

Schedule 13

Funding Request for the FY 2015-16 Budget Cycle

Department of Health Care Policy and Financing

PB Request Number SBA-07

Request Titles

S-07 MMIS Adjustments
BA-07 MMIS Adjustments

Dept. Approval By:	Josh Block 	<u> </u>	X	Supplemental FY 2014-15
		<u> </u>		Change Request FY 2015-16
		<u> </u>		Base Reduction FY 2015-16
OSPB Approval By:		<u> </u>	X	Budget Amendment FY 2015-16

Line Item Information	Fund	FY 2014-15	FY 2015-16		FY 2016-17	
		Appropriation	Supplemental Request	Base Request	Governor's Revised Request	Budget Amendment
		Total	\$71,319,532	(\$487,907)	\$73,827,643	\$18,114,547
FTE	-	-	-	-	-	
Total of All Line Items	GF	\$10,454,827	(\$366,447)	\$10,735,040	\$2,775,420	\$1,946,728
	CF	\$2,303,634	\$77,471	\$2,231,200	\$997,439	\$844,180
	RF	\$293,350	\$0	\$293,350	\$0	\$0
	FF	\$58,267,721	(\$198,931)	\$60,568,053	\$14,341,688	\$10,728,018

Line Item Information	Fund	FY 2014-15	FY 2015-16		FY 2016-17	
		Appropriation	Supplemental Request	Base Request	Governor's Revised Request	Budget Amendment
		Total	\$29,913,030	\$690,017	\$29,487,830	\$3,171,803
01. Executive Director's Office - MMIS Maintenance and Projects	CF	\$1,696,376	\$55,395	\$1,642,740	\$276,640	\$446,989
	FF	\$21,781,340	\$501,069	\$21,433,939	\$2,220,615	\$3,921,817
	GF	\$6,141,964	\$133,553	\$6,117,801	\$674,548	\$1,080,377
	RF	\$293,350	\$0	\$293,350	\$0	\$0
	Total	\$3,000,435	\$22,076	\$3,000,435	\$1,448,089	\$2,147,771
01. Executive Director's Office - MMIS Reprocurement Contracted Staff	CF	\$55,049	\$22,076	\$55,049	\$76,311	\$79,864
	FF	\$2,671,656	\$0	\$2,671,656	\$1,291,694	\$1,908,910
	GF	\$273,730	\$0	\$273,730	\$80,084	\$158,997
	Total	\$30,177,141	\$0	\$29,143,202	\$12,294,655	\$5,921,972
01. Executive Director's Office - MMIS Reprocurement Contracts	CF	\$552,209	\$0	\$533,411	\$644,488	\$317,327
	FF	\$26,888,692	\$0	\$25,965,900	\$10,129,379	\$4,897,291
	GF	\$2,736,240	\$0	\$2,643,891	\$1,520,788	\$707,354

	Total	\$8,228,926	(\$1,200,000)	\$12,196,176	\$1,200,000	\$0
01. Executive	FF	\$6,926,033	(\$700,000)	\$10,496,558	\$700,000	\$0
Director's Office - Health Information Exchange Maintenance and Projects	GF	\$1,302,893	(\$500,000)	\$1,699,618	\$500,000	\$0

Letternote Text Revision Required? <table style="display: inline-table; vertical-align: middle;"> <tr> <td>Yes</td> <td><input checked="" type="checkbox"/></td> <td>No</td> <td><input type="checkbox"/></td> </tr> </table>	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	If Yes, describe the Letternote Text Revision:		
Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>				
FY 2014-15: ^a Of this amount, \$1,426,175 \$1,476,740 shall be from the Hospital Provider Fee Cash Fund created in Section 25.5-4.402.3 (4)(a), C.R.S., \$268,316 \$273,146 shall be from the Children's Basic Health Plan Trust . . . ^b Of this amount, \$32,996 \$55,072 shall be from the Hospital Provider Fee Cash Fund . . .							
FY 2015-16: ^a Of this amount, \$1,374,009 \$1,628,446 shall be from the Hospital Provider Fee Cash Fund created in Section 25.5-4.402.3 (4)(a), C.R.S., \$268,316 \$289,049 shall be from the Children's Basic Health Plan Trust . . . ^b Of this amount, \$32,996 \$96,799 shall be from the Hospital Provider Fee Cash Fund created in Section 25.5-4.402.3 (4)(a), C.R.S., and \$22,053 \$34,561 shall be from the Children's Basic Health Plan Trust . . . ^c Of this amount, \$319,208 \$858,795 shall be from the Hospital Provider Fee Cash Fund created in Section 25.5-4.402.3 (4)(a), C.R.S., and \$214,203 \$319,104 shall be from the Children's Basic Health Plan Trust . . .							
Cash or Federal Fund Name and CORE Fund Number: FF: Title XIX, CF: Hospital Provider Fee (24A0), CHP Trust Fund (11G0)							
Reappropriated Funds Source, by Department and Line Item Name: N/A							
Approval by OIT? <table style="display: inline-table; vertical-align: middle;"> <tr> <td>Yes</td> <td><input type="checkbox"/></td> <td>No</td> <td><input type="checkbox"/></td> <td>Not Required:</td> <td><input checked="" type="checkbox"/></td> </tr> </table>	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	Not Required:	<input checked="" type="checkbox"/>	
Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	Not Required:	<input checked="" type="checkbox"/>		
Schedule 13s from Affected Departments: N/A							
Other Information: N/A							



Cost and FTE

The Department requests the following to address needs of the Medicaid Management Information System (MMIS) and the Medicaid Health Information Exchange (HIE) project:

- A reduction of \$487,908 total funds, comprised of a reduction of \$366,447 General Fund, an increase of \$77,471 cash funds, and a reduction of \$198,931 federal funds in FY 2014-15;
- \$18,114,547 total funds comprised of \$2,775,420 General Fund, \$997,439 cash funds, and \$14,341,688 federal funds in FY 2015-16;
- \$13,518,926 total funds comprised of \$1,946,728 General Fund, \$844,180 cash funds, and \$10,728,018 federal funds in FY 2016-17; and
- \$4,108,467 total funds comprised of \$841,461 General Fund, \$346,703 cash funds, and \$2,920,303 federal funds in FY 2017-18 and ongoing.

Current Program

- The MMIS is an automated health care claims processing system and includes Fiscal Agent contracted services used to process and pay Colorado Medicaid health care claims.
- The Department has contracted with HP Enterprise Services (HP) to provide a state of the art replacement to the current MMIS, which is scheduled to take over claims processing and Fiscal Agent services in November 2016.
- Medicaid HIE is a project to expand the electronic exchange of client health information in order to improve care coordination and client experience and reduce health care costs.

Problem or Opportunity

- The Department is at risk of being unable to process Medicaid claims beginning in FY 2015-16, at risk of noncompliance with federal regulations pertaining to the MMIS, and at risk of inadequate funding for the replacement MMIS and related health information technology.
- Due to delays with the Medicaid HIE project, several funding needs for this project have shifted from FY 2014-15 to FY 2015-16.

Consequences of Problem

- Without being able to process claims, the Department would delay payments to providers, interrupt services to clients, and face federal fines and penalties.
- Without adequate funding for the new MMIS and Fiscal Agent services, the Department would be unable to meet claims-processing, analytical, and reporting needs and be unable to utilize available technology and analytical services that would help achieve better health care and reduce costs.

Proposed Solution

- The Department requests additional funding for the current MMIS and Fiscal Agent services contract in order to ensure claims processing continues without interruption until the new MMIS contract is fully operational and that the MMIS complies with federal requirements regarding federally-mandated updates to medical billing codes.
- The Department requests additional funding for the new MMIS in order to cover contract and staffing costs during the implementation phase of the new MMIS.
- The Department requests to shift a portion of the currently appropriated funding for the Medicaid HIE project from FY 2014-15 to FY 2015-16.



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-7, BA-7

Request Detail: Medicaid Management Information System Adjustments

Summary of Incremental Funding Change for FY 2014-15	Total Funds	General Fund
Medicaid Management Information System Adjustments	(\$487,908)	(\$198,931)

Summary of Incremental Funding Change for FY 2015-16	Total Funds	General Fund
Medicaid Management Information System Adjustments	\$18,114,547	\$2,775,420

Problem or Opportunity:

This budget request addresses the lack of necessary funding for the continued operations of the Department’s Medicaid Management Information System (MMIS) and Fiscal Agent services contract and the forthcoming replacement of the MMIS and related health information technology. The Department is at risk of being unable to process Medicaid claims beginning in FY 2015-16, at risk of noncompliance with federal regulations pertaining to the MMIS, and at risk of inadequate funding for the replacement MMIS and related health information technology. In addition, the Department seeks to true up funding to expand Health Information Exchange (HIE) technology that was approved in the Department’s FY 2014-15 R-5 budget request, “Medicaid Health Information Exchange.”

The MMIS is an automated health care claims processing system and included Fiscal Agent contracted services used to process and pay Colorado Medicaid health care claims. Because the claim processing capabilities of the current MMIS are severely outdated, the Department has contracted with HP Enterprise Services (HP) to provide a state of the art replacement to the current MMIS, which is scheduled to take over claims processing and Fiscal Agent services in November 2016. The HP system is called the Colorado interChange.

Current MMIS and Fiscal Agent Contract

This supplemental amendment addresses the lack of necessary funding for the continued operations of the current MMIS and Fiscal Agent services contract. The current MMIS is operated by a Department contractor, Xerox State Healthcare, formerly Affiliated Computer Services, who also provides Fiscal Agent services.

First, the Department is at risk of being unable to provide funding to support the current contract to process the full volume of Colorado Medicaid claims in the MMIS beginning in FY 2015-16, which would jeopardize timely payment to providers and delivery of health care services to Medicaid clients. The Xerox State Healthcare contract ends on June 30, 2015, so the Department is negotiating with the contractor to extend the contract until the Colorado interChange becomes operational. Since Xerox State Healthcare bid to develop the replacement MMIS, negotiations for the extension years were postponed until the Department's contract award selection was complete. The contract with HP took effect in March 2014. Negotiations subsequently began with Xerox State Healthcare for the extension years to maintain the current MMIS at the beginning of FY 2014-15.

The current MMIS operations contract was negotiated in FY 2010-11 with an annual operational cost based on caseload forecasts at that time. Since caseload has increased under the federal Affordable Care Act (ACA), the MMIS has to process a greater number of claims, prior authorization reviews, provider and client mailings, and other items than what was assumed for the FY 2010-11 contract agreements. Thus, the current annual operational funding for the MMIS is insufficient to cover volume-based operational costs such as claims-processing during the extension years of the contract. Furthermore, the cost of living has risen in the Denver-Boulder-Greeley metropolitan area since FY 2010-11, meaning staffing costs of Xerox State Healthcare for the extension years are greater than what was assumed for the FY 2010-11 contract agreements. The cost to extend the current contract with Xerox State Healthcare is higher than the current appropriated amount because of these factors.

Second, the Department is at risk of non-compliance with federal regulations and federal financial penalties due to inadequate testing of version 10 of the International Classification of Diseases (ICD-10), a federally-mandated and nationwide update to diagnosis code sets used on health care claims that will go into effect October 1, 2015.¹ ICD-10 was originally to be implemented October 1, 2013, but the Centers for Medicare and Medicaid Services (CMS) has twice delayed the mandated implementation date by a year. In September 2014, CMS finalized a proposed rule (*Federal Register* Vol. 79, No. 297, pages 297-324, dated January 2, 2014) that clarified testing procedures for ICD-10 and penalties for not doing so of one dollar per day for each covered life until testing is completed. The Department was unable to include testing requirements in previous Department budget requests because federal guidance was unclear until the finalized rule in September. Specifically, the testing required is end-to-end testing, which is to accept test claims coded in ICD-10 from a set of participating providers in Colorado and ensure that the claims are processed properly by the MMIS.

Third, the Department is at risk of being unable to process Colorado Medicaid claims during the transition time between the current MMIS and the replacement MMIS (i.e., the Colorado interChange), which would jeopardize timely payment to providers and delivery of health care services to Medicaid clients. This would happen if implementation of the Colorado interChange is delayed for any reason, leaving the Department unable to process Medicaid health care and pharmacy claims after the current MMIS is shut down. Since

¹ For more information about ICD-10, see the Department's previous budget actions regarding ICD-10: FY 2009-10 BA-16 "MMIS Funding for HIPAA ICD-10 and Transactions v 5010/D.0", FY 2010-11 BA-15 "MMIS Adjustments", and FY 2012-13 S-8, BA-8 "MMIS Technical Adjustments."

implementation delays are a real risk with any large project implementation, the Department requires Xerox State Healthcare to have a flexible end date for the current MMIS, which presents challenges to retaining contractor personnel and office space.

New Colorado interChange, PBMS, and BIDM Contracts

This supplemental amendment request also addresses the lack of necessary funding related to several components of the replacement MMIS, specifically the requests for proposals (RFPs) for Pharmacy Benefits Management System (PBMS) and Business Intelligence and Data Management Services (BIDM). Funding to develop the replacement MMIS and related contracts was approved under the Department's FY 2013-14 budget request R-5, "MMIS Reprourement." Since the original budget request, more detailed business requirements for these contracts have been established and the Department has researched available technology and potential vendors, including formal vendor feedback sessions on draft RFPs. From this new information, the Department has learned that costs were underestimated in the original budget request primarily for the PBMS, BIDM, and commercial off-the-shelf (COTS) software licensing. Thus, the Department lacks the necessary funding to contract for the required services that would be adequate for the Department's claims processing, Fiscal Agent services, and analytical requests and that takes advantage of state of the art technologies to achieve better health outcomes and reduce the cost of health care.

The replacement MMIS is divided into three RFPs and contracts:

- Effective March 1, 2014, The Department has contracted with HP Enterprise Services (HP) to provide a state of the art replacement to the current MMIS, which is scheduled to take over claims processing and Fiscal Agent services in November 2016. This project is on schedule and within the fixed budget specified within the contract.
- The Pharmacy Benefits Management System (PBMS) processes pharmacy claims through a point-of-sale system and provides drug-rebate services. Proposals for the Pharmacy Benefit Management Services project are due December 11, 2014. The Department expects to have a vendor selected in May 2015 with a contract start date of November 2015. The specified implementation date of the PBMS under the RFP is November 2016.
- The Business Intelligence and Data Management (BIDM) Services provides data-driven analytical tools and supports the Department's Accountable Care Collaborative (ACC) as a replacement to the Statewide Data Analytics Contractor. The Department issued an Intent to Award to Truven Health Analytics, Inc. on November 20, 2014. The Department will shortly begin contract negotiations with the company with a start date of May 1, 2015. The specified implementation date of the BIDM under the RFP is November 2016.

Additionally, 23 contracted staff and 8 term-limited state staff are backfilling existing Department staff during implementation so that they can dedicate the necessary and proper time to configure the Colorado interChange, PBMS, and BIDM to process claims according to CMS regulations and Department program requirements. The Department underestimated the workload and staff needed to configure the Colorado interChange, PBMS, and BIDM for the replacement MMIS in the Department's FY 2013-14 R-5 budget request. Configuration of the Colorado interChange, PBMS, and BIDM entails multiple two-hour meetings

each day for the duration of the implementation phase and dozens of Department staff must attend each session to provide the proper input as subject matter experts.

Medicaid Health Information Exchange

Finally, this supplemental amendment request addresses the need to move a portion of the funding for the Medicaid HIE project from FY 2014-15 to FY 2015-16. The CMS funding approval process for the project has taken longer than originally anticipated, resulting in delayed contract start dates for the project and thus delayed use of the funding appropriated for the project in the Department's original FY 2014-15 R-5 budget request. Specifically, the Department must gain approval for the use of 90/10 funding for the project through the CMS Advanced Planning Document (APD) process. This requires the Department to submit detailed project and contract plans to CMS and can involve multiple rounds of review by CMS. As a result, the project's main contract, which is with the Colorado Regional Health Information Organization (CORHIO), has been delayed from a July 2014 start date to an anticipated January 2015 start date.

Proposed Solution:

In order to maintain uninterrupted processing of Medicaid claims by the MMIS, comply with federal regulations regarding ICD-10, fully implement the contracts resulting from the remaining MMIS Reprocurement RFPs, and true up funding related to Medicaid HIE, the Department requests:

- A reduction of \$487,908 total funds comprised of a reduction of \$366,447 General Fund, an increase of \$77,471 cash funds, and a reduction of \$198,931 federal funds in FY 2014-15;
- \$18,114,547 total funds comprised of \$2,775,420 General Fund, \$997,439 cash funds, and \$14,341,688 federal funds in FY 2015-16;
- \$13,518,926 total funds comprised of \$1,946,728 General Fund, \$844,180 cash funds, and \$10,728,018 federal funds in FY 2016-17; and
- \$4,108,467 total funds comprised of \$841,461 General Fund, \$346,703 cash funds, and \$2,920,303 federal funds in FY 2017-18 and ongoing.

Additionally, the Department requests roll forward authority for FY 2014-15 for the Health Information Exchange Maintenance and Projects Long Bill line item.

Current MMIS and Fiscal Agent Services

For the current MMIS contract, the Department requests:

- \$690,016 total funds comprised of \$133,553 General Fund, \$55,395 cash funds, and \$501,069 federal funds in FY 2014-15;
- \$3,171,803 total funds comprised of \$674,548 General Fund, \$276,640 cash funds, and \$2,220,615 federal funds in FY 2015-16;
- \$5,449,183 total funds comprised of \$1,080,377 General Fund, \$446,989 cash funds, and \$3,921,817 federal funds in FY 2016-17; and
- \$4,108,467 total funds comprised of \$841,461 General Fund, \$346,703 cash funds, and \$2,920,303

federal funds in FY 2017-18 and ongoing.

These dollar amounts are taken from Tables 1.1 through 1.4 in the attached appendix. They are the amounts shown for the line item (1) Executive Director's Office, (C) Information Technology Contracts and Projects, Medicaid Management Information System Maintenance and Projects.

First, to accommodate growth in caseload and the cost of living, the Department proposes to increase funding for several components of the current MMIS contract. Specifically, the Department requests additional funding to cover higher claims-processing volume, higher prior authorization review volume for pharmacy benefits, higher postage volume for prior authorization review determination letters to clients and providers, higher printing volume, additional COGNOS licensing, courier services required to deliver paper checks to providers, and inflation in the cost of living for staff of the current MMIS contractor. If funding is not approved to increase these services, then the current contractor would be unable to continue operations in the final months of each fiscal year, resulting in delayed payments to providers, violation of federal regulations, and federal financial penalties.

Second, to comply with federal mandates to perform end-to-end testing for the new ICD-10 coding scheme, the Department proposes to fund the creation of a testing environment in the current MMIS that can perform end-to-end testing of the ICD-10 system changes. Furthermore, the Department requests to extend the licensing of the software being used by the current MMIS contractor to create the map between ICD-9 and ICD-10 by one year due to the federal delay of ICD-10 implementation by one year. The testing environment would allow providers who have agreed to participate in the testing to resubmit past medical claims using ICD-10 coding instead of ICD-9 for testing purposes only. The determined dollar value of each claim in the testing environment should be nearly identical to the amount that was actually paid for the claim under ICD-9. Without this testing, the Department would be subject to federal financial penalties. Furthermore, without an extension of the code mapping software being used by the current MMIS contractor, the Department would be unable to update the ICD-10 code set in accordance with CMS requirements.

Third, to avoid the risk of being unable to process Medicaid claims due to a delayed implementation of the Colorado interChange, PBMS, and BIDM, the Department is required to fund staff retention bonuses and additional leased space time for the current MMIS contractor. This would allow the current MMIS contractor to have a flexible end date between November 2016 and July 2017, accommodating up to a potential eight-month delay in implementation of the Colorado interChange, PBMS, and BIDM. Staff retention bonuses would be paid to key current MMIS contractor staff in two parts. The first part would be paid before the scheduled end date of November 2016, and a second, larger part would be paid after the actual shutdown of the current MMIS to staff who stay with the contractor until the end date. This would incentivize current MMIS contractor staff to continue working for Xerox State Healthcare until the Colorado interChange, PBMS, and BIDM are operational, ensuring the Department can continue to process health care and pharmacy claims until the new contractors are operational. If this funding is not approved, the current MMIS contract could lose staff and leased space before the new contractors are operational, making it impossible for the Department to process Colorado Medicaid health care and pharmacy claims.

New Colorado interChange, PBMS, and BIDM Contracts

To fully implement the contracts resulting from the remaining MMIS Reprocurement RFPs, the Department requests:

- \$22,076 total funds comprised of \$0 General Fund, \$22,076 cash funds, and \$0 federal funds in FY 2014-15;
- \$13,742,744 total funds comprised of \$1,600,872 General Fund, \$720,799 cash funds, and \$11,421,073 federal funds in FY 2015-16; and
- \$8,069,743 total funds comprised of \$866,351 General Fund, \$397,191 cash funds, and \$6,806,201 federal funds in FY 2016-17.

These dollar amounts are taken from Tables 1.1 through 1.4 in the attached appendix. They are the sum of the amounts for the line items (1) Executive Director's Office, (C) Information Technology Contracts and Projects, Medicaid Management Information System Reprocurement Contracted Staff and (1) Executive Director's Office, (C) Information Technology Contracts and Projects, Medicaid Management Information System Reprocurement Contracts.

The Department proposes to increase funding for the reprocurement to cover costs that are higher than originally estimated. Specifically, the main drivers of the increased funding need are for the design, development, and implementation (DDI) phase of the BIDM and the PBMS contractors as well as COTS software products provided in all of the contracts, which receive a 75% enhanced federal match rate rather than a 90% federal match rate. The Department underestimated the amount required for the BIDM contract because original estimates were based on the Department's current data analysis system, the Statewide Data Analytics Contractor (SDAC). Since the SDAC was implemented, new technology and COTS software products have become available to allow for even greater data analysis abilities and program integrity reviews that provide the Department increased ability for long-term reductions in health care spending for Colorado Medicaid. The Department underestimated the amount for the PBMS contract because it underestimated the processing cost per pharmacy claim.

In addition to the above contracts, the Department also requests funding for 16 additional contracted staff beginning April 2015 and ending June 2017 to backfill current Department staff who are required to configure the Colorado interChange, PBMS, and BIDM. Specifically, the Department requests 4 additional contracted staff to backfill Department staff in the Long-Term Services and Supports Division, 3 for the Health Programs Office, 2 for the Controller Division, and 2 for the Budget Division because the workload for current staff to configure the Colorado interChange, PBMS, and BIDM is greater than originally estimated. Additionally, the Department requests 5 additional contracted staff to backfill Department staff in the Division of Intellectual and Developmental Disabilities because this division was not part of the Department when original estimates were made for the Department's FY 2013-14 R-5 budget request. This division transferred to the Department from the Department of Human Services in early 2014 per HB 13-1314. Without additional contracted staff to backfill Department staff who are configuring the Colorado interChange, PBMS, and BIDM, the Department risks missing critical requirements that would eventually require changes to fix after the contracts are fully operational.

The Department is using contracted staff instead of state temporary employees in these positions in order to minimize delays in the implementation of the contracts. Since there are multiple major contracts and federal financial participation approvals involved with implementing the Colorado interChange, PBMS, and BIDM, any delays caused by the Department would also delay implementation dates for the contracts and require cumbersome renewals of federal financial participation approvals. State temporary employees can work for only a maximum of nine months, meaning each position would need to be rehired multiple times throughout the expected 3 year development effort. This would cause delays due to the time required to rehire and retrain staff, which are avoidable with contracted staff since they can be hired for the duration of the implementation.

Medicaid Health Information Exchange

In order to true up funding for the Medicaid HIE project, the Department requests:

- A reduction of \$1,200,000 total funds, comprised of a reduction of \$500,000 General Fund and \$700,000 federal funds in FY 2014-15; and
- An increase of \$1,200,000 total funds, comprised of \$500,000 General Fund and \$700,000 federal funds in FY 2015-16.

These dollar amounts are taken from Tables 1.1 through 1.4 in the attached appendix. They are the amounts for the line item (1) Executive Director's Office, (C) Information Technology Contracts and Projects, Health Information Exchange Maintenance and Projects.

Due to the delayed federal approvals and contract start with CORHIO, the Department requests to shift funding from FY 2014-15 to FY 2015-16. At the time of developing this request, CMS approval of the Department's APD has not yet been obtained, but is anticipated by the end of December 2014, which would allow the CORHIO contract to begin in January 2015. If this request is not approved, the Department anticipates this funding would be reverted instead of shifted to FY 2015-16 and then there would be a shortfall of funding in FY 2015-16 to complete the contracted scope of work. This would result in a potential Department budget request at a later date because these funds would still be required to accomplish the goals originally outlined in the Department's FY 2014-15 R-5 budget request.

Additionally, the Department requests roll forward authority in FY 2014-15 for funding in the Medicaid Health Information Exchange Maintenance and Projects. The Department is requesting to shift funding from FY 2014-15 to FY 2015-16 based on current best estimates of the project's needs. However, if those estimates are off, then roll forward authority in FY 2014-15 would allow the Department to roll forward any unused funding in the line item to FY 2015-16 and avoid reverting funds that would be needed to complete the project.

<i>Anticipated Outcomes:</i>

Current MMIS and Fiscal Agent Services

If approved, the Department anticipates this request would allow the current MMIS contractor to continue fulfilling its functions to process Colorado Medicaid health care and pharmacy claims under higher volume and cost of living, would allow for a successful implementation of ICD-10, and would allow the current

MMIS contractor to continue without significant interruption until the Colorado interChange, PBMS, and BIDM become operational.

The solutions proposed in this request for the current MMIS contractor contribute to two main goals in the Department's FY 2014-15 Performance Plan. First, the proposed solutions for the current MMIS contractor contribute to the *Health Information Technology* goal, which is to use information technology to improve client health outcomes and reduce the cost of health care. Maintaining MMIS contractor operations under higher processing volumes and until the Colorado interChange is operational contributes to this goal because the MMIS allows approximately 97% of Colorado Medicaid's health care claims to be processed electronically, greatly reducing the effort and cost it would require to manually process claims. Second, the proposed solutions for the current MMIS contractor contribute to the *Fraud, Waste, and Abuse Prevention* goal. Ensuring that the current MMIS is properly determining the dollar value of claims using ICD-10 prevents overpayments to providers and the inefficient pay-and-chase recovery of these overpayments that the Department aims to prevent under this goal.

New Colorado interChange, PBMS, and BIDM Contracts

If approved, the Department anticipates this request would allow the Department to properly fund Colorado interChange, PBMS, and BIDM contractors that is adequate for the Department's claim-processing, analytical, and reporting needs for the foreseeable future. These services would greatly improve the Department's ability to do data analytics and achieve long-term improvements to client health outcomes and cost savings.

The solutions proposed for the Colorado interChange, PBMS, and BIDM contractors contribute to two main elements of the Department's FY 2014-15 Performance Plan. First, the proposed solutions contribute to the *Health Information Technology* goal because increasing the funding available for developing these systems would allow the Department to procure state of the art technology to contribute to improving client health outcomes and reducing the cost of health care. In particular, additional funding for the BIDM and COTS software products would allow the Department to obtain a robust data warehouse that can collect, consolidate and organize data from multiple data sources that fits with the Department's long-term goal of fully integrated information technology systems. Second, the proposed solutions contributes to the Department's *Financing* strategic policy initiative to ensure sound stewardship of financial resources. The implementation of the Colorado interChange, PBMS, and BIDM contractors are a long-term investment in Colorado Medicaid that are eligible for 90% federal financial participation, so the Department wants to ensure it take advantage of this time to contract for a long-term solution that will be flexible and capable.

Medicaid Health Information Exchange

If approved, the Department anticipates this request would more accurately distribute funds between FY 2014-15 and FY 2015-16 for the Medicaid HIE project. Due to the delayed federal approval and contract start date with CORHIO, the Department will be unable to complete all of the work originally planned for in FY 2014-15. Moving the funds to FY 2015-16 would allow the Department to do this work in FY 2015-16. If further true-ups are required in the future, the Department will utilize the normal budget process.

This proposal to shift funds from FY 2014-15 to FY 2015-16 contributes to the Department's *Financing* strategic policy initiative to ensure sound stewardship of financial resource. Project delays for Medicaid HIE have resulted in a shift of work from FY 2014-15 to FY 2015-16 and the Department seeks to realign financing for the project to ensure that funds are accurately distributed across fiscal years to support the work.

Assumptions and Calculations:

The Tables in the appendix attached to this request provide detailed calculations. Tables 1.1 through 1.4 show a summary of the request by fiscal year and Long Bill line item.

Tables 2.1 and 2.2 detail the funding request for the current MMIS; this funding would be housed in the *MMIS Maintenance and Projects* Long Bill line item. The Department assumes the various components of this request would receive different federal financial participation rates, as shown in Table 2.2. Table 2.2 shows the Department's estimates for the various components of this part of the request. The ICD-10 estimate in Row A of Table 2.2. is based on the estimated number of staff hours required by the current MMIS contractor to construct the ICD-10 testing environment, at a rate of \$126 per staff hour. This line also includes \$79,444 to extend the ICD-10 to ICD-9 mapping software, which is the cost for one additional year of the license. Rows C, D, I, J, K, and L of Table 2.2 show estimates for volume-based operations of the current MMIS contractor that are based on forecasts created from the MMIS's historical volume for these operations. Row E of Table 2.2 shows the estimate for a cost-of-living increase to the current MMIS contract equivalent to 3% of the operational contract value. Rows F and G of Table 2.2 show estimates for staff retention and leased space at the end of the contract that are based on negotiations with Xerox State Healthcare.

Tables 3.1 and 3.2 detail the funding request for additional contracted staff to assist with the configuration of the Colorado interChange, PBMS, and BIDM; this funding would be housed in the *MMIS Reprocurement Contracted Staff* Long Bill line item. There are several components to this part of the request which the Department assumes would receive different federal financial participation rates, as shown in Table 3.2. The estimate for contracted staff shown in Row A of Table 3.2 is based on continuing the current contract with the staffing vendor, Compri, and adding 12 additional staff at the rate of \$88,400 per year per staff, as currently agreed to in the contract. The amounts shown in Rows G and M for software licenses for staff and training is based on the Department's best estimate for these components. Table 3.1 accounts for roll forwards in this line item, which are permitted by Colorado HB 13-1281. Row M of Table 3.1 accounts for the roll forward made from FY 2013-14 to FY 2014-15. The Department assumes unused funding in this line item at the end of FY 2014-15 would be rolled forward to FY 2015-16 and this is accounted for in Row N and Row O of Table 3.1.

Tables 4.1, 4.2, and 4.3 detail the funding request for all other needs related to the configuration of the Colorado interChange, PBMS, and BIDM; this funding would be housed in the *MMIS Reprocurement Contracts* Long Bill line item. There are several components to this part of the request which the Department assumes would receive different federal financial participation rates, as shown in Table 4.2. The estimates shown in Rows A and J of Table 4.2 for the Colorado interChange and Independent Verification and Validation Contractor are based on the amounts already agreed to in contracts for these components. The estimates shown in Rows D and G of Table 4.2 for the BIDM and the PBMS are the Department's best

estimates of the cost based on vendor research and feedback; these contracts are still in the bidding phase. The estimate shown in Row P of Table 4.2 for COTS software products is the combined estimated cost of COTS products for all systems, as detailed in Table 4.3. Similarly to Table 3.1, Table 4.1 accounts for roll forwards in this line item as permitted by Colorado HB 13-1281.

Table 5.1 and 5.2 explain how the funding splits were determined for all components of this request except for the HIE funding. The funding splits indicated in the three *Total* rows of Table 5.1 are applied to all funding requested in this supplemental amendment. Which total row is applied depends on what federal financial participation (FFP) rate the item is eligible for, per the *State Medicaid Manual* published by CMS. Regardless of the FFP rate, the Department assumes each item is split between four financing lines. These lines are meant to reflect the makeup of the Colorado Medicaid population and utilize different state and federal fund sources depending on the population. Table 5.2 details how the split between the four financing lines is determined.

Table 6.1 shows the calculations behind the requested funding shift from FY 2014-15 to FY 2015-16 for the Medicaid HIE project. The table is based on current best estimates of funding need for the Medicaid HIE project in FY 2014-15.

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

New information has been obtained since the previous budget cycle, prompting this supplemental request.

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Appendix A: Calculations and Assumptions

Table 1.1 - FY 2014-15 Request Summary					
Line Item	Total Funds	General Fund	Cash Funds	Federal Funds	Source
(1) Executive Director's Office, (C) Information Technology Contracts and Projects, Medicaid Management Information System Maintenance and Projects	\$690,016	\$133,553	\$55,395	\$501,069	Table 2.1, Row P
(1) Executive Director's Office, (C) Information Technology Contracts and Projects, Medicaid Management Information System Reprocurement Contracted Staff	\$22,076	\$0	\$22,076	\$0	Table 3.1, Row P
(1) Executive Director's Office, (C) Information Technology Contracts and Projects, MMIS Reprocurement Contracts	\$0	\$0	\$0	\$0	Table 4.1, Row J
(1) Executive Director's Office, (C) Information Technology Contracts and Projects, Health Information Exchange Maintenance and Projects	(\$1,200,000)	(\$500,000)	\$0	(\$700,000)	(-1) * Table 6, Row H
Total Request	(\$487,908)	(\$366,447)	\$77,471	(\$198,931)	

Table 1.2 - FY 2015-16 Request Summary					
Line Item	Total Funds	General Fund	Cash Funds	Federal Funds	Source
(1) Executive Director's Office, (C) Information Technology Contracts and Projects, Medicaid Management Information System Maintenance and Projects	\$3,171,803	\$674,548	\$276,640	\$2,220,615	Table 2.1, Row Q
(1) Executive Director's Office, (C) Information Technology Contracts and Projects, Medicaid Management Information System Reprocurement Contracted Staff	\$1,448,089	\$80,084	\$76,311	\$1,291,694	Table 3.1, Row Q
(1) Executive Director's Office, (C) Information Technology Contracts and Projects, MMIS Reprocurement Contracts	\$12,294,655	\$1,520,788	\$644,488	\$10,129,379	Table 4.1, Row K
(1) Executive Director's Office, (C) Information Technology Contracts and Projects, Health Information Exchange Maintenance and Projects	\$1,200,000	\$500,000	\$0	\$700,000	Table 6, Row H
Total Request	\$18,114,547	\$2,775,420	\$997,439	\$14,341,688	

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Appendix A: Calculations and Assumptions

Table 1.3 - FY 2016-17 Request Summary					
Line Item	Total Funds	General Fund	Cash Funds	Federal Funds	Source
(1) Executive Director's Office, (C) Information Technology Contracts and Projects, Medicaid Management Information System Maintenance and Projects	\$5,449,183	\$1,080,377	\$446,989	\$3,921,817	Table 2.1, Row R
(1) Executive Director's Office, (C) Information Technology Contracts and Projects, Medicaid Management Information System Reprocurement Contracted Staff	\$2,147,771	\$158,997	\$79,864	\$1,908,910	Table 3.1, Row R
(1) Executive Director's Office, (C) Information Technology Contracts and Projects, MMIS Reprocurement Contracts	\$5,921,972	\$707,354	\$317,327	\$4,897,291	Table 4.1, Row L
Total Request	\$13,518,926	\$1,946,728	\$844,180	\$10,728,018	

Table 1.4 - FY 2017-18 and Ongoing Request Summary					
Line Item	Total Funds	General Fund	Cash Funds	Federal Funds	Source
(1) Executive Director's Office, (C) Information Technology Contracts and Projects, Medicaid Management Information System Maintenance and Projects	\$4,108,467	\$841,461	\$346,703	\$2,920,303	Table 2.1, Row S
(1) Executive Director's Office, (C) Information Technology Contracts and Projects, Medicaid Management Information System Reprocurement Contracted Staff	\$0	\$0	\$0	\$0	Table 3.1, Row S
(1) Executive Director's Office, (C) Information Technology Contracts and Projects, MMIS Reprocurement Contracts	\$0	\$0	\$0	\$0	Table 4.1, Row M
Total Request	\$4,108,467	\$841,461	\$346,703	\$2,920,303	

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Appendix A: Calculations and Assumptions

Table 2.1 - Calculation of Funding Request for Line Item (I) (C) Medicaid Management Information System Maintenance and Projects							
Row	Item	Total Funds	General Fund	Children's Basic Health Plan Trust	Hospital Provider Fee Cash Fund	Federal Funds	Source
Funding Request for Items with 90% Federal Financial Participation							
A	FY 2014-15	\$394,139	\$28,102	\$2,759	\$11,509	\$351,769	Table 2.2, Row B and Table 5.1, Row E
B	FY 2015-16	\$0	\$0	\$0	\$0	\$0	Table 2.2, Row B and Table 5.1, Row E
C	FY 2016-17	\$0	\$0	\$0	\$0	\$0	Table 2.2, Row B and Table 5.1, Row E
D	FY 2017-18 and Ongoing	\$0	\$0	\$0	\$0	\$0	Table 2.2, Row B and Table 5.1, Row E
Funding Request for Items with 75% Federal Financial Participation							
E	FY 2014-15	\$0	\$0	\$0	\$0	\$0	Table 2.2, Row H and Table 5.1, Row J
F	FY 2015-16	\$2,558,265	\$455,883	\$17,908	\$173,450	\$1,911,024	Table 2.2, Row H and Table 5.1, Row J
G	FY 2016-17	\$4,835,645	\$861,712	\$33,850	\$327,857	\$3,612,226	Table 2.2, Row H and Table 5.1, Row J
H	FY 2017-18 and Ongoing	\$3,494,929	\$622,796	\$24,465	\$236,956	\$2,610,712	Table 2.2, Row H and Table 5.1, Row J
Funding Request for Items with 50% Federal Financial Participation							
I	FY 2014-15	\$295,877	\$105,451	\$2,071	\$39,056	\$149,300	Table 2.2, Row M and Table 5.1, Row O
J	FY 2015-16	\$613,538	\$218,665	\$4,295	\$80,987	\$309,591	Table 2.2, Row M and Table 5.1, Row O
K	FY 2016-17	\$613,538	\$218,665	\$4,295	\$80,987	\$309,591	Table 2.2, Row M and Table 5.1, Row O
L	FY 2017-18 and Ongoing	\$613,538	\$218,665	\$4,295	\$80,987	\$309,591	Table 2.2, Row M and Table 5.1, Row O
Total: Funding Request for (I) (C) Medicaid Management Information System Maintenance and Projects							
P	FY 2014-15	\$690,016	\$133,553	\$4,830	\$50,565	\$501,069	Row A + Row E + Row I
Q	FY 2015-16	\$3,171,803	\$674,548	\$22,203	\$254,437	\$2,220,615	Row B + Row F + Row J
R	FY 2016-17	\$5,449,183	\$1,080,377	\$38,145	\$408,844	\$3,921,817	Row C + Row G + Row K
S	FY 2017-18 and Ongoing	\$4,108,467	\$841,461	\$28,760	\$317,943	\$2,920,303	Row D + Row H + Row L
T	Total Request	\$13,419,469	\$2,729,939	\$93,938	\$1,031,789	\$9,563,804	Row P + Row Q + Row R + Row S

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Appendix A: Calculations and Assumptions

Table 2.2 - Preliminary Calculation of Funding Request for Line Item (I) (C) Medicaid Management Information System Maintenance and Projects						
Row	Item	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18 and Ongoing	Source
<i>Funding Request for Items with 90% Federal Financial Participation</i>						
A	ICD-10 End-to-End Testing and Code Mapping Software	\$394,139	\$0	\$0	\$0	Vendor estimate
B	Subtotal	\$394,139	\$0	\$0	\$0	
<i>Funding Request for Items with 75% Federal Financial Participation</i>						
C	Increased Volume	\$0	\$1,640,882	\$1,640,882	\$1,640,882	Vendor estimate based on historic trend
D	COGNOS Licenses	\$0	\$8,000	\$8,000	\$8,000	10 licenses at \$800 per license
E	COLA	\$0	\$909,383	\$1,846,047	\$1,846,047	3% of total operational contract value
F	Final Year Staff Retention	\$0	\$0	\$700,000	\$0	Vendor estimate
G	Final Year Contract Leased Space	\$0	\$0	\$640,716	\$0	Vendor estimate based on current leasing agreements
H	Subtotal	\$0	\$2,558,265	\$4,835,645	\$3,494,929	
<i>Funding Request for Items with 50% Federal Financial Participation</i>						
I	Postage	\$293,450	\$293,450	\$293,450	\$293,450	Department estimate based on historic trend
J	Increased Printing	\$0	\$93,461	\$93,461	\$93,461	Vendor estimate based on historic trend
K	Increased Pharmacy PAR	\$0	\$222,987	\$222,987	\$222,987	Vendor estimate based on historic trend
L	Courier	\$2,427	\$3,640	\$3,640	\$3,640	Vendor estimate based on biweekly check delivery
M	Subtotal	\$295,877	\$613,538	\$613,538	\$613,538	

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Appendix A: Calculations and Assumptions

Table 3.1 - Calculation of Funding Request for Line Item (I) (C) Medicaid Management Information System Reprourement Contracted Staff							
Row	Item	Total Funds	General Fund	Children's Basic Health Plan Trust	Hospital Provider Fee Cash Fund	Federal Funds	Source
Funding Request for Items with 90% Federal Financial Participation							
A	FY 2014-15	\$1,381,930	\$98,532	\$9,674	\$40,352	\$1,233,372	Table 3.2, Row F and Table 5.1, Row E
B	FY 2015-16	\$2,088,209	\$148,889	\$14,617	\$60,976	\$1,863,727	Table 3.2, Row F and Table 5.1, Row E
C	FY 2016-17	\$2,108,986	\$150,371	\$14,763	\$61,582	\$1,882,270	Table 3.2, Row F and Table 5.1, Row E
D	FY 2017-18 and Ongoing	\$0	\$0	\$0	\$0	\$0	Table 3.2, Row F and Table 5.1, Row E
Funding Request for Items with 75% Federal Financial Participation							
E	FY 2014-15	\$34,627	\$6,171	\$242	\$2,348	\$25,866	Table 3.2, Row L and Table 5.1, Row J
F	FY 2015-16	\$29,160	\$5,196	\$204	\$1,977	\$21,783	Table 3.2, Row L and Table 5.1, Row J
G	FY 2016-17	\$29,160	\$5,196	\$204	\$1,977	\$21,783	Table 3.2, Row L and Table 5.1, Row J
H	FY 2017-18 and Ongoing	\$0	\$0	\$0	\$0	\$0	Table 3.2, Row L and Table 5.1, Row J
Funding Request for Items with 50% Federal Financial Participation							
I	FY 2014-15	\$8,237	\$2,936	\$58	\$1,087	\$4,156	Table 3.2, Row R and Table 5.1, Row O
J	FY 2015-16	\$6,437	\$2,294	\$45	\$850	\$3,248	Table 3.2, Row R and Table 5.1, Row O
K	FY 2016-17	\$9,625	\$3,430	\$67	\$1,271	\$4,857	Table 3.2, Row R and Table 5.1, Row O
L	FY 2017-18 and Ongoing	\$0	\$0	\$0	\$0	\$0	Table 3.2, Row R and Table 5.1, Row O
Roll Forward							
M	FY 2014-15: Roll Forward from FY 2013-14	(\$2,078,435)	(\$183,934)	(\$12,332)	(\$21,711)	(\$1,860,458)	Actuals
N	FY 2014-15: Roll Forward to FY 2015-16 ¹	\$675,717	\$76,295	\$2,358	\$0	\$597,064	(-1) x (Row A + Row E + Row I + Row M)
O	FY 2015-16: Roll Forward from FY 2014-15	(\$675,717)	(\$76,295)	(\$2,358)	\$0	(\$597,064)	(-1) x Row N
Total: Funding Request for (I) (C) Medicaid Management Information System Reprourement Contracted Staff							
P	FY 2014-15	\$22,076	\$0	\$0	\$22,076	\$0	Row A + Row E + Row I + Row M + Row N
Q	FY 2015-16	\$1,448,089	\$80,084	\$12,508	\$63,803	\$1,291,694	Row B + Row F + Row J + Row O
R	FY 2016-17	\$2,147,771	\$158,997	\$15,034	\$64,830	\$1,908,910	Row C + Row G + Row K
S	FY 2017-18 and Ongoing	\$0	\$0	\$0	\$0	\$0	Row D + Row H + Row L
T	Total Request	\$3,617,936	\$239,081	\$27,542	\$150,709	\$3,200,604	Row P + Row Q + Row R + Row S

¹The amount for Children's Basic Health Plan Trust and Hospital Provider Fee Cash Fund shown in row N should be (\$1,296) and (\$40,269), respectively, according to the formula shown in the "Source" column. However, the negative amounts indicate a deficit of these cash funds in FY 2014-15, making a roll forward impossible. Thus, the amount shown in Row N under these funds is \$0. Note in Row P that a request for these funds is made for FY 2014-15 to make up for the deficit.

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Appendix A: Calculations and Assumptions

Table 3.2 - Preliminary Calculation of Funding Request for Line Item (I) (C) Medicaid Management Information System Reprocurement Contracted Staff								
Row	Item	FY 2013-14 (Actuals)	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18 and Ongoing	Total	Source
Funding Request for Items with 90% Federal Financial Participation								
	<u>Contracted Staff</u>							
A	Estimated Funding Need	\$890,403	\$4,366,302	\$5,072,581	\$5,093,358	\$0	\$15,422,644	Department estimate based on current contract plus additional 16
B	Current Appropriation	\$2,984,372	\$2,984,372	\$2,984,372	\$2,984,372	\$0	\$11,937,488	FY 2013-14 R#5
C	Funding Request	(\$2,093,969)	\$1,381,930	\$2,088,209	\$2,108,986	\$0	\$3,485,156	Row A - Row B
Subtotal: Funding Request for Items with 90% Federal Financial Participation								
D	Estimated Funding Need	\$890,403	\$4,366,302	\$5,072,581	\$5,093,358	\$0	\$15,422,644	Row A
E	Current Appropriation	\$2,984,372	\$2,984,372	\$2,984,372	\$2,984,372	\$0	\$11,937,488	Row B
F	Funding Request	(\$2,093,969)	\$1,381,930	\$2,088,209	\$2,108,986	\$0	\$3,485,156	Row D - Row E
Funding Request for Items with 75% Federal Financial Participation								
	<u>Software Licenses</u>							
G	Estimated Funding Need	\$30,533	\$34,627	\$29,160	\$29,160	\$0	\$123,480	Department estimate
H	Current Appropriation	\$0	\$0	\$0	\$0	\$0	\$0	FY 2013-14 R#5
I	Funding Request	\$30,533	\$34,627	\$29,160	\$29,160	\$0	\$123,480	Row G - Row H
Subtotal: Funding Request for Items with 75% Federal Financial Participation								
J	Estimated Funding Need	\$30,533	\$34,627	\$29,160	\$29,160	\$0	\$123,480	Row G
K	Current Appropriation	\$0	\$0	\$0	\$0	\$0	\$0	Row H
L	Funding Request	\$30,533	\$34,627	\$29,160	\$29,160	\$0	\$123,480	Row J - Row K
Funding Request for Items with 50% Federal Financial Participation								
	<u>Training</u>							
M	Estimated Funding Need	\$0	\$24,300	\$22,500	\$22,500	\$0	\$69,300	Department estimate
N	Current Appropriation	\$14,999	\$16,063	\$16,063	\$12,875	\$0	\$60,000	FY 2013-14 R#5
O	Funding Request	(\$14,999)	\$8,237	\$6,437	\$9,625	\$0	\$9,300	Row M - Row N
Subtotal: Funding Request for Items with 50% Federal Financial Participation								
P	Estimated Funding Need	\$0	\$24,300	\$22,500	\$22,500	\$0	\$69,300	Row M
Q	Current Appropriation	\$14,999	\$16,063	\$16,063	\$12,875	\$0	\$60,000	Row N
R	Funding Request	(\$14,999)	\$8,237	\$6,437	\$9,625	\$0	\$9,300	Row P - Row Q

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Appendix A: Calculations and Assumptions

Table 4.1 - Calculation of Funding Request for Line Item (I) (C) Medicaid Management Information System Reprocurement Contracts							
Row	Item	Total Funds	General Fund	Children's Basic Health Plan Trust	Hospital Provider Fee Cash Fund	Federal Funds	Source
Funding Request for Items with 90% Federal Financial Participation							
A	FY 2014-15	(\$3,427,725)	(\$244,397)	(\$23,994)	(\$100,090)	(\$3,059,244)	Table 4.2, Row O and Table 5.1, Row E
B	FY 2015-16	\$12,330,711	\$879,180	\$86,315	\$360,057	\$11,005,159	Table 4.2, Row O and Table 5.1, Row E
C	FY 2016-17	\$3,254,834	\$232,070	\$22,784	\$95,041	\$2,904,939	Table 4.2, Row O and Table 5.1, Row E
D	FY 2017-18 and Ongoing	\$0	\$0	\$0	\$0	\$0	Table 4.2, Row O and Table 5.1, Row E
Funding Request for Items with 75% Federal Financial Participation							
E	FY 2014-15	\$2,223,070	\$396,151	\$15,561	\$150,724	\$1,660,634	Table 4.2, Row U and Table 5.1, Row J
F	FY 2015-16	\$3,859,841	\$687,824	\$27,019	\$261,697	\$2,883,301	Table 4.2, Row U and Table 5.1, Row J
G	FY 2016-17	\$2,667,138	\$475,284	\$18,670	\$180,832	\$1,992,352	Table 4.2, Row U and Table 5.1, Row J
H	FY 2017-18 and Ongoing	\$0	\$0	\$0	\$0	\$0	Table 4.2, Row U and Table 5.1, Row J
Roll Forward							
I	FY 2014-15: Roll Forward from FY 2013-14	(\$2,691,242)	(\$197,970)	\$0	(\$132,801)	(\$2,360,471)	Actuals
J	FY 2014-15: Roll Forward to FY 2015-16	\$3,895,897	\$46,216	\$8,433	\$82,167	\$3,759,081	(-1) x (Row A + Row E + Row I)
K	FY 2015-16: Roll Forward from FY 2014-15	(\$3,895,897)	(\$46,216)	(\$8,433)	(\$82,167)	(\$3,759,081)	(-1) x Row J
Total: Funding Request for (I) (C) Medicaid Management Information System Reprocurement Contracts							
J	FY 2014-15	\$0	\$0	\$0	\$0	\$0	Row A + Row E + Row I + Row J
K	FY 2015-16	\$12,294,655	\$1,520,788	\$104,901	\$539,587	\$10,129,379	Row B + Row F + Row K
L	FY 2016-17	\$5,921,972	\$707,354	\$41,454	\$275,873	\$4,897,291	Row C + Row G
M	FY 2017-18 and Ongoing	\$0	\$0	\$0	\$0	\$0	Row D + Row H
N	Total Request	\$18,216,627	\$2,228,142	\$146,355	\$815,460	\$15,026,670	Row J + Row K + Row L + Row M

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Appendix A: Calculations and Assumptions

Table 4.2 - Preliminary Calculation of Funding Request for Line Item (I) (C) Medicaid Management Information System Reprocurement Contracts								
Row	Item	FY 2013-14 (Actuals)	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18 and Ongoing	Total	Source
Funding Request for Items with 90% Federal Financial Participation								
	<u>Core MMIS DDI</u>							
A	Estimated Funding Need	\$9,201,096	\$23,411,215	\$24,212,958	\$16,831,957	\$0	\$73,657,226	Based on contract
B	Current Appropriation	\$9,294,000	\$25,588,000	\$25,588,000	\$20,000,000	\$0	\$80,470,000	FY 2013-14 R#5
C	Funding Request	(\$92,904)	(\$2,176,785)	(\$1,375,042)	(\$3,168,043)	\$0	(\$6,812,774)	Row A - Row B
	<u>Business Intelligence DDI</u>							
D	Estimated Funding Need	\$0	\$1,800,000	\$10,800,000	\$3,600,000	\$0	\$16,200,000	Department estimate
E	Current Appropriation	\$973,333	\$1,946,667	\$1,000,000	\$0	\$0	\$3,920,000	FY 2013-14 R#5
F	Funding Request	(\$973,333)	(\$146,667)	\$9,800,000	\$3,600,000	\$0	\$12,280,000	Row D - Row E
	<u>Pharmacy Benefits Management DDI</u>							
G	Estimated Funding Need	\$0	\$0	\$5,165,753	\$2,582,877	\$0	\$7,748,630	Department estimate
H	Current Appropriation	\$1,322,727	\$1,587,273	\$1,500,000	\$0	\$0	\$4,410,000	FY 2013-14 R#5
I	Funding Request	(\$1,322,727)	(\$1,587,273)	\$3,665,753	\$2,582,877	\$0	\$3,338,630	Row G - Row H
	<u>Independent Verification and Validation</u>							
J	Estimated Funding Need	\$732,694	\$1,233,000	\$990,000	\$990,000	\$0	\$3,945,694	Based on contract
K	Current Appropriation	\$750,000	\$750,000	\$750,000	\$750,000	\$0	\$3,000,000	FY 2013-14 R#5
L	Funding Request	(\$17,306)	\$483,000	\$240,000	\$240,000	\$0	\$945,694	Row J - Row K
	Subtotal: Funding Request for Items with 90% Federal Financial Participation							
M	Estimated Funding Need	\$9,933,790	\$26,444,215	\$41,168,711	\$24,004,834	\$0	#####	Row A + Row D + Row G + Row J
N	Current Appropriation	\$12,340,060	\$29,871,940	\$28,838,000	\$20,750,000	\$0	\$91,800,000	Row B + Row E + Row H + Row K
O	Funding Request	(\$2,406,270)	(\$3,427,725)	\$12,330,711	\$3,254,834	\$0	\$9,751,550	Row M - Row N
Funding Request for Items with 75% Federal Financial Participation								
	<u>COTS Software Products</u>							
P	Estimated Funding Need	\$0	\$2,528,271	\$4,165,043	\$2,911,763	\$0	\$9,605,077	Table 4.3, Row D
Q	Current Appropriation	\$284,972	\$305,201	\$305,202	\$244,625	\$0	\$1,140,000	FY 2013-14 R#5
R	Funding Request	(\$284,972)	\$2,223,070	\$3,859,841	\$2,667,138	\$0	\$8,465,077	Row P - Row Q
	Subtotal: Funding Request for Items with 75% Federal Financial Participation							
S	Estimated Funding Need	\$0	\$2,528,271	\$4,165,043	\$2,911,763	\$0	\$9,605,077	Row P
T	Current Appropriation	\$284,972	\$305,201	\$305,202	\$244,625	\$0	\$1,140,000	Row Q
U	Funding Request	(\$284,972)	\$2,223,070	\$3,859,841	\$2,667,138	\$0	\$8,465,077	Row S - Row T

S-7, BA-7 MMIS Adjustments
Appendix A: Calculations and Assumptions

Table 4.3 - Estimated Funding Need for Commercial Off-the-Shelf (COTS) Software Products							
Row	Item	FY 2013-14 (Actuals)	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18 and Ongoing	Total
	<u>Estimated Funding Need for COTS Software Products</u>						
A	Core MMIS DDI	\$0	\$2,106,048	\$1,579,536	\$2,041,232	\$0	\$5,726,816
B	Business Intelligence DDI	\$0	\$422,223	\$2,533,333	\$844,444	\$0	\$3,800,000
C	Pharmacy Benefits Management DDI	\$0	\$0	\$52,174	\$26,087	\$0	\$78,261
D	Total: Estimated Funding Need for COTS Software Products	\$0	\$2,528,271	\$4,165,043	\$2,911,763	\$0	\$9,605,077

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Appendix A: Calculations and Assumptions

Table 5.1 - Calculation of Fund Splits								
Row	Federal / State Fund Source	Total Funds	General Fund	Children's Basic Health Plan Trust	Hospital Provider Fee Cash Fund	Federal Funds	FFP	Source
<i>Fund Splits for Items with 90% Federal Financial Participation</i>								
A	Title XIX / General Fund	71.29%	7.13%	0.00%	0.00%	64.16%	90%	Table 5.2, Row J
B	Title XIX / Hospital Provider Fee Cash Fund	25.71%	0.00%	0.00%	2.57%	23.14%	90%	Table 5.2, Row K
C	Title XXI / Children's Basic Health Plan Trust	2.01%	0.00%	0.70%	0.00%	1.31%	65%	Table 5.2, Row L
D	Title XXI / Hospital Provider Fee Cash Fund	0.99%	0.00%	0.00%	0.35%	0.64%	65%	Table 5.2, Row M
E	Total	100.00%	7.13%	0.70%	2.92%	89.25%		
<i>Fund Splits for Items with 75% Federal Financial Participation</i>								
F	Title XIX / General Fund	71.29%	17.82%	0.00%	0.00%	53.47%	75%	Table 5.2, Row J
G	Title XIX / Hospital Provider Fee Cash Fund	25.71%	0.00%	0.00%	6.43%	19.28%	75%	Table 5.2, Row K
H	Title XXI / Children's Basic Health Plan Trust	2.01%	0.00%	0.70%	0.00%	1.31%	65%	Table 5.2, Row L
I	Title XXI / Hospital Provider Fee Cash Fund	0.99%	0.00%	0.00%	0.35%	0.64%	65%	Table 5.2, Row M
J	Total	100.00%	17.82%	0.70%	6.78%	74.70%		
<i>Fund Splits for Items with 50% Federal Financial Participation</i>								
K	Title XIX / General Fund	71.29%	35.64%	0.00%	0.00%	35.65%	50%	Table 5.2, Row J
L	Title XIX / Hospital Provider Fee Cash Fund	25.71%	0.00%	0.00%	12.85%	12.86%	50%	Table 5.2, Row K
M	Title XXI / Children's Basic Health Plan Trust	2.01%	0.00%	0.70%	0.00%	1.31%	65%	Table 5.2, Row L
N	Title XXI / Hospital Provider Fee Cash Fund	0.99%	0.00%	0.00%	0.35%	0.64%	65%	Table 5.2, Row M
O	Total	100.00%	35.64%	0.70%	13.20%	50.46%		

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Appendix A: Calculations and Assumptions

Table 5.2 - Preliminary Calculation of Fund Splits			
Row	Item	Percent	Source
	Split by Federal Fund Source		
A	Title XIX (Medicaid Federal Funds)	97.00%	Colorado Medicaid State Plan
B	Title XXI (Children's Health Insurance Program Federal Funds)	3.00%	Colorado Medicaid State Plan
C	Total	100.00%	
	Title XIX Split by State Fund Source		
D	General Fund	73.50%	100% - Row E
E	Hospital Provider Fee Cash Fund	26.50%	FY 2015-16 R#1, Exhibit J-2
F	Total	100.00%	
	Title XXI Split by State Fund Source		
G	Children's Basic Health Plan Trust	66.90%	100% - Row H
H	Hospital Provider Fee Cash Fund	33.10%	FY 2015-16 R#3, Exhibit C-4
I	Total	100.00%	
	Normalized Fund Splits		
J	Title XIX / General Fund	71.29%	Row A * Row D
K	Title XIX / Hospital Provider Fee Cash Fund	25.71%	Row A * Row E
L	Title XXI / Children's Basic Health Plan Trust Fund	2.01%	Row B * Row G
M	Title XXI / Hospital Provider Fee Cash Fund	0.99%	Row B * Row H
N	Total	100.00%	

S-7, BA-7 Medicaid Management Information System Adjustments

Appendix A: Calculations and Assumptions

Table 6 - Calculation of Request for Line Item (I)(C) Health Information Exchange Maintenance and Projects					
Row	Item	Total Funds	General Fund	Federal Funds	FFP
	FY 2014-15 Appropriation				
A	FY 2014-15 R-5 "Medicaid Health Information Exchange"	\$8,228,926	\$1,302,893	\$6,926,033	Mix
	FY 2014-15 Estimated Need				
B	Coordination and Oversight	\$330,000	\$33,000	\$297,000	90%
C	Public Health Reporting Systems	\$450,000	\$45,000	\$405,000	90%
D	Medicaid Provider Onboarding to Health Information Exchange	\$4,810,750	\$481,075	\$4,329,675	90%
E	Electronic Health Records Incentive Payment Program	\$1,188,176	\$118,818	\$1,069,358	90%
F	All Payer Claims Database (APCD) Data and Analytics	\$250,000	\$125,000	\$125,000	50%
G	Subtotal: FY 2014-15 Estimated Need	\$7,028,926	\$802,893	\$6,226,033	
H	FY 2014-15 Appropriation minus Estimated Need	\$1,200,000	\$500,000	\$700,000	