row A**
B	Projected FY 2014-15 Expenditures	$100,807,053	$96,444,252	$4,362,801	Table 2.2 Row C
C	**FY 2014-15 Incremental**	**($6,366,816)**	**$13,951,390**	**($20,318,206)**	**Row B - Row A**

Table 1.3: FY 2015-16 Summary					
Row	Item	Total Funds	General Fund	Federal Funds	Notes
A	**FY 2013-14 Spending Authority**	**$107,173,869**	**$82,492,862**	**$24,681,007**	**Table 1.1 Row A**
B	Projected FY 2015-16 Expenditures	$102,247,243	$102,247,243	$0	Table 2.2 Row C
C	**FY 2015-16 Incremental**	**($4,926,626)**	**$19,754,381**	**($24,681,007)**	**Row B - Row A**

Table 2.1: FY 2013-14 Fund Splits

Row	Item	Total Funds	General Fund	Federal Funds	Notes
A	November 2013 Forecast	$102,256,317	$102,256,317	$0	Table 3.1
B	CHIPRA Bonus	$0	($61,568,812)	$61,568,812	Table 5.1 Row C
C	JBC Transfer to CMTF	$0	$25,000,000	($25,000,000)	
D	**Projected FY 2013-14 Expenditures**	**$102,256,317**	**$65,687,505**	**$36,568,812**	**Row A + Row B + Row C**

Table 2.2: FY 2014-15 Fund Splits

Row	Item	Total Funds	General Fund	Federal Funds	Notes
A	November 2013 Forecast	$100,807,053	$100,807,053	$0	Table 3.2
B	CHIPRA Bonus	$0	($4,362,801)	$4,362,801	Table 5.2 Row C
C	**Projected FY 2014-15 Expenditures**	**$100,807,053**	**$96,444,252**	**$4,362,801**	**Row A + Row B**

Table 2.3: FY 2015-16 Fund Splits

Row	Item	Total Funds	General Fund	Federal Funds	Notes
A	November 2013 Forecast	$102,247,243	$102,247,243	$0	Table 3.2
B	**Projected FY 2014-15 Expenditures**	**$102,247,243**	**$102,247,243**	**$0**	**Row A**

Table 3.1: FY 2013-14 Caseload and Expenditures

	CY 2011	CY 2012	CY 2013	CY 2014	FY 2013-14 TOTAL
May 2013	57	398	63,398	0	63,853
June 2013	(40)	98	64,085	0	64,143
July 2013	(65)	140	64,292	0	64,367
August 2013	(53)	76	64,551	0	64,574
September 2013	(39)	20	64,801	0	64,782
October 2013	(27)	(26)	65,042	0	64,989
November 2013	(13)	(64)	65,273	0	65,196
December 2013	0	(93)	65,498	0	65,405
January 2014	0	(103)	2,236	63,481	65,614
February 2014	0	(102)	1,293	64,633	65,824
March 2014	0	(103)	806	65,332	66,035
April 2014	0	(95)	530	65,812	66,247
CY Client Total	(180)	146	521,805	259,258	
CY Rate	Varies	$132.41	$133.62	$125.50	
Expenditures	**($23,478)**	**$19,332**	**$69,723,584**	**$32,536,879**	**$102,256,317**

Table 3.2: FY 2014-15 Caseload and Expenditures

	CY 2012	CY 2013	CY 2014	CY 2015	FY 2014-15 TOTAL
May 2014	(86)	353	66,191	0	66,458
June 2014	(78)	235	66,512	0	66,669
July 2014	(66)	146	66,804	0	66,884
August 2014	(55)	82	67,073	0	67,100
September 2014	(41)	20	67,336	0	67,315
October 2014	(28)	(28)	67,583	0	67,527
November 2014	(13)	(67)	67,823	0	67,743
December 2014	0	(97)	68,059	0	67,962
January 2015	0	(108)	2,323	65,962	68,177
February 2015	0	(106)	1,343	67,160	68,397
March 2015	0	(105)	840	67,884	68,619
April 2015	0	(100)	549	68,385	68,834
CY Client Total	(367)	225	542,436	269,391	
CY Rate	$132.41	$133.62	$125.50	$121.57	
Expenditures	**($48,594)**	**$30,065**	**$68,075,718**	**$32,749,864**	**$100,807,053**

Table 3.3: FY 2015-16 Caseload and Expenditures

	CY 2013	CY 2014	CY 2015	CY 2016	FY 2015-16 TOTAL
May 2015	(90)	367	68,778	0	69,055
June 2015	(79)	243	69,111	0	69,275
July 2015	(69)	154	69,416	0	69,501
August 2015	(57)	81	69,695	0	69,719
September 2015	(43)	22	69,966	0	69,945
October 2015	(28)	(29)	70,222	0	70,165
November 2015	(14)	(69)	70,478	0	70,395
December 2015	0	(101)	70,718	0	70,617
January 2016	0	(108)	2,414	68,540	70,846
February 2016	0	(114)	1,397	69,785	71,068
March 2016	0	(109)	871	70,536	71,298
April 2016	0	(104)	572	71,057	71,525
CY Client Total	(380)	233	563,638	279,918	
CY Rate	$133.62	$125.50	$121.57	$120.38	
Expenditures	**($50,776)**	**$29,242**	**$68,521,472**	**$33,696,529**	**$102,247,243**

Table 4.1: CY 2013 PMPM Rate Calculation

Row	Item		Notes
	From 2011 NHE Estimates		
A	Estimated 2003 Per Capita Rx Drug Expenditures	$603	
B	Estimated 2006 Per Capita Rx Drug Expenditures	$735	
C	Percentage Growth	21.89%	(Row B ÷ Row A) - 1
	From 2012 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**	**1.64%**	**(Row F ÷ Row C) - 1**
	From Announcement of CY 2013 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies 4/2/12		
H	Annual Percentage Increase in Average Per Capita Aggregate Part D Expenditures for 2013 (Attachment V, Table III-2)	1.40%	
I	**FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2013**	**3.06%**	**Row G + Row H**
J	CY 2012 PMPM Rate Prior to Phasedown	$331.01	
K	FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2013	3.06%	Row I
L	Projected CY 2013 PMPM Rate Prior to FMAP and Phasedown	$341.15	Row J × Row K
M	FMAP State Share	50.00%	
N	Projected CY 2013 PMPM Rate Prior to Phasedown	$170.57	Row L × Row M
O	CY 2013 Phasedown Percentage	78.33%	
P	**CY 2013 PMPM Rate**	**$133.62**	**Row N × Row O**

Sources: Centers for Medicare and Medicaid Services (CMS), 2011 and 2012 NHE estimates; and Announcement of CY 2013 Medicare Advantage Capitation Rates and Medicare Advantage Part D Payment Policies, Attachment V, Table III-2.

Table 4.2: CY 2014 PMPM Rate Calculation			
Row	Item		Notes
	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%**	**(Row F ÷ 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 Increase in Average Per Capita Aggregate Part D Expenditures for 2014 (Attachment VI, Table IV-2)	-4.03%	
I	**FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2013**	**-4.03%**	**Row G + Row H**
J	CY 2013 PMPM Rate Prior to FMAP and Phasedown	$341.15	Table 4.1 Row L
K	FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2014	-4.03%	Row I
L	Projected CY 2014 PMPM Rate Prior to FMAP and Phasedown	$327.40	Row J × Row K
M	FMAP State Share	50.00%	
N	Projected CY 2014 PMPM Rate Prior to Phasedown	$163.70	Row L × Row M
O	CY 2014 Phasedown Percentage	76.67%	
P	**Projected CY 2014 PMPM Rate**	**$125.50**	**Row N × Row O**
Sources: 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.			

Table 4.3: CY 2015 PMPM Rate Calculation

Row	Item		Notes
	From 2009-21 NHE Estimates		
A	2009-19 Average Percentage Change in Per Capita Rx Drug Expenditure Estimates from Prior Year	-1.31%	
B	2010-20 Average Percentage Change in Per Capita Rx Drug Expenditure Estimates from Prior Year	2.29%	
C	2011-21 Average Percentage Change in Per Capita Rx Drug Expenditure Estimates from Prior Year	-4.63%	
D	**Average Percentage Change in Per Capita Rx Drug Expenditure Estimates from 2009-21**	**-1.22%**	**(Rows A + B + C) ÷ 3**
	From Announcements of CYs 2012-14 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies		
E	Annual Percentage Increase in Average Per Capita Aggregate Part D Expenditures for 2012 (Attachment V, Table III-3)	3.34%	
F	Annual Percentage Increase in Average Per Capita Aggregate Part D Expenditures for 2013 (Attachment V, Table IV-2)	1.40%	
G	Annual Percentage Increase in Average Per Capita Aggregate Part D Expenditures for 2014 (Attachment VI, Table IV-2)	-4.03%	
H	**Average Annual Percentage Increase in Average Per-Capita Aggregate Part D Expenditures for 2012**	**0.24%**	**(Rows E + F + G) ÷ 3**
I	**FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2015**	**-0.98%**	**Row D + Row H**
J	CY 2014 PMPM Rate Prior to FMAP and Phasedown	$327.40	Table 4.2 Row L
K	FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2015	-0.98%	Row I
L	Projected CY 2015 PMPM Rate Prior to FMAP and Phasedown	$324.19	Row J × Row K
M	FMAP State Share	50.00%	
N	Projected CY 2015 PMPM Rate Prior to Phasedown	$162.10	Row L × Row M
O	CY 2015 Phasedown Percentage	75.00%	
P	**Projected CY 2015 PMPM Rate**	**$121.57**	**Row N × Row O**

Sources: Centers for Medicare and Medicaid Services (CMS), 2011, 2012, and 2013 NHE estimates; and Announcement of CY 2012, 2013, and 2014 Medicare Advantage Capitation Rates and Medicare Advantage Part D Payment Policies

Table 4.4: CY 2016 PMPM Rate Calculation

Row	Item		Notes
	From 2009-21 NHE Estimates		
A	2009-19 Average Percentage Change in Per Capita Rx Drug Expenditure Estimates from Prior Year	-1.31%	
B	2010-20 Average Percentage Change in Per Capita Rx Drug Expenditure Estimates from Prior Year	2.29%	
C	2011-21 Average Percentage Change in Per Capita Rx Drug Expenditure Estimates from Prior Year	-4.63%	
D	**Average Percentage Change in Per Capita Rx Drug Expenditure Estimates from 2009-21**	**-1.22%**	**(Rows A + B + C) ÷ 3**
	From Announcements of CYs 2012-14 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies		
E	Annual Percentage Increase in Average Per-Capita Aggregate Part D Expenditures for 2012 (Attachment V, Table III-3)	3.34%	
F	Annual Percentage Increase in Average Per-Capita Aggregate Part D Expenditures for 2013 (Attachment V, Table IV-2)	1.40%	
G	Annual Percentage Increase in Average Per-Capita Aggregate Part D Expenditures for 2014 (Attachment VI, Table IV-2)	-4.03%	
H	**Average Annual Percentage Increase in Average Per-Capita Aggregate Part D Expenditures for 2012**	**0.24%**	**(Rows E + F + G) ÷ 3**
I	**FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2016**	**-0.98%**	**Row D + Row H**
J	Projected CY 2015 PMPM Rate Prior to FMAP and Phasedown	$324.19	Table 4.3 Row L
K	FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2016	-0.98%	Row I
L	Projected CY 2016 PMPM Rate Prior to FMAP and Phasedown	$321.01	Row J × Row K
M	FMAP State Share	50.00%	
N	Projected CY 2016 PMPM Rate Prior to Phasedown	$160.51	Row L × Row M
O	CY 2016 Phasedown Percentage	75.00%	
P	**Projected CY 2016 PMPM Rate**	**$120.38**	**Row N × Row O**

Sources: Centers for Medicare and Medicaid Services (CMS), 2011, 2012, and 2013 NHE estimates; and Announcement of CY 2012, 2013, and 2014 Medicare Advantage Capitation Rates and Medicare Advantage Part D Payment Policies

Table 5.1: FY 2013-14 CHIPRA Bonus			
Row	Item	Federal Funds	Notes
A	Projected Supplemental FFY 2012 CHIPRA Bonus	$4,030,024	Table 7.1 Row D
B	Projected FFY 2013 CHIPRA Bonus	$57,538,788	Table 7.1 Row A
C	**Total Projected CHIPRA Bonus for FY 2013-14**	**$61,568,812**	**Row A + Row B**

Table 5.2: FY 2014-15 CHIPRA Bonus			
Row	Item	Federal Funds	Notes
A	Projected Supplemental FFY 2013 CHIPRA Bonus	$4,362,801	Table 7.1 Row D
B	Projected FFY 2014 CHIPRA Bonus	$0	Table 7.1 Row A
C	**Total Projected CHIPRA Bonus for FY 2014-15**	**$4,362,801**	**Row A + Row B**

Table 6.1: CHIPRA Bonus Calculations

Row		FFY 2010	FFY 2011	FFY 2012	FFY 2013	Notes
Caseload for Initial Payment Calculation						
A	Baseline Enrollment	263,497	276,408	288,238	300,920	Department estimate
B	Estimated Child Population Growth Factor[1]	4.90%	4.28%	4.40%	4.07%	See Footnote 1
C	Tier 1 Bonus Target Enrollment Estimate	276,408	288,238	300,920	313,167	Row A * Row B
D	Tier 2 Bonus Target Enrollment Estimate	304,049	317,062	331,012	344,484	Row C * 110%
E	Projected Enrollment	313,759	342,341	373,399	398,613	Department estimate
F	**Projected Initial Tier 1 Bonus Enrollment**	**27,641**	**28,824**	**30,092**	**31,317**	**Row C * 10%**
G	**Projected Initial Tier 2 Bonus Enrollment**	**9,710**	**25,279**	**42,387**	**54,129**	**Row E - Row D**
Per Capita for Initial Payment Calculation						
H	Kaiser State Health Facts CO Child Medicaid Cost[2]	$2,478.75	$2,406.62	$2,564.06	$2,767.39	See Footnote 2
I	Estimated Increase in National Health Expenditures	7.93%	7.93%	7.93%	7.93%	Provided by CMS
J	State FMAP Rate	50.00%	50.00%	50.00%	50.00%	
K	**Applicable Per Capita**	**$1,337.66**	**$1,298.73**	**$1,383.69**	**$1,493.42**	**Row H * (1 + Row I) * Row J**
Initial Payment Calculation						
L	Projected Tier 1 Bonus Enrollment	27,641	28,824	30,092	31,317	Row F
M	Projected Tier 1 Per Capita Bonus[3]	$200.64	$194.81	$207.55	$224.01	Row K * 15%
N	**Projected Tier 1 Bonus Payment**	**$5,545,890**	**$5,615,203**	**$6,245,595**	**$7,015,321**	**Row L * Row M**
O	Projected Tier 2 Bonus Enrollment	9,710	25,279	42,387	54,129	Row G
P	Projected Tier 2 Per Capita Bonus[3]	$836.04	$811.71	$864.81	$933.39	Row K * 62.5%
Q	**Projected Tier 2 Bonus Payment**	**$8,117,948**	**$20,519,149**	**$36,656,701**	**$50,523,467**	**Row O * Row P**
R	**Projected Initial CHIPRA Bonus Payment**	**$13,663,838**	**$26,134,352**	**$42,902,296**	**$57,538,788**	**Row N + Row Q**
Caseload and Per Capita for Supplemental Payment Calculation						
S	Projected Enrollment with Retroactivity	319,961	350,762	380,005	405,665	Department estimate
T	Projected Tier 1 Bonus Enrollment with Retroactivity	27,641	28,824	30,092	31,317	Row F
U	Projected Tier 2 Bonus Enrollment with Retroactivity	15,912	33,700	48,993	61,181	Row S - Row D
V	**Applicable Per Capita**	**$1,291.35**	**$1,295.95**	**$1,335.79**	**$1,441.72**	**Department estimate**
Final Payment Calculation						
W	Projected Tier 1 Bonus Enrollment	27,641	28,824	30,092	31,317	Row F
X	Projected Tier 1 Per Capita Bonus	$193.70	$194.39	$200.37	$216.26	Row V * 15%
Y	**Projected Tier 1 Bonus Payment**	**$5,354,062**	**$5,603,097**	**$6,029,534**	**$6,772,614**	**Row W * Row X**
Z	Projected Tier 2 Bonus Enrollment	15,912	33,700	48,993	61,181	Row U
AA	Projected Tier 2 Per Capita Bonus	$807.09	$809.97	$834.87	$901.08	Row V * 62.5%
AB	**Projected Tier 2 Bonus Payment**	**$12,842,013**	**$27,296,191**	**$40,902,786**	**$55,128,975**	**Row Z * Row AA**
AC	**Projected Total CHIPRA Bonus Payment**	**$18,196,075**	**$32,899,288**	**$46,932,320**	**$61,901,589**	**Row Y + Row AB**
AD	**Actual Total CHIPRA Bonus Payment**	**$18,203,273**	**$32,906,502**	**N/A**	**N/A**	
AE	Forecast Variance	$7,198	$7,214	N/A	N/A	Row AD - Row AC

[1] Estimated Child population growth equals estimated population growth for age 0-18. The FFY 2010 estimate is provided by the Centers for Medicare and Medicaid Services, and future growth rates are estimates from the U.S. Census Bureau plus 3.5% in FFY 2011 through FFY 2012, and 3.0% in FFY 2013 thereafter.

[2] Per capita costs used to calculate the bonus payment is the average cost of a non-SSI, non-waiver child in Medicaid including retroactivity. Because the Department does not report a similar per capita cost in its budget, the Kaiser State Health Facts CO Child Medicaid Cost is used as the closest available proxy to that used by the Centers for Medicare and Medicaid Services to calculate the payment.

[3] Projected Tier 1 Bonus Per Capita is equal to the estimated base per capita cost for Medicaid children multiplied by the State's FMAP rate multiplied by 15%. Projected Tier 1 Bonus Per Capita is equal to the estimated base per capita cost for Medicaid children multiplied by the State's FMAP rate multiplied by 62.5%.

Table 7.1: CHIPRA Bonus Payments by State Fiscal Year

Row		FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	Notes
A	Projected Initial Payment	$13,663,838	$26,134,352	$42,902,296	$57,538,788	$0	Table 6.1 Row R
B	**Actual Initial Payment**	**$13,666,043**	**$26,141,460**	**$42,909,585**	**N/A**	**N/A**	
C	Forecast Variance	$2,205	$7,108	$7,289	N/A	N/A	Row B - Row A
D	Projected Supplemental Payment from Prior FFY	$0	$4,532,237	$6,764,936	$4,030,024	$4,362,801	Table 6.1 Row AC - Table 6.1 Row R
E	**Actual Supplemental Payment from Prior FFY**	**$0**	**$4,501,822**	**$6,771,422**	**N/A**	**N/A**	
F	Forecast Variance*	$0	($30,415)	$6,486	N/A	N/A	Row E - Dow D
G	**Total Projected Payment**	**$13,663,838**	**$30,666,589**	**$49,667,232**	**$61,568,812**	**$4,362,801**	**Row A + Row D**
H	**Total Actual Payment**	**$13,666,043**	**$30,643,282**	**$49,681,007**	**N/A**	**N/A**	**Row B + Row E**
I	Forecast Variance	$2,205	($23,307)	$13,775	N/A	N/A	Row H - Row G

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