



Cost and FTE

- The Department requests an increase of \$207,225 General Fund and a reduction of \$207,225 federal funds in FY 2015-16 and ongoing. This request is in response to the notification by the Centers of Medicare and Medicaid Services (CMS) that certain external quality review activities qualify for a fifty percent (50%) matching federal financial participation (FFP) rate, rather than the enhanced seventy-five percent (75%) FFP as anticipated by the Department.

Current Program

- The Department's utilizes a contractor for external quality review for Medicaid and Child Health Plan Plus (CHP+) quality activities including the validation of performance improvement projects, calculation of Healthcare Effectiveness Data and Information Set (HEDIS) performance measures for managed-care organizations, the Accountable Care Collaborative, and fee-for-service providers; and to conduct Client Assessment of Healthcare Providers and Systems (CAHPS) annual surveys of Medicaid clients.
- The contractor is also responsible for annual site audits of Medicaid health plans that includes reviews of Medicaid provider credentials, member handbooks, claims reimbursement and other required monitoring of processes outlined in contracts with Medicaid for the provision of healthcare services. Additionally, the contractor provides an annual report of activities and recommendations for improvement to the department which is also submitted to CMS.

Problem or Opportunity

- The Department received communication from the Centers for Medicare and Medicaid Services (CMS), dated October 26, 2015, of partial disallowance of the external quality review organization (EQRO) contract expenditures. CMS, upon review of an amendment of the vendor contract, informed the Department that some activities in the Department's EQRO contract do not meet the requirements for the 75% enhanced FFP rate under 42 CFR Subpart E due to a narrow interpretation of EQRO requirements for only managed care and prepaid inpatient health plans. This excludes claiming for all quality activities conducted for the Accountable Care Collaborative which comprises the majority of the Medicaid population.
- CMS has requested the Department provide detailed methodology of funding sources for the specific services of contract to distinguish between those expenditures that qualify for the enhanced 75% FFP rate and those that only qualify for the 50% administrative FFP rate.

Consequences of Problem

- The Department would lack the necessary State funding for contractor services that do not qualify for the higher federal reimbursement at the 75% FFP rate.

Proposed Solution

- The Department is requesting additional General Funds to provide the necessary State matching funds required for expenditures that only qualify for 50% FFP rate. These additional State funds would provide full funding needed for the oversight and monitoring of quality of care for Medicaid members in this line item.



COLORADO

Department of Health Care
Policy & Financing

FY 2015-16 and FY 2016-17 Funding Request | January 4, 2016

John W. Hickenlooper
Governor

Susan E. Birch
Executive Director

Department Priority: S-12, BA-12

Request Detail: External Quality Review FFP Adjustment

Summary of Incremental Funding Change for FY 2015-16	Total Funds	General Fund	Federal Funds
External Quality Review FFP Adjustment	\$0	\$207,225	(\$207,225)

Summary of Incremental Funding Change for FY 2016-17	Total Funds	General Fund	Federal Funds
External Quality Review FFP Adjustment	\$0	\$207,225	(\$207,225)

Summary of Incremental Funding Change for FY 2017-18	Total Funds	General Fund	Federal Funds
External Quality Review FFP Adjustment	\$0	\$207,225	(\$207,225)

Problem or Opportunity:

The Centers for Medicare and Medicaid Services (CMS) have determined that certain activities in the Department’s External Quality Review Organization (EQRO) contract do not qualify for an enhanced seventy-five percent (75%) federal financial participation (FFP) rate. Federal guidelines specific to activities of an External Quality Review Organization are found at 42 CFR Part 438. Federal regulations at 42 CFR Part 438, subpart E (External Quality Review) set forth the parameters that states must follow when conducting an external quality review (EQR) of its contracted managed care organizations (MCOs) and prepaid inpatient health plans (PIHPs). An EQR is the analysis and evaluation by an external quality review organization (EQRO) of aggregated information on quality, timeliness, and access to the health care services that an MCO or PIHP, or their contractors, furnish to Medicaid recipients. Only external quality review and EQR-related activities, as defined in 42 CFR § 438.358, related to MCOs or PIHPs are eligible for the 75% enhanced federal match rate as authorized under 42 CFR § 438.370 (a) and (b).

In a letter from CMS dated October 26, 2015, CMS provided notice to the Department that activities or functions included in the Department’s EQRO contract related to the Accountable Care Collaborative (ACC) Regional Care Collaborative Organizations (RCCOs) do not qualify for the 75% enhanced match under 42 CFR § 438.370. The ACC is considered a primary care case management (PCCM) organization, and federal regulations do not permit usage of the enhanced match for PCCMs. The ACC is the Department’s primary

delivery system and connects and supports providers to make collaboration possible, using the following framework:

- seven RCCOs throughout the state whose responsibilities include developing a network of providers; managing and coordinating member care; reporting on costs, utilization and outcomes;
- primary care medical providers contracted with a RCCO to serve as medical homes for ACC members; and
- a health information technology contractor providing data based on claims to support decision-making of RCCOs and primary care medical providers.

The following activities, including the Healthcare Effectiveness Data and Information Set (HEDIS) calculations and reporting, Regional Care Collaborative Organization (RCCO) site reviews, RCCO performance improvement projects, and Consumer Assessment of Healthcare Providers and Systems (CAHPS) survey qualify for the fifty percent (50%) administrative activities federal match, but not the 75% enhanced federal match under requirements under 42 CFR Subpart E. The RCCOs are considered a PCCM program. The current appropriation was established based on an anticipated 75% FFP rate for the full contract and is therefore insufficient to provide the full amount of required State matching funds for the portion of the contract that only qualifies for 50% FFP.

Though not all of the activities stipulated in the contract with the EQRO are federally required, the activities are considered mission-critical by the Department to provide both qualitative and quantitative data used to improve overall health of the Medicaid population, improve client engagement in their overall health and reduce unnecessary expenditures.

Proposed Solution:

The Department requests an increase of \$207,225 General Fund and a decrease of \$207,225 in federal funds in FY 2015-16 and each year ongoing to adjust the appropriation in the Professional Services Contracts line item to the 50% administrative rate for external quality review activities that do not qualify for the 75% enhanced match rate under the EQRO criteria.

The requested funding would be used to provide the full 50% matching State funding for:

- HEDIS compliance audits and reports,
- RCCO site reviews,
- RCCO performance improvement projects, and
- CAHPS surveys designed to capture and evaluate members' experience of care.

If this request is not funded, the Department would not be able to fully implement quality strategies needed to evaluate client experience, report the core set of CMS clinical performance measures for the State's Medicaid program, or conduct annual site reviews of required care coordination requirements of the RCCOs. This involves onsite compliance reviews of services for Medicaid clients. Use of data collected from client surveys, CMS performance measures, and site reviews support targeted quality improvement projects to

improve processes and outcomes of health care for at risk populations or health care needs that left unmanaged increase overall expenditures.

It is not yet known if CMS will seek repayment for the Department's usage of enhanced funding for EQRO activities for prior years. If CMS determines that the Department has inappropriately used federal funds, the Department would use the regular budget process to request funding for any needed repayment that could not be absorbed within existing appropriations.

Anticipated Outcomes:

This request aligns with the Customer strategic policy initiative in the Department's FY 2015-16 Performance Plan, which focuses on improving health outcomes and member experience while reducing the growth rate of costs. The ACC is the cornerstone of the Department's efforts to improve member health while containing costs. The ACC focuses on the needs of its members and leverages local resources to best meet those needs, while fostering integration and collaboration across the spectrum of member health care.

Assumptions and Calculations:

There is \$828,903 in the FY 2015-16 EQRO contract that does not comply with federal EQRO requirements for receiving a 75% enhanced federal match. These funds only qualify for a 50% federal match. Twenty-five percent (25%) of this amount is needed for the revised State share of the costs in FY 2015-16 and ongoing.

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

On October 26, 2015, the Department was informed by CMS that certain activities in the EQRO contract do not qualify for an enhanced 75% FFP match rate. This communication from CMS represents new data through which the criteria necessary for a supplemental budget request is met.

Table 1.1						
FY 2015-16 Summary of Incremental Change						
Row	Item	Total Funds	General Fund	Cash Funds	Federal Funds	Source
A	(1) Executive Director's Office; (E) Utilization and Quality Review Contracts, Professional Services Contracts	\$0	\$207,225	\$0	(\$207,225)	Row B
B	(1) Executive Director's Office; (E) Utilization and Quality Review Contracts, Professional Services Contracts	\$0	\$207,225	\$0	(\$207,225)	Table 2.1 Row D

Table 1.2						
FY 2016-17 and Ongoing Summary of Incremental Change						
Row	Item	Total Funds	General Fund	Cash Funds	Federal Funds	Source
A	(1) Executive Director's Office; (E) Utilization and Quality Review Contracts, Professional Services Contracts	\$0	\$207,225	\$0	(\$207,225)	Row B
B	(1) Executive Director's Office; (E) Utilization and Quality Review Contracts, Professional Services Contracts	\$0	\$207,225	\$0	(\$207,225)	Table 2.2 Row D

Table 2.1: FY 2015-16 Summary of Incremental Request Long Bill Group (1) Executive Directors Office; (E) Professional Services Contracts							
Row	Description	Total Funds	General Fund	Cash Fund ⁽¹⁾	Federal Funds	FFP Rate	Source
A	FY 2015-16 Appropriation	\$11,881,984	\$3,183,748	\$461,089	\$8,237,147	blend	FY 2015-16 Long Bill (SB 15-234)
B	Amount of EQRO Contract Budgeted at 75% FFP	\$828,903	\$207,226	\$0	\$621,677	75%	Total Amount of Component in FY 2015-16 Contract Spending Plan with 75% FFP and 25% GF
C	Revised Funding Split at the 50% FFP Rate	\$828,903	\$414,451	\$0	\$414,452	50%	Total funds in Row B * 50% equals FF. GF is total funds - HPF - FF.
D	Incremental Request	\$0	\$207,225	\$0	(\$207,225)		Row C - Row B
E	Total Revised Funding Split	\$11,881,984	\$3,390,973	\$461,089	\$8,029,922	blend	Row A + Row D

⁽¹⁾Cash funds are from Hospital Provider Fee

Table 2.2: FY 2016-17 and Ongoing Summary of Incremental Request Long Bill Group (1) Executive Directors Office; (E) Professional Services Contracts							
Row	Description	Total Funds	General Fund	Cash Fund ⁽¹⁾	Federal Funds	FFP Rate	Source
A	FY 2016-17 Base Request	\$11,679,128	\$3,145,534	\$461,089	\$8,072,505	blend	November 2, 2015 Request
B	Amount of EQRO Contract Budgeted at 75% FFP	\$828,903	\$207,226	\$0	\$621,677.00	75%	Total Amount of Component in FY 2015-16 Contract Spending Plan with 75% FFP and 25% GF
C	Revised Funding Split at the 50% FFP Rate	\$828,903	\$414,451	\$0	\$414,452.00	50%	Total funds in Row B * 50% equals FF. GF is total funds - HPF - FF.
D	Incremental Request	\$0	\$207,225	\$0	(\$207,225)		Row C - Row B
E	Total Revised Funding Split	\$11,679,128	\$3,352,759	\$461,089	\$7,865,280	blend	Row A + Row D

⁽¹⁾Cash funds are from Hospital Provider Fee