



COLORADO

Department of Health Care
Policy & Financing

Priority: S-4 A, BA-4
MMA State Contribution Payment
FY 2015-16 Supplemental Request

Cost and FTE

- The Department requests a \$1,824,237 decrease in total funds, including a decrease of \$1,824,237 General Fund for FY 2014-15; and a \$2,804,192 total funds decrease, including a decrease of \$2,804,192 General Fund for FY 2015-16, for the Medicare Modernization Act of 2003 State Contribution Payment line item to make the mandatory reimbursement payments to the federal government for the States' share of the cost of outpatient prescription drugs for clients that are eligible for both Medicaid and Medicare, referred to as dual-eligible clients.

Current Program

- The Department serves clients who are eligible for both Medicaid and Medicare.
- These dual-eligible clients are provided prescription drug coverage through the federal Medicare program.
- The State is required to reimburse the federal government for the amount the federal Centers for Medicare and Medicaid Services (CMS) determines is the State's obligation for such prescription drug coverage, which is also called the "clawback" payment.

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 Department risks reversion of funds that could be used for other purposes statewide.

Proposed Solution

- The Department would be able to meet the State's obligation to the federal government for prescription drug coverage for dual-eligible clients while reducing the risk of reverting funds that could be used for other purposes.



COLORADO
Department of Health Care
Policy & Financing

FY 2015-16 Funding Request | February 2015

John W. Hickenlooper
Governor

Susan E. Birch
Executive Director

Department Priority: S-4 A, BA-4

Request Detail: Medicare Modernization Act of 2003 State Contribution Payment

Summary of Incremental Funding Change for FY 2014-15	Total Funds	General Fund
MMA State Contribution Payment	(\$1,824,237)	(\$1,824,237)

Problem or Opportunity:

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, who are individuals eligible for both Medicare and Medicaid. States are required to make mandatory state payments to the federal government, known as the “clawback” payment, to help finance the Medicaid Part D benefit for the dual-eligible population for the states’ share of the costs of outpatient prescription drugs. The amount of each state’s clawback payment roughly reflects the expenditures of its own funds that the state would make if it continued to pay for outpatient prescription drugs through Medicaid on behalf of dual-eligible clients. 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 to decrease the Medicare Modernization Act of 2003 State Contribution Payment line item to cover the State’s share of the costs of the Medicare Part D outpatient prescription drug benefit for dual-eligible clients as follows:

- FY 2014-15: (\$1,824,237) total funds, with a decrease of \$1,824,237 General Fund;
- FY 2015-16: (\$2,804,192) total funds, with a decrease of \$2,804,192 General Fund; and
- FY 2016-17: (\$3,622,757) total funds, with a decrease of \$3,622,757 General Fund.

The Department estimates the clawback payment will total \$107,948,850 for FY 2014-15; \$116,816,749 for FY 2015-16; and \$129,555,138 for FY 2016-17, based on the Department’s most recent caseload projections and projections of the per member per month (PMPM) rate paid by the State as required by federal regulations (see row O of tables 2.1, 2.3, and 2.6 of the appendix). Typically, the Medicare Modernization Act of 2003 State Contribution Payment 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, from FY 2011-12 to FY 2014-15, the Department elected to utilize federal funds received from the Children’s Health Insurance Program Reauthorization Act (CHIPRA) performance bonus to offset General Fund in this line item. The federal

funding for the CHIPRA bonus was awarded annually for qualifying states in federal fiscal years 2009 through 2013. The Department will receive the final supplemental payment for the 2013 CHIPRA performance bonus in FY 2014-15, which was announced by CMS in September to be \$429,425. This is a much lower supplemental payment than in years past, due to retroactive caseload being much lower in FFY 2013 than in prior years.

Anticipated Outcomes:

One of the Department’s top priorities in its Performance Plan is to “ensure sound stewardship of financial resources.” The approval of this request would be a direct implementation of this goal by allowing the Department to meet its obligation to the federal government, and ensuring that no amount of federal funds owed to the State for Medicaid would be subject to deduction plus interest.

Assumptions and Calculations:

A summary of the Medicare Modernization Act of 2003 State Contribution Payment line item request by fund type is provided for FY 2014-15, FY 2015-16, and FY 2016-17 in tables 1.1, 1.2, and 1.3, respectively. Row E in each of these tables provides the incremental changes by fiscal year and fund type of the cost due to projected caseload growth and the impact in fund splits related to the change in availability of federal funds from the CHIPRA bonus to offset part of the General Fund obligation.

The State’s clawback payment is calculated according to three factors:

1. The number of dual-eligible clients enrolled in a Part D plan;
2. A per capita estimate of the amount the State otherwise would have spent on Medicaid prescription drugs for dual-eligible clients; and
3. A “phasedown” percentage of the State’s obligation for the PMPM rate set forth by the MMA which declines 1.67% each year, starting from 90% in 2006 and declining to 75% in 2015, where it will remain.

The total caseload estimates for FY 2014-15, FY 2015-16, and FY 2016-17 are calculated in tables 2.1, 2.3, and 2.6, respectively, in the appendix. To estimate caseload, the Department analyzed data from January 2006 through November 2014 and applied a 6.67% annual growth trend, based upon a monthly average over the past two years. This method estimates caseload by increasing the total caseload incurred each month by 0.56% 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. Rows A through L on tables 2.1, 2.3 and 2.6 show the breakdown of actual and projected caseload for a given month by the calendar year of which the caseload is attributed to. 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 state fiscal year are actually invoices received between May and April. Therefore, rows A through L in tables 2.1, 2.3 and 2.6 show invoice actuals and projections for this time period. Tables 2.2, 2.4, and 2.7 provide a calculation of caseload total expenditures for dual-eligible clients covered in CY 2014 who will receive a PMPM rate of \$125.50 during January through September and a PMPM rate of \$122.97 during October through December (CY 2014 rates are found in table 3.1 rows R and V, respectively). The change in CY 2014 rates is caused by a change in the Federal Medicaid Assistance Percentage (FMAP) from 50% to 51.01%.

The Department assumes the changes in the PMPM rate paid by the Department will be based on the formula established by CMS. PMPM rates for CY 2015, CY 2016, and CY 2017 are calculated in tables 3.2, 3.3, and 3.4, respectively in the appendix. To calculate the PMPM rate, CMS first uses 2013 and 2014 annual National Health Expenditure (NHE) Projections of the average growth rate of per capita prescription drug expenditure between years 2003 and 2006 to calculate the percentage change in growth rate estimates, shown in row G. Then, CMS calculates the average percentage increase (API) in average per capita aggregate Part D expenditures for the current year by multiplying the annual percentage trend for the current year by the revision of the previous year's annual percentage trend, shown in row J. CMS aggregates these growth rates, shown in row I, and uses this aggregate growth rate to trend out next year's PMPM rate using the prior year's PMPM rate, shown in row N. Finally, this figure is multiplied by the state share and the phasedown percentage, shown in rows O and Q, respectively. For CY 2015 this approach yields a PMPM rate of \$124.70 for January through September and a PMPM rate of \$125.26 during October through December (CY 2015 rates are found in table 3.2 rows R and V, respectively). The change in CY 2015 rates is caused by a change in the FMAP from 51.01% to 50.79%. The calculations for caseload total expenditures for dual-eligible clients in CY 2015 receiving different rates are shown in tables 2.5 and 2.8.

The PMPM rates for CY 2016 and CY 2017 are not yet known. Therefore, the Department has applied the current aggregate trend of 3.66% used to calculate the CY 2015 PMPM rate to trend forward the PMPM to produce estimates for CY 2016 and CY 2017 (the aggregate trend of 3.66% can be found in row I of table 3.1). This methodology produces PMPM rates of \$129.26 for CY 2016 and \$133.99 for CY 2017, shown in row R of tables 3.3 and 3.4, respectively.

The Department notes that this methodology is in contrast to the 4.03% decrease in the CY 2014 PMPM rate from the previous year (table 3.1 row K). This significant dip in the CY 2014 PMPM rate is a result of CMS trending out a one-time decrease in prescription drug costs that occurred in 2012 induced by the expiration of multiple brand-name drug patents which allowed more generic brands to flood the market. However, CMS anticipates the current generic-brand dispensing rates to level off while prescription drug utilization increases due to projected income growth and drug usage earlier in treatment. According to the most recent National Health Expenditure projections, the average annual growth in prescription drug spending is projected to be 6.5% for 2015 through 2022 (National Health Expenditure Projections 2012-2022). This report and the current upward trend in the CY 2014 PMPM rate support the Department's decision to continue using an aggregate trend of 3.66% to forecast CY 2016 and CY 2017 PMPM rates.

The product of the State's PMPM rate and the projected caseload for a given fiscal year produce the total projected expenditure for this line item, which can be found in row O of tables 2.1, 2.3, and 2.6 of the appendix. Historical caseload and PMPM rate data can be found in tables 6.1-6.3 of the appendix. Historical total expenditures for the Medicare Modernization Act of 2003 State Contribution Payment line item can be found in table 6.4.

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Appendix A: Calculations and Assumptions

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Appendix A: Calculations and Assumptions

Table 1.1					
FY 2014-15 Summary by Incremental Funding Request					
Row	Item	Total Funds	General Fund	Federal Funds	Source
A	FY 2014-15 Long Bill Appropriation (HB 14-1336)	\$104,007,505	\$99,304,985	\$4,702,520	HB 14-1336 Long Bill
B	Projected FY 2014-15 Expenditures	\$107,948,850	\$107,948,850	\$0	Table 2.1 Row O
C	Supplemental CHIPRA Bonus Payment FY 2014-15	\$0	(\$429,425)	\$429,425	Table 4.1 Row C
D	Projected FY 2014-15 Expenditures Including CHIPRA Bonus	\$107,948,850	\$107,519,425	\$429,425	Row B + Row C
E	Change From Spending Authority	\$3,941,345	\$8,214,440	(\$4,273,095)	Row D - Row A
F	FY 2014-15 R-4 MMA Request	\$5,765,582	\$10,038,677	(\$4,273,095)	FY 2014-15 R-4 MMA Request
G	FY 2014-15 S-4 MMA Incremental ⁽¹⁾	(\$1,824,237)	(\$1,824,237)	\$0	Row E - Row F
(1) Incremental requests impact Line Item: (6) Other Medical Services, Medicare Modernization Act of 2003 State Contribution Payment					

Table 1.2					
FY 2015-16 Summary of Incremental Funding Request					
Row	Item	Total Funds	General Fund	Federal Funds	Source
A	FY 2015-16 Base Spending Authority	\$104,007,505	\$99,304,985	\$4,702,520	HB 14-1336 Long Bill
B	Projected FY 2014-15 Expenditures	\$116,816,749	\$116,816,749	\$0	Table 2.3 Row O
C	Supplemental CHIPRA Bonus Payment FY 2014-15	\$0	\$0	\$0	Table 4.1 Row C
D	Projected FY 2014-15 Expenditures Including CHIPRA Bonus	\$116,816,749	\$116,816,749	\$0	Row B + Row C
E	Change From Spending Authority	\$12,809,244	\$17,511,764	(\$4,702,520)	Row D - Row A
F	FY 2014-15 R-4 MMA Request	\$15,613,436	\$20,315,956	(\$4,702,520)	FY 2014-15 R-4 MMA Request
G	FY 2015-16 S-4 MMA Incremental ⁽¹⁾	(\$2,804,192)	(\$2,804,192)	\$0	Row E - Row F
(1) Incremental requests impact Line Item: (6) Other Medical Services, Medicare Modernization Act of 2003 State Contribution Payment					

Table 1.3					
FY 2016-17 Summary of Incremental Funding Request					
Row	Item	Total Funds	General Fund	Federal Funds	Source
A	FY 2015-16 Base Spending Authority	\$104,007,505	\$99,304,985	\$4,702,520	HB 14-1336 Long Bill
B	Projected FY 2014-15 Expenditures	\$129,555,138	\$129,555,138	\$0	Table 2.6 Row O
C	Supplemental CHIPRA Bonus Payment FY 2014-15	\$0	\$0	\$0	Table 4.1 Row C
D	Projected FY 2014-15 Expenditures Including CHIPRA Bonus	\$129,555,138	\$129,555,138	\$0	Row B + Row C
E	Change From Spending Authority	\$25,547,633	\$30,250,153	(\$4,702,520)	Row D - Row A
F	FY 2014-15 R-4 MMA Request	\$29,170,390	\$33,872,910	(\$4,702,520)	FY 2014-15 R-4 MMA Request
G	FY 2015-16 S-4 MMA Incremental ⁽¹⁾	(\$3,622,757)	(\$3,622,757)	\$0	Row E - Row F
(1) Incremental requests impact Line Item: (6) Other Medical Services, Medicare Modernization Act of 2003 State Contribution Payment					

Table 2.1
FY 2014-15 Caseload and Expenditures

Row	Month	CY 2012	CY 2013	CY 2014	CY 2015	FY 2014-15 TOTAL
A	May 2014	(55)	30	70,685	0	70,660
B	June 2014	(120)	(198)	71,014	0	70,696
C	July 2014	(87)	(48)	70,663	0	70,528
D	August 2014	(35)	12	70,612	0	70,589
E	September 2014	(59)	(217)	72,474	0	72,198
F	October 2014	(42)	(280)	71,024	0	70,702
G	November 2014	(8)	(46)	71,181	0	71,127
H	December 2014	0	363	75,083	0	75,446
I	January 2015	0	74	3,212	69,721	73,007
J	February 2015	0	71	1,754	71,582	73,407
K	March 2015	0	66	995	72,747	73,808
L	April 2015	0	63	615	73,536	74,214
M	CY Client Total	(406)	(110)	579,312	287,586	866,382
N	CY PMPM Rate ⁽¹⁾	\$132.41	\$133.62	Varies ⁽²⁾	\$124.70	
O	Expenditures ⁽³⁾	(\$53,758)	(\$14,698)	\$72,155,332	\$35,861,974	\$107,948,850

(1) PMPM Rates in row N are calculated in tables 3.1-3.5

(2) In CY 2014, Q1-Q3 PMPM is \$125.50, whereas Q4 is \$122.97 due to FMAP increasing from 50.0% to 51.01%. Expenditure for CY 2014 in row O is calculated in table 2.2

(3) Expenditures are calculated by summing the caseload of rows A through L for a given CY and then multiplying that sum (row M) by its respective CY PMPM rate (row N) to get total CY expenditures (row O) for FY 2014-15.

Table 2.2
Caseload Breakdown for FY 2014-15 by CY 2014 Rates

Row	Rate Period	FY 2014-15 Dual Eligible Count	CY 2014 Rates	Total	Source
A	January - September 2014	362,583	\$125.50	\$45,504,167	
B	October - December 2014	216,729	\$122.97	\$26,651,165	
C	Total			\$72,155,332	Row A + Row B

Table 2.3
FY 2015-16 Caseload and Expenditures

Row	Month	CY 2013	CY 2014	CY 2015	CY 2016	FY 2015-16 TOTAL
A	May 2015	62	394	74,170	0	74,626
B	June 2015	54	255	74,721	0	75,030
C	July 2015	51	184	75,209	0	75,444
D	August 2015	46	140	75,678	0	75,864
E	September 2015	37	106	76,135	0	76,278
F	October 2015	25	88	76,585	0	76,698
G	November 2015	13	85	77,025	0	77,123
H	December 2015	0	86	77,457	0	77,543
I	January 2016	0	82	3,429	74,464	77,975
J	February 2016	0	76	1,870	76,452	78,398
K	March 2016	0	71	1,064	77,695	78,830
L	April 2016	0	70	656	78,538	79,264
M	CY Client Total	288	1,637	613,999	307,149	923,073
N	CY PMPM Rate ⁽¹⁾	\$133.62	Varies ⁽²⁾	Varies ⁽³⁾	\$129.84	
O	Expenditures ⁽⁴⁾	\$38,483	\$203,324	\$76,694,716	\$39,880,226	\$116,816,749

(1) PMPM Rates in row N are calculated in tables 3.1-3.5

(2) In CY 2014, Q1-Q3 PMPM is \$125.50, whereas Q4 is \$122.97 due to FMAP increasing from 50.0% to 51.01%. Expenditure for CY 2014 in row O is calculated in table 2.4

(3) In CY 2015, Q1-Q3 PMPM is \$124.70, whereas Q4 is \$125.26 due to FMAP decreasing from 51.01% to 50.79%. Expenditure for CY 2015 in row O is calculated in table 2.5

(4) Expenditures are calculated by summing the caseload of rows A through L for a given CY and then multiplying that sum (row M) by its respective CY PMPM rate (row N) to get total CY expenditures (row O) for FY 2015-16.

Table 2.4
Caseload Breakdown for FY 2015-16 by CY 2014 Rates

Row	Rate Period	FY 2015-16 Dual Eligible Count	CY 2014 Rates	Total	Source
A	January - September 2014	799	\$125.50	\$100,275	
B	October - December 2014	838	\$122.97	\$103,049	
C	Total			\$203,324	Row A + Row B

Table 2.5
Caseload Breakdown for FY 2015-16 by CY 2015 Rates

Row	Rate Period	FY 2015-16 Dual Eligible Count	CY 2015 Rates	Total	Source
A	January - September 2015	383,569	\$124.70	\$47,831,054	
B	October - December 2015	230,430	\$125.26	\$28,863,662	
C	Total			\$76,694,716	Row A + Row B

Table 2.6
FY 2016-17 Caseload and Expenditures

Row	Month	CY 2014	CY 2015	CY 2016	CY 2017	FY 2016-17 TOTAL
A	May 2016	66	419	79,215	0	79,700
B	June 2016	62	271	79,805	0	80,138
C	July 2016	55	199	80,326	0	80,580
D	August 2016	48	147	80,827	0	81,022
E	September 2016	40	111	81,313	0	81,464
F	October 2016	27	97	81,793	0	81,917
G	November 2016	14	88	82,263	0	82,365
H	December 2016	0	92	82,728	0	82,820
I	January 2017	0	85	3,659	79,529	83,273
J	February 2017	0	80	1,999	81,651	83,730
K	March 2017	0	78	1,135	82,980	84,193
L	April 2017	0	74	702	83,881	84,657
M	CY Client Total	312	1,741	655,765	328,041	985,859
N	CY PMPM Rate ⁽¹⁾	Varies ⁽²⁾	Varies ⁽³⁾	\$129.84	\$134.60	
O	Expenditures ⁽⁴⁾	\$38,688	\$217,603	\$85,144,528	\$44,154,319	\$129,555,138

(1) PMPM Rates in row N are calculated in tables 3.1-3.5

(2) In CY 2014, Q1-Q3 PMPM is \$125.50, whereas Q4 is \$122.97 due to FMAP increasing from 50.0% to 51.01%. Expenditure for CY 2014 in row O is calculated in table 2.6

(3) In CY 2015, Q1-Q3 PMPM is \$124.70, whereas Q4 is \$125.26 due to FMAP decreasing from 51.01% to 50.79%. Expenditure for CY 2015 in row O is calculated in table 2.5

(4) Expenditures are calculated by summing the caseload of rows A through L for a given CY and then multiplying that sum (row M) by its respective CY PMPM rate (row N) to get total CY expenditures (row O) for FY 2016-17.

Table 2.7
Caseload Breakdown for FY 2016-17 by CY 2014 Rates

Row	Rate Period	FY 2016-17 Dual Eligible Count	CY 2014 Rates	Total	Source
A	January - September 2014	127	\$125.50	\$15,939	
B	October - December 2014	185	\$122.97	\$22,749	
C	Total			\$38,688	Row A + Row B

Table 2.8
Caseload Breakdown for FY 2016-17 by CY 2015 Rates

Row	Rate Period	FY 2016-17 Dual Eligible Count	CY 2015 Rates	Total	Source
A	January - September 2015	847	\$124.70	\$105,621	
B	October - December 2015	894	\$125.26	\$111,982	
C	Total			\$217,603	Row A + Row B

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Appendix A: Calculations and Assumptions

Table 3.1			
CY 2014 PMPM Rate Calculation			
Row	Item		Source
	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%	(1 + Row F) ÷ (1 + 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 trend for July 2013	-2.76%	
I	Revisions of Annual percentage trend for July 2012	-1.31%	
J	Annual Percentage Increase in Average Per Capita Aggregate Part D Expenditures for 2014 (Attachment VI, Table IV-2)	-4.03%	(1 + Row H) × (1 + Row I) - 1
K	FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2013	-4.03%	Row G + Row H
L	CY 2013 PMPM Rate Prior to FMAP and Phasedown	\$341.15	
M	FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2014	-4.03%	Row K
N	Projected CY 2014 PMPM Rate Prior to FMAP and Phasedown	\$327.40	Row L × (1 + Row M)
O	FMAP State Share (January-September)	50.00%	
P	Projected CY 2014 PMPM Rate Prior to Phasedown	\$163.70	Row N × Row O
Q	CY 2014 Phasedown Percentage	76.67%	
R	CY 2014 PMPM Rate (January-September)	\$125.50	Row P × Row Q
S	FMAP State Share (October-December)	48.99%	
T	Projected CY 2014 PMPM Rate Prior to Phasedown	\$160.39	Row N × Row S
U	CY 2014 Phasedown Percentage	76.67%	
V	CY 2014 PMPM Rate (October-December)	\$122.97	Row T × Row U

Source: 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.

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Appendix A: Calculations and Assumptions

Table 3.2		
Estimated CY 2015 PMPM Rate Calculation		
Row	Item	Source
	From 2013 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 2014 NHE Estimates	
D	Estimated 2003 Per Capita Rx Drug Expenditures	\$610
E	Estimated 2006 Per Capita Rx Drug Expenditures	\$753
F	Percentage Growth	23.44% (Row E ÷ Row D) - 1
G	Change in Percentage Growth	-0.36% (1 + Row F) ÷ (1 + Row C) - 1
	From Announcement of CY 2015 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies 4/7/14	
H	Annual percentage trend for July 2014	4.07%
I	Revisions of Annual percentage trend for July 2013	-0.05%
J	Annual Percentage Increase in Average Per Capita Aggregate Part D Expenditures for 2015 (Attachment V, Table V-3)	4.02% (1 + Row H) × (1 + Row I) - 1
K	FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2015	3.66% Row G + Row H
L	CY 2014 PMPM Rate Prior to FMAP and Phasedown	\$327.40 Table 4.1 Row N
M	FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2015	3.66% Row K
N	Projected CY 2015 PMPM Rate Prior to FMAP and Phasedown	\$339.38 Row L × (1 + Row M)
O	FMAP State Share	48.99%
P	Projected CY 2015 PMPM Rate Prior to Phasedown	\$166.26 Row N × Row O
Q	CY 2015 Phasedown Percentage	75.00%
R	CY 2015 PMPM Rate (January - October)	\$124.70 Row P × Row Q
S	FMAP State Share (November-December)	49.21%
T	Projected CY 2014 PMPM Rate Prior to Phasedown	\$167.01 Row N × Row S
U	CY 2014 Phasedown Percentage	75.00%
V	CY 2015 PMPM Rate (October-December)	\$125.26 Row T × Row U

Source: Centers for Medicare and Medicaid Services (CMS), 2013 and 2014 NHE estimates; and Announcement of CY 2015 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies, Attachment V, Table V-3.

Table 3.3		
Estimated CY 2016 PMPM Rate Calculation		
Row	Item	Source
	From 2014 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
	Projected 2015 NHE Estimates	
D	Estimated 2003 Per Capita Rx Drug Expenditures	\$610
E	Estimated 2006 Per Capita Rx Drug Expenditures	\$753
F	Percentage Growth	23.44% (Row E ÷ Row D) - 1
G	Change in Percentage Growth	-0.36% (1 + Row F) ÷ (1 + Row C) - 1
	From Announcement of CY 2015 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies 4/7/14	
H	Projected Annual percentage trend for July 2015	4.07%
I	Projected Revisions of Annual percentage trend for July 2014	-0.05%
J	Annual Percentage Increase in Average Per Capita Aggregate Part D Expenditures for 2015 (Attachment V, Table V-3)	4.02% (1 + Row H) × (1 + Row I) - 1
I	FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2016	3.66% Row G + Row H
L	CY 2015 PMPM Rate Prior to FMAP and Phasedown	\$339.38 Table 4.2 Row N
M	FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2016	3.66% Row K
N	Projected CY 2016 PMPM Rate Prior to FMAP and Phasedown	\$351.81 Row L × (1 + Row M)
O	FMAP State Share	49.21%
P	Projected CY 2016 PMPM Rate Prior to Phasedown	\$173.12 Row N × Row O
Q	CY 2016 Phasedown Percentage	75.00%
R	CY 2016 PMPM Rate	\$129.84 Row P × Row Q

Source: Centers for Medicare and Medicaid Services (CMS), 2013 and 2014 NHE estimates; and Announcement of CY 2015 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies, Attachment V, Table V-3.

Table 3.4			
Estimated CY 2017 PMPM Rate Calculation			
Row	Item		Source
	Projected 2015 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
	Projected 2016 NHE Estimates		
D	Estimated 2003 Per Capita Rx Drug Expenditures	\$610	
E	Estimated 2006 Per Capita Rx Drug Expenditures	\$753	
F	Percentage Growth	23.44%	(Row E ÷ Row D) - 1
G	Change in Percentage Growth	-0.36%	(1 + Row F) ÷ (1 + Row C) - 1
	From Announcement of CY 2015 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies 4/7/14		
H	Projected Annual percentage trend for July 2016	4.07%	
I	Projected Revisions of Annual percentage trend for July 2015	-0.05%	
J	Annual Percentage Increase in Average Per Capita Aggregate Part D Expenditures for 2015 (Attachment V, Table V-3)	4.02%	(1 + Row H) × (1 + Row I) - 1
I	FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2017	3.66%	Row G + Row H
L	CY 2016 PMPM Rate Prior to FMAP and Phasedown	\$351.81	Table 4.3 Row N
M	FINAL Percentage Change in Rate Prior to Applying Phasedown for CY 2017	3.66%	Row K
N	Projected CY 2017 PMPM Rate Prior to FMAP and Phasedown	\$364.69	Row L × (1 + Row M)
O	FMAP State Share	49.21%	
P	Projected CY 2017 PMPM Rate Prior to Phasedown	\$179.46	Row N × Row O
Q	CY 2017 Phasedown Percentage	75.00%	
R	CY 2017 PMPM Rate	\$134.60	Row P × Row Q

Source: Centers for Medicare and Medicaid Services (CMS), 2013 and 2014 NHE estimates; and Announcement of CY 2015 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies, Attachment V, Table V-3.

Table 4.1: CHIPRA Bonus Payments by State Fiscal Year

Row	Description	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	Source
A	Initial CHIPRA Bonus Payment Awarded	\$13,671,043	\$26,141,052	\$42,909,585	\$58,489,650	\$0	\$0	\$0	
B	Supplemental Payment Awarded from Prior FFY	\$0	\$4,502,230	\$6,765,450	\$4,581,212	\$429,425	\$0	\$0	
C	Total Payment Awarded by SFY	\$13,671,043	\$30,643,282	\$49,675,035	\$63,070,862	\$429,425	\$0	\$0	Row A + Row B

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

Table 5.1 CHIPRA Bonus Calculation			
Row	Item	FFY 2013	Notes
Caseload for Initial Bonus Payment Calculation			
A	Baseline Enrollment	300,158	
B	Colorado Children Annual Population Growth	0.25%	U.S. Census Bureau
C	Additional Percentage in Statute	3.00%	Provided by CMS
D	Child Population Growth Factor	3.25%	Row B + Row C
E	Tier 1 Bonus Target Enrollment	309,903	Row A * (1 + Row D)
F	Tier 2 Bonus Target Enrollment	340,893	Row E * 110%
G	Initial Enrollment	416,404	Submitted in November 2013
H	Initial Tier 1 Bonus Enrollment	30,990	Row E * 10%
I	Initial Tier 2 Bonus Enrollment	75,511	Row G - Row F
Per Capita for Initial Bonus Payment Calculation			
J	Per-Capita	\$2,125.19	Provided by CMS
K	Pecent Growth Factor	6.18%	Provided by CMS
L	State FMAP Rate	50.00%	
M	Applicable Per Capita	\$1,128.21	Row J * (1 + Row K) * Row L
Initial Bonus Payment Calculation			
N	Tier 1 Percent Factor	15.00%	Provided by CMS
O	Initial Tier 1 Bonus Enrollment	30,990	Row H
P	Applicable Per Capita	\$1,128.21	Row M
Q	Initial Tier 1 Bonus Payment	\$5,244,484	Row N * Row O * Row P
R	Tier 2 Percent Factor	62.50%	Provided by CMS
S	Initial Tier 2 Bonus Enrollment	75,511	Row I
T	Applicable Per Capita	\$1,128.21	Row M
U	Initial Tier 2 Bonus Payment	\$53,245,166	Row R * Row S * Row T
V	Initial CHIPRA Bonus Payment	\$58,489,650	Row Q + Row U
Caseload for Supplemental Bonus Payment Calculation			
W	Initial Enrollment	416,404	Row G
X	Enrollment with Retroactivity	417,013	Submitted in April 2014
Y	Enrollment with Estimated Retroactivity	N/A	
Z	Tier 1 Bonus Enrollment with Retroactivity	30,990	Row H
AA	Tier 2 Bonus Enrollment with Retroactivity	76,120	Row Y - Row F
Final Bonus Payment Calculation			
AB	Tier 1 Percent Factor	15.00%	Provided by CMS
AC	Tier 1 Bonus Enrollment	30,990	Row Z
AD	Applicable Per Capita	\$1,128.21	Row M
AE	Projected Tier 1 Bonus Payment	\$5,244,484	Row AB * Row AC * Row AD
AF	Tier 2 Percent Factor	62.50%	Provided by CMS
AG	Tier 2 Bonus Enrollment	76,120	Row AA
AH	Applicable Per Capita	\$1,128.21	Row M
AI	Tier 2 Bonus Payment	\$53,674,591	Row AF * Row AG * Row AH
AJ	Total CHIPRA Bonus Payment	\$58,919,075	Row AE + Row AI
AK	Initial CHIPRA Bonus Payment	\$58,489,650	Row V
AL	Supplemental CHIPRA Bonus Payment	\$429,425	Row AJ - Row AK

S-4 A, BA-4 Medicare Modernization Act of 2003 State Contribution Payment
Appendix A: Calculations and Assumptions

Table 6.1		
Invoice Caseload History		
Item	Total Member Months Caseload	Average Monthly Caseload
FY 2006-07	611,212	50,934
FY 2007-08	642,840	53,570
% Change from FY 2006-07	5.17%	5.18%
FY 2008-09	651,968	54,331
% Change from FY 2007-08	1.42%	1.42%
FY 2009-10	664,292	55,358
% Change from FY 2008-09	1.89%	1.89%
FY 2010-11	697,817	58,151
% Change from FY 2009-10	5.05%	5.05%
FY 2011-12	725,075	60,423
% Change from FY 2010-11	3.91%	3.91%
FY 2012-13	750,509	62,542
% Change from FY 2011-12	3.51%	3.51%
FY 2013-14	812,812	67,734
% Change from FY 2012-13	8.30%	8.30%
FY 2014-15 Projection	866,382	72,199
% Change from FY 2013-14	6.59%	6.59%
FY 2015-16 Projection	923,073	76,923
% Change from FY 2014-15 Projection	6.54%	6.54%
FY 2016-17 Projection	985,859	82,155
% Change from FY 2015-16 Projection	6.80%	6.80%

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Appendix A: Calculations and Assumptions

Table 6.2		
Aggregate Monthly Caseload History		
Item	Total Member Months Caseload	Average Monthly Caseload
FY 2006-07	624,299	52,025
FY 2007-08	638,428	53,202
% Change from FY 2006-07	2.26%	2.26%
FY 2008-09	628,220	52,352
% Change from FY 2007-08	-1.60%	-1.60%
FY 2009-10	675,029	56,252
% Change from FY 2008-09	7.45%	7.45%
FY 2010-11	707,054	58,921
% Change from FY 2009-10	4.74%	4.74%
FY 2011-12	742,833	61,903
% Change from FY 2010-11	5.06%	5.06%
FY 2012-13 Projection	757,657	63,138
% Change from FY 2011-12	2.00%	2.00%
FY 2013-14 Projection	805,941	67,162
% Change from FY 2012-13	6.37%	6.37%
FY 2014-15 Projection	866,613	72,218
% Change from FY 2013-14	7.53%	7.53%
FY 2015-16 Projection	923,701	76,975
% Change from FY 2014-15 Projection	6.59%	6.59%
FY 2016-17 Projection	986,532	82,211
% Change from FY 2015-16 Projection	6.80%	6.80%

S-4 A, BA-4 Medicare Modernization Act of 2003 State Contribution Payment
Appendix A: Calculations and Assumptions

Table 6.3					
PMPM Rate History					
Item	Q1	Q2	Q3	Q4	Average PMPM Rate
CY 2006	\$114.71	\$114.71	\$114.71	\$114.71	\$114.71
CY 2007 % Change from CY 2006	\$120.30	\$120.30	\$120.30	\$120.30	\$120.30 4.87%
CY 2008 % Change from CY 2007	\$120.03	\$120.03	\$120.03	\$98.95	\$114.76 -4.61%
CY 2009 % Change from CY 2008	\$106.03	\$98.81	\$98.81	\$98.81	\$100.62 -12.33%
CY 2010 % Change from CY 2009	\$101.49	\$101.49	\$101.49	\$101.49	\$101.49 0.87%
CY 2011 % Change from CY 2010	\$107.07	\$111.97	\$129.84	\$129.84	\$119.68 17.92%
CY 2012 % Change from CY 2011	\$132.41	\$132.41	\$132.41	\$132.41	\$132.41 10.64%
CY 2013 % Change from CY 2012	\$133.62	\$133.62	\$133.62	\$133.62	\$133.62 0.91%
CY 2014 % Change from CY 2013	\$125.50	\$125.50	\$125.50	\$122.97	\$124.87 -6.55%
CY 2015 % Change from CY 2014	\$124.70	\$124.70	\$124.70	\$125.26	\$124.84 -0.02%
CY 2016 Projection % Change from CY 2015 Projection	\$129.84	\$129.84	\$129.84	\$129.84	\$129.84 4.01%
CY 2017 Projection % Change from CY 2016 Projection	\$134.60	\$134.60	\$134.60	\$134.60	\$134.60 3.67%

S-4 A, BA-4 Medicare Modernization Act of 2003 State Contribution Payment
Appendix A: Calculations and Assumptions

Table 6.4			
MMA Expenditures by State Fiscal Year			
Item	Total Funds	General Fund	Federal Funds
FY 2005-06	\$31,461,626	\$31,461,626	\$0
FY 2006-07	\$72,494,301	\$72,494,301	\$0
FY 2007-08	\$71,350,801	\$71,350,801	\$0
FY 2008-09	\$73,720,837	\$73,720,837	\$0
FY 2009-10	\$57,624,126	\$57,624,126	\$0
FY 2010-11	\$72,377,768	\$58,706,725	\$13,671,043
FY 2011-12	\$93,582,494	\$62,939,212	\$30,643,282
FY 2012-13	\$101,817,855	\$52,136,848	\$49,681,007
FY 2013-14	\$106,376,992	\$68,306,130	\$38,070,862