



# OFFICE OF STATE PLANNING AND BUDGETING

*A Fact Sheet*

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The Department of Health Care Policy and Financing (HCPF) purchases cost-effective health care for qualified, low-income Colorado residents through the State's Medicaid and Children's Basic Health Plan (CHP+) programs. Recipients of the Department's services include the disabled, foster children, and low-income children, parents, and elderly. Applicant eligibility is determined at county social service offices.

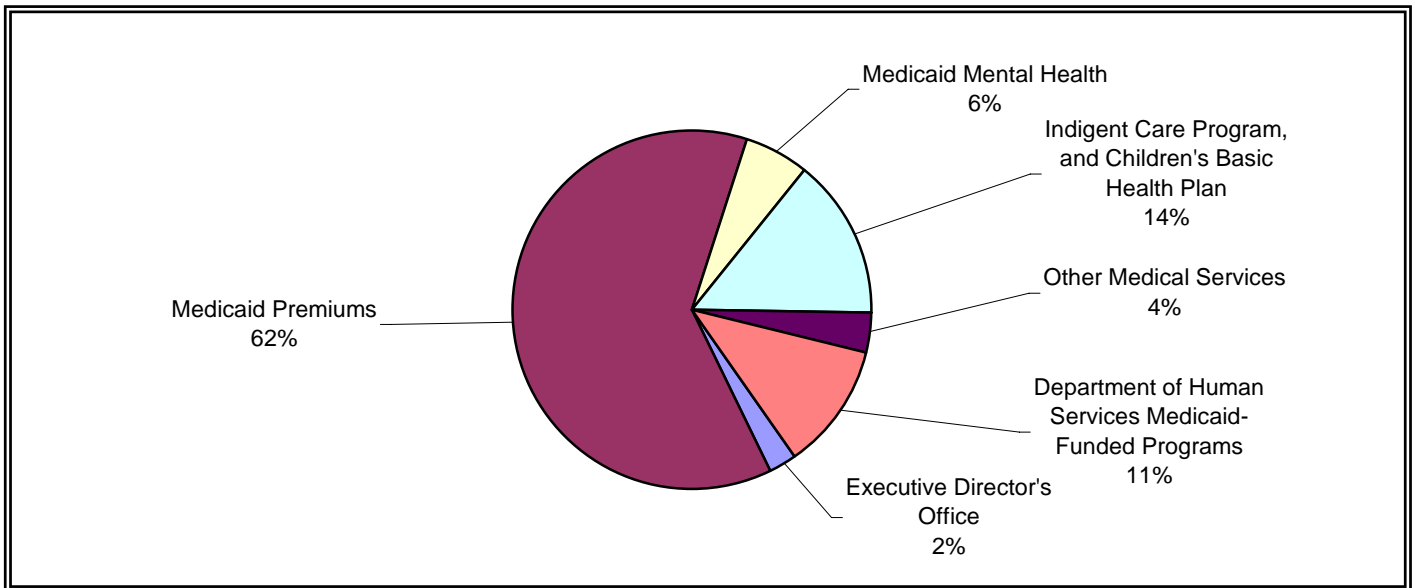
## FY 2007-08 Appropriation

Total Appropriation:	\$3,476,189,586
Percent of Statewide Total Appropriation:	20.3%
General Fund Appropriation:	\$1,424,375,449
Percent of Statewide General Fund Appropriation:	19.7%
Total Full Time Equivalent Employees (FTE):	245.3

## FY 2008-09 Budget Request

Total Request:	\$3,689,785,301
Percent of Statewide Total Request:	20.5%
General Fund Request:	\$1,526,459,330
Percent of Statewide General Fund Request:	19.9%
Total Full Time Equivalent Employees (FTE):	266.8

## FY 2008-09 HCPF Budget Request by Program Area



## Department in Summary FY 2008-09

- The Colorado Medicaid program will serve an estimated monthly average of 383,067 low-income or disabled individuals at a projected average annual cost of \$5,903 per individual in FY 2008-09. Total expenditures for Medicaid medical services premiums are expected to increase by 5.3 percent or \$113.8 million (9.3 percent or \$60.3 million General Fund). There are additional funding increases in the Medical Services Premiums division of \$17.1 million (\$8.3 million General Fund) for provider rate increases and \$4.4 million (\$2.2 million General Fund) to increase managed care rates from 95 percent to 100 percent of the fee-for-service rates.
- The Medicaid caseload is expected to show an annual average decrease of 3.4 percent in FY 2007-08 followed by an increase of 0.9 percent in FY 2008-09. These caseload projections continue the recent history of a relatively stable Medicaid caseload beginning with the FY 2005-06 and FY 2006-07 annual percent changes of -0.8 percent and -1.7 percent, respectively. The recent actual caseload and projected figures are in sharp contrast to the three preceding years that saw caseload growth in excess of 10.7 percent beginning in FY 2002-03.
- The recent declining to flat caseload growth has been offset by increases in the average annual per capita cost and has resulted in total expenditures that continue to grow, albeit at a slower pace than was seen at higher caseload growth rates. The table below shows the recent history of Medicaid caseload, per capita cost, and total expenditures.

**Medicaid Historical Figures**

Fiscal Year	Caseload	Per Capita Cost	Total Expenditures
FY 1999-00	253,254	\$5,166	\$1,308,420,100
FY 2000-01	275,399	\$5,144	\$1,416,535,408
FY 2001-02	295,413	\$5,202	\$1,536,804,691
FY 2002-03	327,395	\$5,045	\$1,651,670,874
FY 2003-04	362,531	\$5,080	\$1,841,738,922
FY 2004-05	402,802	\$4,700	\$1,893,285,567
FY 2005-06	399,705	\$4,960	\$1,982,396,076
FY 2006-07	393,077	\$5,211	\$2,048,437,415
FY 2007-08 (Est.)	379,715	\$5,657	\$2,148,144,996
FY 2008-09 (Est.)	383,067	\$5,867	\$2,247,525,161

- The Children's Basic Health Plan (CHP+) will serve an estimated 62,125 low-income children and 1,497 pregnant women in FY 2008-09. The average annual costs of services are \$1,611 for children's medical, \$161 for children's dental, and \$12,723 for women's prenatal and delivery.
- The Colorado Indigent Care Program provides reimbursement to providers for the uncompensated costs of care associated with serving approximately 170,000 uninsured or under-insured adults and children. The FY 2008-09 budget request includes \$336.1 million for indigent care providers.

- The Medicare Modernization Act, Part D prescription drug benefit began on January 1, 2006. As a result, prescription drug costs for dual eligible clients – those eligible for both Medicaid and Medicare – are now paid through the federal Medicare program. FY 2008-09 state savings are partially offset by the State Contribution Payment, or “clawback” provision, of \$79.6 million to the federal government, which reimburses approximately 86 percent of the costs that would have otherwise been incurred by the State.
- H.B. 05-1262 is the enabling legislation for the tobacco tax that was adopted by a vote of Colorado citizens in November 2004 as Amendment 35 to the Colorado Constitution. The tobacco tax is projected to generate approximately \$162.2 million of Cash Funds Exempt revenue in FY 2008-09. The legislation states that 46% (\$74.6 million in FY 2008-09) of the revenues are appropriated to the Health Care Expansion Fund “to increase the number of children, pregnant women, and adults who receive medical care through either Medicaid or the Children’s Basic Health Plan.” As shown in the table below, it is estimated that the Health Care Expansion Fund expenditures will be more than \$93 million in FY 2008-09 resulting in more than 21,000 individuals receiving health care benefits.

### FY 2008-09 Tobacco Tax Figures

Brief Description	Expansion Caseload	Total Expenditures
Removal of the Medicaid Asset Test <sup>1</sup>	N/A	\$27,267,620
Parents of Eligible Children to 60% of FPL	9,462	\$7,759,518
Additional Slots for Children’s Waiver Programs	737	\$11,224,606
Health Care for Legal Immigrants	3,512	\$6,216,752
Presumptive Eligibility for Pregnant Women	1,708	\$3,485,958
Health Care for Foster Children Age 18 to 21	1,678	\$3,018,730
<b>Subtotal Medicaid Medical Service Premiums</b>	<b>17,097</b>	<b>\$59,255,042</b>
Funding for Medicaid Mental Health for Expansion Populations	N/A	\$8,497,256
<b>Subtotal Medicaid Mental Health</b>	N/A	<b>\$8,497,256</b>
Resources for CHP+ Marketing	N/A	\$540,000
State Funding for CHP+ Above FY 2003-04 Caseload <sup>2</sup>	N/A	\$23,335,258
CHP+ Expansion from 186% to 200% of FPL	4,382	N/A
<b>Subtotal CHP+</b>	<b>4,382</b>	<b>\$23,875,258</b>
<b>Subtotal Department of Human Services Programs</b>	<b>N/A</b>	<b>\$1,205,253</b>
<b>Subtotal Administrative Expenses</b>	<b>N/A</b>	<b>\$558,551</b>
<b>Total</b>	<b>21,479</b>	<b>\$93,391,360</b>

1. There is no new population added as a result of the removal of the Medicaid asset test. It transfers caseload from CHP+ to Medicaid.
2. CHP+ caseload is only expanded by the increase to the FPL. The remainder is organic growth that is now financed from the tobacco tax.

Also according to the Amendment, 19% (\$30.8 million in FY 2008-09) of the tobacco tax revenues are appropriated to the Primary Care Fund. The Department allocates these funds to cover uncompensated costs for health care providers that qualify through designation as a federally qualified health center (FQHC) or by serving at least 50% of patients who are uninsured, medically indigent, or enrolled in

Medicaid or the CBHP. Other tobacco tax funds are administered by the Department of Public Health and Environment.

## Leading Budget Change Requests for FY 2008-09:

- Medical Services Premiums – \$113.8 million (\$60.3 million General Fund) requested for caseload and utilization increases to serve over 383,000 people at an average cost of \$5,914 per person for medical services in the Medicaid program.
- Medicaid Community Mental Health Programs – \$9.8 million (\$4.1 million General Fund) for Medicaid Mental Health Community Services. This requested increase is based on an estimated caseload of 362,754 Medicaid clients who are also eligible for the associated Medicaid mental health services. The request also includes an estimated rate increase of 3.62 percent for capitation payments.
- Children’s Basic Health Plan –\$34.0 million (\$2.4 million General Fund) for CBHP caseload and service cost increases. The budget request will fund 62,481 children (an increase of 10.9 percent) and 1,497 pregnant women (an increase of 15.4 percent).
- Children’s Health Care – \$24.0 million (\$4.4 million General Fund) to provide health care for an additional 12,000 eligible but not enrolled children. The budget request adds \$1.4 million total funds (\$516,215 General Fund) to more than double the current outreach funding so that a greater percentage of eligible but not enrolled children receive health care through the CHP+ and Medicaid programs. This funding drives a need for corresponding health care services for 12,000 additional children at a cost of \$22.5 million total funds (\$3.9 million General Fund). Approximately 8,000 children are expected to be added to the CHP+ caseload as a result of this funding. Because a condition of CHP+ eligibility is a Medicaid eligibility screen, this request also anticipated that funding will be required for 4,000 additional children on the Medicaid caseload.
- Provider Rate Increases – \$17.1 million (\$8.3 million General Fund) for requested rate increases to health care providers in the state Medicaid program. The rate increases are distributed as follows:
  - \$4.7 million (\$2.3 million General Fund) to increase inpatient hospital rates by 1.5%.
  - \$1.5 million (\$731,642 million General Fund) to increase the 12 most frequently used physician procedure codes for Preventive Medicine and Evaluation and Management to 90% of the Medicare rate.
  - \$1.8 million (\$845,272 million General Fund) to increase the remaining 75 Preventive Medicine and Evaluation and Management physician procedure codes.
  - \$222,255 (\$107,352 General Fund) to increase reimbursement for well child visits from \$10 to \$40 through a Medical Home Pilot Program that serves 10,000 children.
  - \$750,000 (\$362,259 General Fund) to increase rates for group and individual therapy for substance abuse by 23% and 63%, respectively.
  - \$2.3 million (\$1.1 million General Fund) to increase radiology rates by 17.7%.
  - \$500,000 (\$241,506 General Fund) to increase rates for vision consisting of a 33% increase to frequently used procedure codes, frames, and lenses.

- \$3.5 million (\$1.7 million General Fund) to increase rates for dental services by 7.4%.
- \$500,000 (\$250,000 General Fund) for a 51.5% rate increase to the Prenatal Plus program, which will now cover 69% of provider costs.
- \$1.4 million (\$688,382 million General Fund) for managed care rate increases that are statutorily required from the fee-for-service increases listed above.
- Department Staffing – \$488,048 (\$269,735 General Fund) to add 7.3 FTE to the Department so that customer service levels are improved and high standards for quality of work are maintained. The requested funding will add positions for financial analysis, customer service, external training, and information technology support.
- Managed Care Rates – \$4.4 million (\$2.2 million General Fund) is requested to increase Medicaid managed care rates to 100 percent of fee-for-service rates in accordance with H.B. 07-1346.
- Implementation of the Preferred Drug List – A reduction of \$793,091 (\$320,510 General Fund) related to the implementation of the Preferred Drug List. The request seeks funding to hire a contractor to assist with implementation and is offset by a reduction to the Medical Services Premiums line item to account for a reduction in pharmaceutical expenditures as a result of the implementation.

## Key Legislation:

- S.B. 07-002 – Expanded Medicaid eligibility for foster children from 18 to 21 years of age. This legislation is expected to add nearly 1,500 young adults to the Medicaid caseload at a cost of \$8.3 million.
- S.B. 07-097 – Increases eligibility for the Children’s Basic Health Plan to 205 percent of the federal poverty level effective March 1, 2008.
- S.B. 07-130 – Defines a medical home as a qualified medical, specialty, developmental, therapeutic, or mental health care practice that ensures access to and coordination of all medical services and requires the Department to develop systems to maximize the number of children who have a medical home.
- H.B. 07-1021 – Creates the Prescription Drug Information and Technical Assistance Program to advise Medicaid clients about prescription drugs. The Department is required to provide incentive payments to pharmacists and physicians who consult with Medicaid clients about how to avoid drug interactions, improve outcomes, and save money.
- H.B. 07-1301 – Adds cervical cancer immunizations as an optional Medicaid benefit for females under 20 years of age. Also requires the immunizations as a mandatory coverage provision for all individual and group health plans.
- H.B. 07-1346 – Eliminates the statutory requirement that managed care capitation rates be no more than 95 percent of fee-for-service rates. Also gives the Department authority to enter into prepaid inpatient health plan agreements.

## Department Wide Performance Measures:

- Performance Measure #1- Increase the number of clients served through targeted, integrated care management programs.
- Performance Measure #2- Increase the number of children served through a dedicated medical home service delivery model.
- Performance Measure #3- Survey customer satisfaction with managed care using the Consumer Assessment of Health Plans Survey.
- Performance Measure #4- Improve access to and the quality of Medicaid health care as demonstrated through improvements in Medicaid Health plan scores on Health Plan Employer Data Information Set (HEDIS) measures.
- Performance Measure #5- Increase number of managed care options for clients enrolling in Medicaid.

## Links to Additional Websites

- [Colorado Department of Health Care Policy and Financing](http://www.chcpf.state.co.us) ([www.chcpf.state.co.us](http://www.chcpf.state.co.us))
- [Colorado Benefit Management System](http://www.cdhs.state.co.us/cbms) ([www.cdhs.state.co.us/cbms](http://www.cdhs.state.co.us/cbms))
- [Colorado Department of Health Care Policy and Financing Budget](http://www.chcpf.state.co.us/HCPF/Budget/Budgetindex.asp) ([www.chcpf.state.co.us/HCPF/Budget/Budgetindex.asp](http://www.chcpf.state.co.us/HCPF/Budget/Budgetindex.asp))
- [Colorado Children's Health Plan Plus](http://www.cchp.org) (<http://www.cchp.org>)
- [United States Department of Health and Human Services](http://www.hhs.gov) ([www.hhs.gov](http://www.hhs.gov))
- [United States Centers for Medicare and Medicaid Services \(CMMS\)](http://www.cms.hhs.gov) ([www.cms.hhs.gov](http://www.cms.hhs.gov))

***For more information about the Department of Health Care Policy and Financing and its programs, please call the Department at 1-800-221-3943.***