

**Schedule 13**

**Funding Request for the FY 2016-17 Budget Cycle**

**Department of Health Care Policy and Financing**

**Request Title**

**S14- Public School Health Services Funding Adjustment  
BA14- Public School Health Services Funding Adjustment**

Dept. Approval By: <u>Josh Block</u>  <u>1/4/16</u>	<u>        </u> X	Supplemental FY 2015-16
	<u>        </u>	Change Request FY 2016-17
	<u>        </u>	Base Reduction FY 2016-17
OSPB Approval By:  <u>1/4/16</u>	<u>        </u> X	Budget Amendment FY 2016-17

Summary Information	Fund	FY 2015-16		FY 2016-17		FY 2017-18
		Initial Appropriation	Supplemental Request Amount	Base Request	Budget Amendment	Continuation Amount
<b>Total</b>		\$72,202,649	\$8,470,989	\$76,169,434	\$6,435,198	\$8,368,776
FTE		0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$35,640,520	\$4,126,655	\$37,653,359	\$3,348,589	\$4,581,805
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$36,562,129	\$4,344,334	\$38,516,075	\$3,086,609	\$3,786,971

Line Item Information	Fund	FY 2015-16		FY 2016-17		FY 2017-18
		Initial Appropriation	Supplemental Request Amount	Base Request	Budget Amendment	Continuation Amount
<b>Total</b>		\$72,202,649	\$8,470,989	\$76,169,434	\$6,435,198	\$8,368,776
FTE		0.0	0.0	0.0	0.0	0.0
06. Other Medical Services - Public School Health Services	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$35,640,520	\$4,126,655	\$37,653,359	\$3,348,589	\$4,581,805
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$36,562,129	\$4,344,334	\$38,516,075	\$3,086,609	\$3,786,971

Letternote Text Revision Required?	Yes	No	X	If Yes, describe the Letternote Text Revision:
Cash or Federal Fund Name and CORE Fund Number: FF: Title XIX (1000), CF: Certified Public Expenditures (1000)				
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***

- FY 2015-16: \$8,470,989 total funds, including \$4,126,655 cash funds and \$4,344,334 federal funds.
- FY 2016-17: \$6,435,198 total funds, including \$3,348,589 cash funds and \$3,086,609 federal funds.
- FY 2017-18: \$8,368,776 total funds, including \$4,581,805 cash funds and \$3,786,971 federal funds.

#### ***Current Program***

- The Public School Health Services (SHS) Program allows public schools, Boards of Cooperative Education Services (BOCES), or state educational institutions that serve students in kindergarten through twelfth grade (“providers”) to access federal Medicaid funds for health services delivered to eligible clients.
- SHS providers are required to use the federal funding received through this program to offset costs incurred for the provision of student health services or to fund other student health services. The funding generated through this program can be used to fund the unmet health needs for all students served by participating providers, as identified in the providers’ Local Services Plan. Additionally, providers have been able to address some of the health care needs unique to their local communities

#### ***Problem or Opportunity***

- The total reimbursement amount of all SHS providers’ allowable costs for FY 2015-16 and future years is expected to exceed the Department’s spending authority.
- The Department has adjusted the forecast for recent data and calculations received November 2015 from the Department’s contracted vendor.

#### ***Consequences of Problem***

- Without sufficient spending authority, reimbursement to program participants may be delayed.
- Delays in reimbursement may discourage provider participation in the program, resulting in fewer health services to students.

#### ***Proposed Solution:***

- This increase in funds would allow SHS providers to certify their Medicaid allowable costs as certified public expenditures and receive federal matching funds allowed under the Department’s federally-approved reimbursement methodology. The funds would be used to fund the unmet health needs for all students served by participating providers of the Public School Health Services Program. The cash funds portion of this line item is comprised entirely of certified public expenditures (CPE) and does not impact any State cash funds.
- SHS providers would use the funds to support local school health services, increase access to primary and preventive care programs to low-income, under or uninsured children, and improve the coordination of care between schools and health care providers.



**COLORADO**  
 Department of Health Care  
 Policy & Financing

*John W. Hickenlooper*  
 Governor

*Susan E. Birch*  
 Executive Director

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

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

**Request Detail: Public School Health Services Funding Adjustment**

Summary of Incremental Funding Change for FY 2015-16	Total Funds	General Fund
Public School Health Services Funding Adjustment	\$8,470,989	\$0

Summary of Incremental Funding Change for FY 2016-17	Total Funds	General Fund
Public School Health Services Funding Adjustment	\$6,435,198	\$0

Summary of Incremental Funding Change for FY 2017-18	Total Funds	General Fund
Public School Health Services Funding Adjustment	\$8,368,776	\$0

***Problem or Opportunity:***

Public School Health Services (SHS) program participating providers' allowable costs for FY 2015-16 are expected to exceed the Department's current spending authority.<sup>1</sup>

As the overall population of Medicaid-eligible children increases, the Department anticipates corresponding increases in caseload and allowable expenditures in the SHS program. The State share of this reimbursement comes from certification of public expenditure (CPE) by participating providers; no other State funds are required. Without sufficient spending authority, however, reimbursement of the federal share to the providers may be delayed. Delays in reimbursement may discourage provider participation in the program and potentially lead to the reduction of health services offered to children.

Growth in allowable expenditures is anticipated due to the overall growth in the number of Medicaid eligible children statewide. Growth in the number of Medicaid eligible students can be attributed to the following factors:

<sup>1</sup> Background information on the SHS program, including requirements for program participation, can be found on the Department's website: <https://www.colorado.gov/pacific/hcpf/school-health-services>

- With more adults eligible for and enrolling in Medicaid under provisions of the Affordable Care Act, eligibility for available public benefits is being determined, not only for these adults, but also for their children, and therefore more eligible children are being enrolled in Medicaid programs.
- The Department’s implementation of continuous eligibility for children, effective March 2, 2014, which provides continuity of care by granting 12 months of continuous eligibility regardless of changes in income and household size. These children would otherwise be dis-enrolled from the Medicaid program.
- Outreach efforts, including program training and enrollment assistance by the Department and providers, facilitate the uninsured families’ access to public benefits, including Medicaid.

In summary, the total allowable expenditures of the SHS program are increasing because the number of students who are Medicaid eligible with an Individual Education Program (IEP) or Individualized Family Services Plan (IFSP) is increasing. Accordingly, participating providers are spending more time serving qualifying clients.

In compliance with the Department’s federally-approved reimbursement methodology, the increase of this line item would provide sufficient spending authority to reimburse participating providers the federal share of their certified public expenditures. These funds can then be used for other unmet health care needs for all students served by the provider.

***Proposed Solution:***

The Department requests the following increases to the Public School Health Services line item to support local school health services:

- FY 2015-16: \$8,470,989 total funds, including \$4,126,655 cash funds and \$4,344,334 federal funds;
- FY 2016-17: \$6,435,198 total funds, including \$3,348,589 cash funds and \$3,086,609 federal funds.
- FY 2017-18: \$8,368,776 total funds, including \$4,581,805 cash funds and \$3,786,971 federal funds.

The cash funds portion of this line item is comprised entirely of certified public expenditures (CPE) and does not impact any State cash funds. This request has no General Fund impact.

***Anticipated Outcomes:***

The Medicaid funds received for this program increase access to primary and preventive care programs for low-income, under or uninsured children and to improve the coordination of care between schools and health care providers. SHS providers are required to use the federal funding received through the program to either offset costs incurred for the provision of student health services or to fund other student health services as identified in the providers’ Local Services Plan. Providers have been able to address some of the health care needs unique to their local communities.

Types of services that can be funded include, but are not limited to, the following:

- Enhanced clinic aid or nurse services;
- Dental, vision and pharmacy vouchers to uninsured or under-insured students;

- Outreach and enrollment assistance toward access of medical assistance benefits for uninsured families;
- Health supplies and equipment; and
- Enhanced physical or mental health services.

By allowing the Department to reimburse SHS providers on a timely basis for their incurred Medicaid costs, the approval of this request would ensure the retention of current participating providers and help attract new providers to the program, thus furthering the Department’s mission of improving health care access and outcomes.

***Assumptions and Calculations:***

Detailed calculations for this request are provided in the attached appendix.

The SHS program is a cost-based program based on certified public expenditures (CPE) rather than a fee-for-service-based program. As a result, the Department does not reimburse SHS providers based on the specific services they provide; rather, the Department provides reimbursement based on provider’s allowable costs, adjusted by random moment time sampling (RMTS) and their fraction of qualifying clients.

The Department contracts with a vendor to determine the amount of certified public expenditures federally claimable. The vendor compiles cost report information, including salary, benefits and contracted costs for RMTS participants and indirect costs. The allowable costs are reduced based on the annual average statewide allowable direct service and targeted case management RMTS percentages. The allowable costs are further reduced by the ratio of student IEP utilization. Costs of supplies, materials, transportation and other costs are added. This request is based on the amount of certified public expenditures provided to the Department by the vendor after all the preceding steps have been completed.

Table 1 shows a summary of the total requested funds and fund splits. The federal medical assistance percentage (FMAP) used for the calculation of federal funds varies according to applicable period and component of program. Tables 2.1 through 2.3 show the calculations to determine the incremental requests. Tables 3.1 through 3.3 show the estimated expenditures of the program broken into the three components with their respective FMAP. Table 4 provides actual and projected caseload. Tables 5.1 through 5.3 show the Medicaid Administrative Claiming (MAC) portion of the estimated expenditures. MAC expenditures pertain to administrative services performed by the provider which include Medicaid outreach, eligibility determination and enrollment, and the coordination and monitoring of Medicaid services.

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

Public School Health Services (SHS) program participating providers’ allowable costs for FY 2015-16 are expected to exceed the Department’s current spending authority:

- Critical data and calculations, compiled and submitted by the Department’s contracted vendor were not available to the Department until November 2015.
- The specific criteria allowing this supplemental to be submitted is the existence of new data resulting in substantive changes in funding needs.

S-14, BA-14 Public School Health Funding Adjustment

<b>Table 1</b>						
<b>Summary by Line Item</b>						
<b>Line Item</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>Source</b>
<b>FY 2015-16</b>						
(6) Other Medical Services; Public School Health Services	\$8,470,989	\$0	\$4,126,655	\$0	\$4,344,334	Table 2.1 Row C
<b>FY 2016-17</b>						
(6) Other Medical Services; Public School Health Services	\$6,435,198	\$0	\$3,348,589	\$0	\$3,086,609	Table 2.2 Row E
<b>FY 2017-18</b>						
(6) Other Medical Services; Public School Health Services	\$8,368,776	\$0	\$4,581,805	\$0	\$3,786,971	Table 2.3 Row C

S-14, BA-14 Public School Health Funding Adjustment

Table 2.1					
FY 2015-16 Public School Health Services Incremental Request					
Row	Description	Total Funds	Cash Fund	Federal Funds	Source
A	FY 2015-16 Appropriation	\$72,202,649	\$35,640,520	\$36,562,129	Long Bill Appropriation (SB 15-234)
B	FY 2015-16 Estimated Expenditures	\$80,673,638	\$39,767,175	\$40,906,463	Table 3.1, Row D
<b>C</b>	<b>FY 2015-16 Supplemental Request</b>	<b>\$8,470,989</b>	<b>\$4,126,655</b>	<b>\$4,344,334</b>	<b>Row B - Row A</b>

Table 2.2					
FY 2016-17 Public School Health Services Incremental Request					
Row	Description	Total Funds	Cash Fund	Federal Funds	Source
A	FY 2016-17 Base Request	\$72,202,649	\$35,640,520	\$36,562,129	Long Bill Appropriation (SB 15-234)
B	Annualization of FY 2014-15 BA-16 "Public School Health Services Funding Adjustment	\$3,966,785	\$1,973,616	\$1,993,169	Annualization of FY 2014-15 BA-16 "Public School Health Services Funding Adjustment
<b>C</b>	<b>FY 2016-17 Appropriation</b>	<b>\$76,169,434</b>	<b>\$37,614,136</b>	<b>\$38,555,298</b>	<b>Row A + Row B</b>
D	FY 2016-17 Estimated Expenditures	\$82,604,632	\$40,962,725	\$41,641,907	Table 3.2, Row D
<b>E</b>	<b>FY 2016-17 Budget Amendment Request</b>	<b>\$6,435,198</b>	<b>\$3,348,589</b>	<b>\$3,086,609</b>	<b>Row E - Row D</b>

Table 2.3					
FY 2017-18 Public School Health Services Incremental Request					
Row	Description	Total Funds	Cash Fund	Federal Funds	Source
A	FY 2017-18 Base Request	\$76,169,434	\$37,614,136	\$38,555,298	Table 2.2, Row C
B	FY 2017-18 Estimated Expenditures	\$84,538,210	\$42,195,941	\$42,342,269	Table 3.3, Row D
<b>C</b>	<b>FY 2017-18 Budget Amendment Request</b>	<b>\$8,368,776</b>	<b>\$4,581,805</b>	<b>\$3,786,971</b>	<b>Row B - Row A</b>

S-14, BA-14 Public School Health Funding Adjustment

Table 3.1 FY 2015-16 Public School Health Services Estimated Expenditures							
Row	Description	Total Funds	General Fund	Cash Funds	Federal Funds	FFP	Source
A	Total FY 2015-16 Interim Payments	\$41,244,000	\$0	\$20,296,172	\$20,947,828	50.79%	Established by the Department and Public Consulting Group in May 2015 based on historical three year averages
B	Total FY 2015-16 MAC Payments	\$7,348,638	\$0	\$3,674,319	\$3,674,319	50.00%	Table 5.1, Total Row
C	FY 2014-15 Cost Reconciliation	\$32,081,000	\$0	\$15,796,684	\$16,284,316	50.76%	Provided by Department's contracted vendor, Public Consulting Group, in November 2015
<b>D</b>	<b>Total Estimated Expenditures</b>	<b>\$80,673,638</b>	<b>\$0</b>	<b>\$39,767,175</b>	<b>\$40,906,463</b>		<b>SUM(Row A:Row C)</b>

Table 3.2 FY 2016-17 Public School Health Services Estimated Expenditures							
Row	Description	Total Funds	General Fund	Cash Funds	Federal Funds	FFP	Source
A	Total FY 2016-17 Interim Payments	\$43,075,632	\$0	\$21,451,665	\$21,623,967	50.20%	Increased amount of payments reflects growth of Medicaid eligible children; see Table 4, Row D (Growth Rate)
B	Total FY 2016-17 MAC Payments	\$7,448,000	\$0	\$3,724,000	\$3,724,000	50.00%	Table 5.2, Total Row
C	FY 2015-16 Cost Reconciliation	\$32,081,000	\$0	\$15,787,060	\$16,293,940	50.79%	Cost reconciliation expenditures expected to remain constant with program growth reflected in interim payments
<b>D</b>	<b>Total Estimated Expenditures</b>	<b>\$82,604,632</b>	<b>\$0</b>	<b>\$40,962,725</b>	<b>\$41,641,907</b>		<b>SUM(Row A:Row C)</b>

Table 3.3 FY 2017-18 Public School Health Services Estimated Expenditures							
Row	Description	Total Funds	General Fund	Cash Funds	Federal Funds	FFP	Source
A	Total FY 2017-18 Interim Payments	\$45,009,210	\$0	\$22,495,603	\$22,513,607	50.02%	Increased amount of payments reflects growth of Medicaid eligible children; see Table 4, Row E (Growth Rate)
B	Total FY 2017-18 MAC Payments	\$7,448,000	\$0	\$3,724,000	\$3,724,000	50.00%	Table 5.3, Total Row
C	FY 2016-17 Cost Reconciliation	\$32,081,000	\$0	\$15,976,338	\$16,104,662	50.20%	Cost reconciliation expenditures expected to remain constant with program growth reflected in interim payments
<b>D</b>	<b>Total Estimated Expenditures</b>	<b>\$84,538,210</b>	<b>\$0</b>	<b>\$42,195,941</b>	<b>\$42,342,269</b>		<b>SUM(Row A:Row C)</b>

S-14, BA-14 Public School Health Funding Adjustment

Table 4 Caseload Growth Forecast						
Row	Year	Average Monthly Eligible Children Caseload <sup>(1)</sup>	Growth Rate	School Health Services (SHS) Qualifying Children	Growth Rate	Source
A	FY 2013-14 Actual	442,644	20.26%	34,214	14.73%	Qualifying Children from reported actuals
B	FY 2014-15 Actual	515,872	16.54%	33,896	-0.93%	Qualifying Children from reported actuals
C	FY 2015-16 Predicted	554,154	7.42%	36,411	7.42%	SHS Qualifying Children calculated as: Row B * (1 + Row C Growth Rate)
D	FY 2016-17 Predicted	578,747	4.44%	38,028	4.44%	SHS Qualifying Children calculated as: Row C * (1 + Row D Growth Rate)
E	FY 2017-18 Predicted	604,755	4.49%	39,735	4.49%	SHS Qualifying Children calculated as: Row D * (1 + Row E Growth Rate)

<sup>(1)</sup>Caseload data for FY 2014-15 through FY 2017-18 from the Department's November 1, 2015 R-1 request, and includes the 'Eligible Children'; 'SB 11-008' and 'Foster Care' categories.

S-14, BA-14 Public School Health Funding Adjustment

<b>Table 5.1 - Medicaid Administrative Claiming (MAC)</b>	
<b>FY 2015-16</b>	<b>MAC Expenditures<sup>(1)</sup></b>
Q1 Actuals	\$1,762,638
Q2	\$1,862,000
Q3	\$1,862,000
Q4	\$1,862,000
<b>Total</b>	<b>\$7,348,638</b>

<sup>(1)</sup>MAC forecasted expenditures are based on prior year's highest quarterly amount and assumed to remain constant throughout FY 2015-16

<b>Table 5.2 - Medicaid Administrative Claiming (MAC)</b>	
<b>FY 2016-17</b>	<b>MAC Expenditures<sup>(1)</sup></b>
Q1	\$1,862,000
Q2	\$1,862,000
Q3	\$1,862,000
Q4	\$1,862,000
<b>Total</b>	<b>\$7,448,000</b>

<sup>(1)</sup>MAC expenditures assumed to remain constant in FY 2016-17

<b>Table 5.3 - Medicaid Administrative Claiming (MAC)</b>	
<b>FY 2017-18</b>	<b>MAC Expenditures<sup>(1)</sup></b>
Q1	\$1,862,000
Q2	\$1,862,000
Q3	\$1,862,000
Q4	\$1,862,000
<b>Total</b>	<b>\$7,448,000</b>

<sup>(1)</sup>MAC expenditures assumed to remain constant in FY 2017-18