

**Schedule 13**

**Funding Request for the FY 2015-16 Budget Cycle**

**Department of Health Care Policy and Financing**

PB Request Number SBA-14

**Request Titles**

S-14 Medical Identification Card Adjustment  
 BA-14 Medical Identification Card Adjustment

Dept. Approval By:	Josh Block 	<input type="checkbox"/>	Supplemental FY 2014-15
		<input type="checkbox"/>	Change Request FY 2015-16
		<input type="checkbox"/>	Base Reduction FY 2015-16
OSPB Approval By:		<input checked="" type="checkbox"/>	Budget Amendment FY 2015-16

Line Item Information	Fund	FY 2014-15		FY 2015-16	FY 2016-17	
		Original	Supplemental	Base Request	Governor's	Budget
		Appropriation	Request		Revised Request	Amendment
	Total	\$158,247	\$120,727	\$164,720	\$114,254	\$114,254
	FTE	-	-	-	-	-
Total of All Line Items	GF	\$60,370	\$3,596	\$60,718	\$3,248	\$3,248
	CF	\$17,957	\$55,971	\$20,844	\$53,084	\$53,084
	RF	\$1,593	\$0	\$1,593	\$0	\$0
	FF	\$78,327	\$61,160	\$81,565	\$57,922	\$57,922

Line Item Information	Fund	FY 2014-15		FY 2015-16	FY 2016-17	
		Original	Supplemental	Base Request	Governor's	Budget
		Appropriation	Request		Revised Request	Amendment
	Total	\$158,247	\$120,727	\$164,720	\$114,254	\$114,254
01. Executive	CF	\$17,957	\$55,971	\$20,844	\$53,084	\$53,084
Director's Office -	FF	\$78,327	\$61,160	\$81,565	\$57,922	\$57,922
Medical Identification	GF	\$60,370	\$3,596	\$60,718	\$3,248	\$3,248
Cards	RF	\$1,593	\$0	\$1,593	\$0	\$0

Letternote Text Revision Required?	Yes	No	X	If Yes, describe the Letternote Text Revision:
	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Cash or Federal Fund Name and CORE Fund Number:				FF: Title XIX CF: Hosptial Provider Fee (24A0)
Reappropriated Funds Source, by Department and Line Item Name:				N/A
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 \$120,727 total funds for FY 2014-15, including \$3,596 General Fund, \$55,971 cash funds, and \$61,160 federal funds; and, \$114,254 total funds in FY 2015-16, including \$3,248 General Fund, \$53,084 cash funds, and \$57,922 federal funds to the Medical Identification Cards line item to ensure that the State can cover its costs associated with printing and mailing medical identification cards.

***Current Program***

- The Department contracts with a vendor to print and mail medical identification cards directly to Medicaid clients.
- The expenditure on this line item is determined by the number of medical identification cards requested and the cost of printing and mailing the cards.
- The medical identification cards are used to provide verification of the client's eligibility for Medicaid to providers.

***Problem or Opportunity***

- The implementation of SB 13-200, Expand Medicaid Eligibility, has increased the demand for medical identification cards for Medicaid clients. Based on recent expenditure trends, the Department estimates that the amount appropriated to the Medical Identification Card line item will be insufficient to fully fund the cost of printing and mailing for FY 2014-15 and beyond.

***Consequences of Problem***

- If this request is not approved, the Department would have insufficient funding to provide identification cards to all Medicaid clients, which could delay clients from receiving services timely and increase the burden on Medicaid providers who would be required to use alternative methods to verify Medicaid eligibility.

***Proposed Solution***

- The Department requests to permanently increase funding in the Medical Identification Card line item based on recent expenditure projections due to increased caseload resulting from implementation of SB 13-200.



# COLORADO

Department of Health Care  
Policy & Financing

FY 2014-15 and FY 2015-16 Funding Request | January 2, 2015

John W. Hickenlooper  
Governor

Susan E. Birch  
Executive Director

**Department Priority: S-14, BA-14**

**Request Detail: Medical Identification Card Adjustment**

Summary of Incremental Funding Change for FY 2014-15	Total Funds	General Fund
Medical Identification Cards Line Item Adjustment	\$120,727	\$3,596

Summary of Incremental Funding Change for FY 2015-16	Total Funds	General Fund
Medical Identification Cards Line Item Adjustment	\$114,254	\$3,248

***Problem or Opportunity:***

Colorado’s implementation of SB 13-200, Expand Medicaid Eligibility and the federal Affordable Care Act (ACA), resulted in an increased demand for medical identification cards due to the increase in Medicaid caseload in the State.

The Department issues identification cards directly to clients who are eligible for benefits under a medical assistance program. As Medicaid caseload increases, so does the number of medical identification cards the Department issues. When SB 13-200 was approved during FY 2012-13, average monthly Medicaid caseload was 682,994. SB 13-200 appropriated additional monies to the Medical Identification Cards line item, gradually increasing the line by 27.45% by FY 2015-16. This increase, however, is insufficient. The Department currently projects FY 2015-16 average monthly caseload to be 1,221,865 – an increase of 78.90% (see tables 4.1 and 4.2 of the appendix). The cost of printing and mailing medical identification cards for the growing caseload is estimated to continue exceeding the available funding in FY 2014-15, FY 2015-16, and beyond.

During FY 2013-14, the total cost for printing and mailing cards exceeded available funding in the Medical Identification Cards line item, and the Department had to cover \$153,000 of additional costs using funds appropriated to the General Professional Services and Special Projects line item. The Department does not have sufficient funds in other administrative lines in FY 2014-15 to offset the increase in Medical Identification Cards.

***Proposed Solution:***

The Department requests an increase of \$120,727 total funds for FY 2014-15, comprised of \$3,596 General Fund, \$55,971 cash funds, and \$61,160 federal funds; and \$114,254 total funds in FY 2015-16, comprised of \$3,248 General Fund, \$53,084 cash funds, and \$57,922 federal funds to supplement the Medical Identification Cards Line Item to cover the rising costs of printing and mailing Medical Identification Cards. The funds requested would be ongoing under the assumption that the implementation of SB 13-200 will have persisting effects; specifically, the increase in Medicaid eligibility will continue to result in higher levels of caseload growth and card demand moving forward.

If this request is not approved, the Department would have insufficient funding to provide identification cards to all Medicaid clients, which could delay clients from receiving services timely and increase the burden on Medicaid providers who would be required to use alternative methods to verify Medicaid eligibility. If possible, the Department would redirect funds from other line items to cover costs exceeding the available funding in the Medical Identification Cards Line Item; however, because the Department does not anticipate having available underexpenditure, the Department does not believe this is a viable solution to the problem, in either the short or long term.

***Anticipated Outcomes:***

If this request is approved, the Department would be in a better position to cover the actual costs for this line item in FY 2014-15, FY 2015-16 and beyond. This request would adjust spending authority on this line item moving forward as there will likely be persisting effects on card demand from increased Medicaid eligibility primarily related to the Medicaid expansion program implemented through SB 13-200.

***Assumptions and Calculations:***

The cost of printing and mailing all medical identification cards for a given fiscal year depends on the number of cards requested by Medicaid clients and providers multiplied by the cost of printing and mailing a single card. The Department assumes the average card count and cost per card over the past six months of available data, ending with September 2014, will likely indicate what the total annual cost for the Medical Identification Cards line item will be. The projected annual card count and per card cost can be found in table 3.2 row G. It is important to note that \$8,022 from the April 2014 card vendor invoice was incurred in May 2014 because the Department was in the process of encumbering more funds and was not able to pay the full amount for April in time. This means that the average cost per card for these two months is skewed. However, accounting for this does not change the per card estimate. These estimates produce a total cost projection for FY 2014-15, FY 2015-16 and FY 2016-17, which is found in table 3.1 row D. The supplemental request for each fiscal year is then calculated by subtracting the spending authority for this line item from the total cost projection.

The Department also adjusted the amount of cash funds from the Hospital Provider Fee Cash Fund to be proportional to the ratio of Hospital Provider Fee client caseload to total Medicaid caseload, which is currently 26.50%. This adjustment accounts for why the incremental impact is relatively less in General Fund.

***Supplemental, 1331 Supplemental or Budget Amendment Criteria:***

The implementation of SB 13-200 has increased eligibility for Medicaid substantially and has resulted in an unanticipated increase in demand for medical identification cards. This impacted new data available on medical identification card counts used to project spending on printing and mailing cards and has created the need for a supplemental request for the Medical Identification Card line item.

S-14, BA-14 Medical Identification Card Adjustment  
Appendix A: Calculations and Assumptions

<b>Table 1.1 Summary of Supplemental Request for FY 2014-15</b>						
Line Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
<b>Total Request</b>	<b>\$120,727</b>	<b>0.0</b>	<b>\$3,596</b>	<b>\$55,971</b>	<b>\$0</b>	<b>\$61,160</b>
(1) Executive Director's Office; (D) Eligibility Determinations and Client Services, Medical Identification Cards	\$120,727	0.0	\$3,596	\$55,971	\$0	\$61,160

<b>Table 1.2 Budget Amendment for FY 2015-16</b>						
Line Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
<b>Total Request</b>	<b>\$114,254</b>	<b>0.0</b>	<b>\$3,248</b>	<b>\$53,084</b>	<b>\$0</b>	<b>\$57,922</b>
(1) Executive Director's Office; (D) Eligibility Determinations and Client Services, Medical Identification Cards	\$114,254	0.0	\$3,248	\$53,084	\$0	\$57,922

<b>Table 1.3 Budget Amendment for FY 2016-17</b>						
Line Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
<b>Total Request</b>	<b>\$114,254</b>	<b>0.0</b>	<b>\$3,248</b>	<b>\$53,084</b>	<b>\$0</b>	<b>\$57,922</b>
(1) Executive Director's Office; (D) Eligibility Determinations and Client Services, Medical Identification Cards	\$114,254	0.0	\$3,248	\$53,084	\$0	\$57,922

S-14, BA-14 Medical Identification Card Adjustment  
Appendix A: Calculations and Assumptions

<b>Table 2.1</b> Summary of Incremental Change for FY 2014-15							
Row	Item	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	Source
A	Projected Cost of Medical Identification Cards for FY 2014-15	\$278,974	\$63,966	\$73,928	\$1,593	\$139,487	Table 3.1 Row D
B	FY 2014-15 Spending Authority to Date	\$158,247	\$60,370	\$17,957	\$1,593	\$78,327	FY 2014-15 Long Bill
C	<b>Incremental Change in Funding for FY 2014-15</b>	<b>\$120,727</b>	<b>\$3,596</b>	<b>\$55,971</b>	<b>\$0</b>	<b>\$61,160</b>	Row A - Row B

<b>Table 2.2</b> Summary of Incremental Change for FY 2015-16							
Row	Item	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	Source
A	Projected Cost of Medical Identification Cards for FY 2015-16	\$278,974	\$63,966	\$73,928	\$1,593	\$139,487	Table 3.1 Row D
B	FY 2015-16 Base Request from November 1st Submission	\$164,720	\$60,718	\$20,844	\$1,593	\$81,565	Continuation for FY 2015-16
C	<b>Incremental Change in Funding for FY 2015-16</b>	<b>\$114,254</b>	<b>\$3,248</b>	<b>\$53,084</b>	<b>\$0</b>	<b>\$57,922</b>	Row A - Row B

<b>Table 2.3</b> Summary of Incremental Change for FY 2016-17							
Row	Item	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	Source
A	Projected Cost of Medical Identification Cards for FY 2016-17	\$278,974	\$63,966	\$73,928	\$1,593	\$139,487	Table 3.1 Row D
B	FY 2016-17 Projected Spending Authority	\$164,720	\$60,718	\$20,844	\$1,593	\$81,565	Estimated Continuation for FY 2016-17
C	<b>Incremental Change in Funding for FY 2016-17</b>	<b>\$114,254</b>	<b>\$3,248</b>	<b>\$53,084</b>	<b>\$0</b>	<b>\$57,922</b>	Row A - Row B

S-14, BA-14 Medical Identification Card Adjustment  
Appendix A: Calculations and Assumptions

<b>Table 3.1</b>			
<b>Calculation of Annual Printing and Mailing Costs for Medical Identification Cards</b>			
Row	Item	Amount	Source
A	Projected Card Count	34,753	Table 3.2 Row G
B	Projected Total Card Count	417,034	Row A × 12
C	Projected Average Card Cost	\$0.67	Table 3.2 Row G
D	<b>Projected Annual Card Cost</b>	<b>\$278,974</b>	Row B × Row C

<b>Table 3.2</b>				
<b>Calculation of Average Card Count and Per Card Cost</b>				
Row	Month	Medical ID Card Counts <sup>(1)</sup>	Monthly Invoice from Vendor <sup>(2)</sup>	Average Per Card Cost
A	April 2014	46,570	\$23,696	\$0.51
B	May 2014	35,062	\$31,148	\$0.89
C	June 2014	33,832	\$22,218	\$0.66
D	July 2014	30,731	\$19,861	\$0.65
E	August 2014	30,535	\$20,456	\$0.67
F	September 2014	31,787	\$20,456	\$0.64
G	<b>Six-Month Average</b>	<b>34,753</b>	<b>\$22,973</b>	<b>\$0.67</b>

(1) Medical ID card counts are from vendor invoices.

(2) \$8,022 from the April 2014 card vendor invoice was incurred in May 2014 because the Department was in the process of encumbering more funds and was not able to pay the full amount for April in time.

<b>Table 3.3</b>			
<b>Historical Card Count for FY 2013-14</b>			
Row	Month	Medical ID Card Count	Percent Change
A	July 2013	17,937	N/A
B	August 2013	18,712	4.32%
C	September 2013	19,141	2.29%
D	October 2013	18,182	-5.01%
E	November 2013	20,775	14.26%
F	December 2013	58,717	182.63%
G	January 2014	47,034	-19.90%
H	February 2014	42,666	-9.29%
I	March 2014	58,455	37.01%
J	April 2014	46,570	-20.33%
K	May 2014	35,062	-24.71%
L	June 2014	33,832	-3.51%
M	July 2014	30,731	-9.17%
N	<b>Average Count</b>	<b>34,447</b>	
O	<b>2013-14 Percent Change</b>		<b>71.33%</b>

S-14, BA-14 Medical Identification Card Adjustment  
Appendix A: Calculations and Assumptions

<b>Table 4.1</b>			
<b>Medical Identification Card Line Item Appropriation Growth</b>			
<b>Row</b>	<b>Item</b>	<b>Total Funds</b>	<b>Annual Growth</b>
A	FY 2012-13 Final Spending Authority	\$129,240	N/A
B	FY 2013-14 Final Spending Authority	\$140,257	8.52%
C	FY 2014-15 Spending Authority to Date	\$158,247	12.83%
D	FY 2015-16 Base Request	\$164,720	4.09%
<b>E</b>	<b>Growth between FY 2012-13 and FY 2015-16</b>		<b>27.45%</b>

<b>Table 4.2</b>			
<b>Medicaid Caseload Growth</b>			
<b>Row</b>	<b>Item</b>	<b>Average Monthly Caseload</b>	<b>Annual Growth</b>
A	FY 2012-13 Actual	682,994	N/A
B	FY 2013-14 Actual	860,957	26.06%
C	FY 2014-15 Projection	1,126,466	30.84%
D	FY 2015-16 Projection	1,221,865	8.47%
<b>E</b>	<b>Growth between FY 2012-13 and FY 2015-16</b>		<b>78.90%</b>