Annual Report
State Fiscal Year 2007

Submitted by
The Medical Services Board

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PREFACE

The Medical Services Board respectfully submits the following annual report to the Joint Budget Committee and the Health and Human Services Committees of the Colorado General Assembly. The report covers State fiscal year (SFY) 2007, which spans from July 1, 2006, to June 30, 2007. The Medical Services Board requested the assistance of staff at the State of Colorado Department of Health Care Policy and Financing (the Department). Information for this report was obtained by reviewing all relevant documents and interviewing key individuals involved in the administration of the plan.

EXECUTIVE SUMMARY

The Children's Basic Health Plan was enacted through C.R.S. 25.5-8-101, et seq., and is marketed as the Child Health Plan *Plus* (CHP+) program. CHP+ is a public/private partnership providing health insurance for children and pregnant women in low-income families. These families have incomes at or below 200% of the federal poverty level (FPL) and are not eligible for Medicaid. Most CHP+ parents work full time, but have low-wage jobs that do not offer health insurance for their children or the private health insurance premiums are too high for low-income families to afford. CHP+ offers an opportunity for these parents to insure their children.

The program is administered by the Department, which contracts with private vendors for many program services. Contracting with private vendors allows the CHP+ program to combine the best practices of both government and private businesses. This "public/private partnership" is written into CHP+ law.

Extensive marketing and outreach continued in SFY 2007. The marketing and outreach strategy included advertising, media relations and outreach. Television, radio, and print advertisements ran during the year with the campaign theme "Keeping Colorado kids healthy throughout the seasons". A main focus of the advertising campaign was to reach the ethnically diverse and geographically remote areas of Colorado. Media relations activities included monthly English and Spanish columns sent to over 200 publications highlighting health and safety tips. These columns were picked up by over 56 community papers. Lt. Governor Barbara O'Brien became the CHP+ spokesperson in January 2007 and quotations were used in all columns. Additionally, a monthly CHP+ newsletter was sent to over 900 community partners that supported outreach efforts in communicating new CHP+ policies and procedures.

Key to the success of the CHP+ outreach strategy was seven statewide CHP+ Regional Outreach Coordinators. These coordinators provided training to families, counties, and community partners. They attended events and continually serve as a conduit between the Department and the communities. Partnerships in the community have been built with schools, faith based organizations, Head Start

programs, child care centers, counties, private providers, and community health centers to name a few.

In SFY 2007, the program served an average of 52,199[1] children and 1,336[1] adult prenatal clients per month. Spending authority of $102,130,113 was approved for CHP+ administration and medical and dental costs to serve 52,854 children per month and 1,407 adult prenatal clients per month.

> *"Your program enabled us to have health insurance for our two children. They have had all of their vaccination shots and are happy and healthy. Your program assisted us in a time of need and we wanted to say, 'Thank you'." –CHP+ Mom*

A Commitment to Children: Program Overview

State Children's Health Insurance Programs Nationwide

Created in 1997 under Title XXI of the Social Security Act, the State Children's Health Insurance Program was allocated $48 billion nationally, over 10 years, to expand health care coverage to uninsured children. The program enables states to insure children from working families with incomes or resources too high to qualify for Medicaid, but too low to afford private health insurance, with some latitude to adjust upper-income limits.

The State Children's Health Insurance Program's current period of authorization is scheduled to end on September 30, 2007. As reauthorization is discussed, policymakers at both the state and federal levels have begun to focus on areas of concern within the program and to identify recommendations for reform and improvement.

Additionally, the authorizing federal legislation will continue to allow states considerable discretion in designing a program to meet their particular needs. As of March 1, 2007, all 50 states, the District of Columbia, and five U.S. Territories had implemented a State Children's Health Insurance Program covering over four million children. Of these states, 21 have created a stand alone child health insurance program, 11 have expanded Medicaid, and 18 have developed a combination of the two.

Children's Basic Health Plan of Colorado

The State of Colorado has a stand-alone Children's Health Insurance Plan; it is not a Medicaid expansion program. The program was enacted as the Children's Basic Health Plan (CBHP) through C.R.S. 25.5-8-101, et seq. and is marketed as Child Health Plan *Plus* (CHP+).

The enabling legislation directed the Department to create a program that is a non-Medicaid program with the following principles:

- Provide commercial-like insurance;

[1] Enrollments are estimated using capitation payments and include retroactive adjustments. The total was derived from summing across all months in SFY 2007. Source: JBC Monthly Reports.

- Administer the program privately; and
- Involve public and private sector partners.

In SFY 2007, CHP+ provided statewide-subsidized health insurance coverage for low-income children 18 years of age and under and pregnant women who are not eligible for Medicaid whose families have incomes at or below 200% of the federal poverty level (FPL). For example, a family of four can make up to $3,442 per month and still qualify for CHP+. The program offers a wide variety of services including:

- Preventive care and immunizations;
- Other doctor visits;
- Specialty care;
- Hospital services;
- Prescriptions;
- Mental health services;
- Hearing aids;
- Eyeglasses; and
- Dental care for children.

Program Goals
During SFY 2007, CHP+ focused on the following goals:

- Improve health status for participants by assuring access to appropriate health care services;
- Effectively increase program enrollment;
- Work with congressional delegation to ensure full SCHIP reauthorization and funding;
- Enroll CHP+ eligible children into CHP+ At Work, which provides financial assistance to working families with employer-sponsored insurance; and
- Maximize the effectiveness of CHP+ as a public/private partnership.

SFY 2007 Eligibility Requirements

Estimated Eligible Population
CHP+ estimates that 102,130 children were eligible for the program in SFY 2007, including already enrolled children. This estimate of eligible but uninsured children is derived from the Federal Current Population Survey of the Census Bureau, and included Colorado children at or below 200% of the federal poverty level (FPL), but not Medicaid eligible. The current CHP+ enrollment rate represents 51% of the estimated eligible children.

In November 2004, the Colorado voters approved Amendment 35 which raised the tax on tobacco products in order to increase revenues for health care programs. As a result of Amendment 35's passage, revenues are required to be used to fund the CHP+ enrollment program above the SFY 2004 levels. During the 2005 Colorado State legislative session, the General Assembly passed H.B. 05-1262 which enacted Amendment 35's provisions. This included expanded eligibility for both children and pregnant women from 185% to 200% of the federal poverty level. As a result of this expansion, the estimated eligible population has increased by 5,116 children in SFY 2007, a 5.3% increase compared with the 97,014 estimated eligible population in SFY 2006.

Eligibility Requirements
Children are eligible for CHP+ for 12 months if they:

- Are U.S. citizens or legal permanent residents for five years;
- Are residents of Colorado;
- Have adjusted family incomes at or below 200% of the federal poverty level;

- Do not qualify for Medicaid;
- Do not have other insurance; or
- Do not have access to state employee health benefits.

Pregnant women are eligible for CHP+ only during the length of their pregnancy and 60 days postpartum.

Cost Sharing

CHP+ requires enrollment fees and co-pays from some of its clients based on their income and family size as displayed in *Table 1*. Applicants are required to pay the enrollment fee in order to become enrolled in the program. Families do not pay for preventive services.

Table 1: CHP+ Cost Sharing

Family Income (% FPL)	Annual Enrollment Fee		Co-pay per Office Visit
	One Child	2 or More Children	
0-100%	No Fee	No Fee	$0
101-150%	No Fee	No Fee	$2
151-200%	$25	$35	$5

SFY 2007 ENROLLMENT

In SFY 2007, the Colorado General Assembly's Joint Budget Committee approved funding to assure services for an average of 52,854 children per month. The average monthly enrollment (AME) of children in CHP+ for SFY 2007 was 52,199[2]. Similarly, the Colorado General Assembly's Joint Budget Committee approved funding to assure services for 1,407 adult prenatal clients per month. The program served 1,336[2] adult prenatal clients during SFY 2007. *Figure 1* displays CHP+ total enrollment from June 1998 thru June 2007.

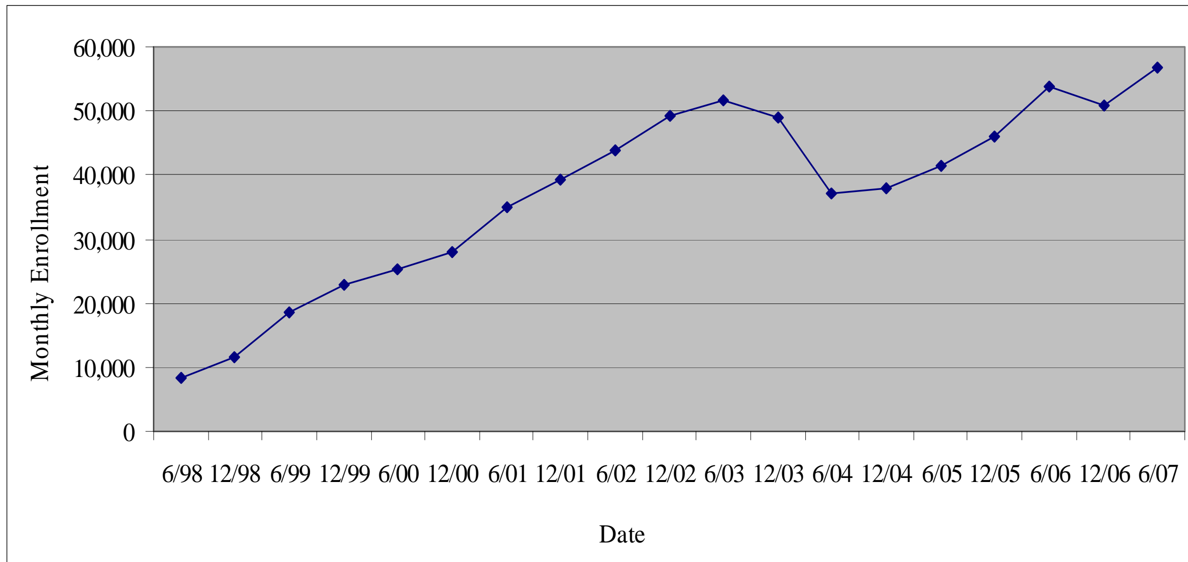
In SFY 2006, through design changes implemented in both Colorado Benefits Management System (CBMS) and the Medicaid Management Information System (MMIS), improvements have been made in the overall efficiency and accuracy of the enrollment data. Through this process, additional enhancements have been identified and approved for completion in SFY 2007. CBMS enables clients to apply for all state assistance programs they may be eligible for with one application at one time. Eligibility for the following programs can now be determined through CBMS:

- Adult Cash Assistance;
- Colorado Works;
- Food Assistance;
- Medicaid Medical Programs;
- Non-Medicaid Medical;
- Medical Programs; and
- Restricted Medical Benefits.

This also shortens the process of applying and enrolling for government health care programs since Medicaid and CHP+ eligibility are determined simultaneously.

[2] Enrollments are estimated using capitation payments and include projected retroactive adjustments. The total was derived from summing across all months in SFY 2007. Source: JBC Monthly Reports

Figure 1: CHP+ Total Enrollment June 1998 - June 2007



SFY 2007 Enrollment by County

After ten years of operation, with the combined effort of the State and its partners, 42 (65.6%) of the state's 64 counties have exceeded the statewide enrollment average of 51.1% reported in *Table 2*.

Some of the recurring themes include community-wide involvement from all agencies serving the eligible population, ongoing marketing and outreach to reach all eligible families, school-based support, and strong leadership from a core team of community activists.

How Clients Enroll

In SFY 2007, the Application for Colorado Health Care was redesigned to make it easier for clients to complete. A committee comprised of representatives from the Department, advocates, the private sector, and counties drafted the new application. The MAXIMUS Center for Health Literacy and Technologies reviewed the application for literacy levels and completed the Spanish translation. The English and Spanish application is posted on www.chcpf.state.co.us and www.CHPplus.org.

An application must be filled out to determine CHP+ eligibility. Clients may fill out the Application for Colorado Health Care, a specific health care application used for both Medicaid and CHP+ programs. Applications are available from many sources, including Affiliated Computer Services (ACS), the enrollment contractor, community health centers, schools, and county departments of social services, and may be downloaded from the CHP+ and Department websites. Most applications are mailed to the enrollment contractor, but some applications are processed by Denver Health or county departments of social services, who primarily determine eligibility for Medicaid and other social services programs.

Since posted on the website in January 2006, the count of application downloads has

Table 2: SFY 2007 Enrollment Rates by County

County	Total Population**	Total Population 18 Years and Under**	2006-07 CHP+ Enrollees	2006-07 CHP+ Estimated Eligibles	2006-07 Enrollment Rate
Adams	413,254	124,984	6,492	9,452	**68.7%**
Alamosa	15,978	4,604	461	498	**92.6%**
Arapahoe	541,755	144,791	5,156	10,980	**47.0%**
Archuletta	12,185	2,882	274	250	**109.9%**
Baca	4,215	906	100	57	**176.7%**
Bent	6,347	1,459	72	107	**67.1%**
Boulder	290,937	68,647	1,666	5,405	**30.8%**
Broomfield	46,966	14,312	397	998	**39.8%**
Chaffee	17,306	3,401	254	313	**81.1%**
Cheyenne	2,120	534	34	34	**100.0%**
Clear Creek	9,655	2,220	72	178	**40.5%**
Conejos	8,635	2,605	329	318	**103.7%**
Costilla	3,673	902	101	147	**68.7%**
Crowley	5,754	993	89	88	**101.5%**
Custer	4,103	879	75	83	**90.3%**
Delta	31,010	7,503	533	808	**66.0%**
Denver	575,294	151,894	6,970	14,697	**47.4%**
Dolores	1,890	440	61	88	**69.1%**
Douglas	263,178	83,438	922	3,375	**27.3%**
Eagle	50,618	13,473	257	944	**27.2%**
Elbert	23,679	6,240	115	403	**28.5%**
El Paso	576,240	158,455	3,767	12,626	**29.5%**
Fremont	48,416	9,811	656	868	**75.6%**
Garfield	52,189	14,999	615	1,123	**54.8%**
Gilpin*	5,066	1,119	NR	NR	**29.6%**
Grand	14,450	3,258	174	262	**66.5%**
Gunnison	14,440	3,440	165	382	**43.3%**
Hinsdale*	830	173	NR	NR	**100.0%**
Huerfano	8,150	1,641	135	191	**70.8%**
Jackson*	1,547	352	25	41	**61.2%**
Jefferson	536,748	130,185	3,919	8,885	**44.1%**
Kiowa*	1,535	353	NR	NR	**112.7%**
Kit Carson	7,954	2,031	238	132	**180.9%**
Lake	8,267	2,389	147	272	**54.0%**
La Plata	49,182	11,282	836	1,170	**71.5%**
Larimer	274,716	66,212	2,899	4,736	**61.2%**
Las Animas	16,587	4,003	234	644	**36.3%**
Lincoln	5,954	1,222	65	72	**91.0%**
Logan	21,900	5,387	322	357	**89.9%**
Mesa	133,201	33,893	2,341	3,102	**75.5%**
Mineral*	976	199	NR	NR	**81.6%**
Moffat	13,526	3,727	199	350	**56.9%**
Montezuma	25,402	6,818	641	904	**70.9%**
Montrose	38,546	10,304	1,051	1,368	**76.8%**
Morgan	28,962	8,949	482	687	**70.1%**
Otero	19,691	5,334	408	496	**82.1%**
Ouray	4,394	985	53	92	**58.1%**
Park	17,129	4,046	140	340	**41.2%**
Phillips	4,665	1,266	53	63	**83.4%**
Pitkin	16,573	3,067	58	367	**15.8%**
Prowers	14,093	4,284	424	391	**108.4%**
Pueblo	154,383	40,323	1,888	4,090	**46.2%**
Rio Blanco	6,120	1,516	62	164	**37.7%**
Rio Grande	13,208	3,620	404	472	**85.6%**
Routt	22,362	5,170	211	363	**58.3%**
Saguache	6,647	1,798	150	321	**46.6%**
San Juan*	571	103	NR	NR	**35.5%**
San Miguel	7,554	1,515	84	183	**45.6%**
Sedgwick	2,696	629	49	44	**111.1%**
Summit	28,234	5,835	144	357	**40.4%**
Teller	22,836	5,534	259	614	**42.1%**
Washington	4,947	1,193	90	80	**112.9%**
Weld	234,857	69,081	4,086	5,996	**68.2%**
Yuma	10,058	2,752	201	135	**149.1%**
TOTAL	**4,804,353**	**1,275,360**	**52,199**	**102,130**	**51.1%**

*Not reported if county has fewer than 30 clients per Census Bureau methodology.

** Derived from the 2006 Colorado State Demography Office Population Estimates.

steadily increased. The total number of downloaded applications in SFY 2007 was 196,018, a 95.3% increase compared with the 100,345 downloaded in SFY 2006.

CHP+ eligibility is determined annually and all CHP+ renewals are the responsibility of the enrollment contractor. Renewal applications are sent to clients well in advance of the end of their eligibility span (90 days prior to application due date). The applications are pre-printed with the client's specific information in order to expedite the renewal process for both clients and eligibility staff and to prevent any lapses in coverage.

CHP+ ADMINISTRATION

The CHP+ program, by statute and operation, is a non-entitlement, commercial-coverage health plan with a largely privatized administration in *Figure 2*. Public/private collaboration and cooperation continue to be the hallmarks of CHP+.

Department of Health Care Policy and Financing

The Department is the agency responsible for three of Colorado's major, publicly funded health care programs:

- The Children's Basic Health Plan;
- The Colorado Indigent Care Program; and
- Medicaid.

In SFY 2007, spending authority of $102,130,113 was approved for CHP+ administration and medical and dental benefit costs for children and pregnant women[3]. By statute, the Department performs the following functions:

- Establishes the schedule of benefits, rules and cost-sharing structures, and submission to the Medical Services Board for approval;
- Manages administrative and health-related service contractors;
- Conducts program evaluation and development;
- Coordinates with other public and private health care delivery and financing programs; and
- Assures compliance with all related federal and state laws and regulations.

PRIVATE SECTOR PARTNERSHIPS

Eligibility and Member Services

Currently, the Department contracts with Affiliated Computer Services (ACS) to provide eligibility, enrollment, and member services. The contract term runs from August 1, 2003 through June 30, 2008, and will be re-bid during SFY 2008. ACS fulfills the following contractual obligations:

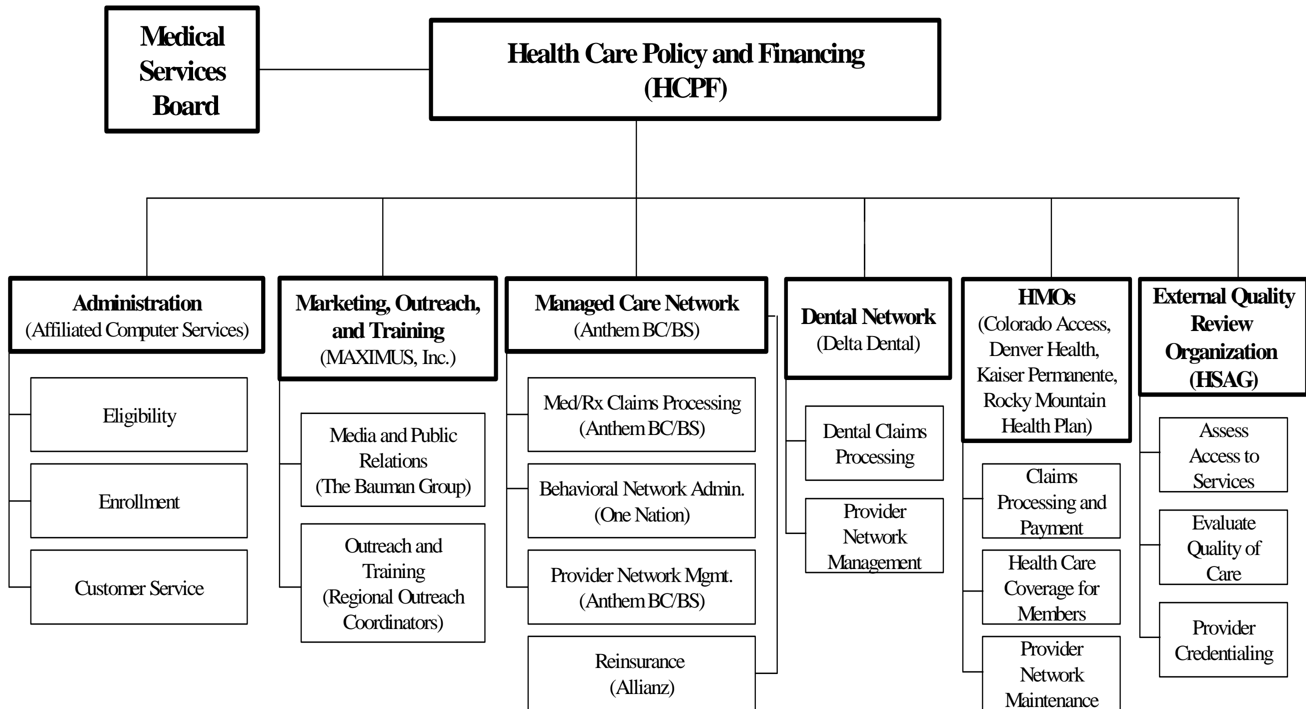
- Eligibility and enrollment, including the processing of mail-in applications;
- Coordination of CHP+ appeals;
- Statewide customer service, including application assistance, information, and problem resolution for CHP+ plan members and agencies; and
- Family enrollment fee administration.

Marketing

A cornerstone of the CHP+ enrollment strategy is marketing and community outreach. Funding from the Health Care Expansion Fund was approved for program marketing and outreach in order to continue building and maintaining community partnerships.

[3] For more information on funding sources, please refer to the report section entitled, "The Costs of Covering Children."

Figure 2: SFY 2007 CHP+ Administrative Structure



On January 19, 2006, a contract was signed between the Department of Health Care Policy and Financing and MAXIMUS, Inc. Currently, the $1,300,000 contract includes marketing, outreach, and training with the objectives of increasing awareness of the CHP+ program and application submission.

Additionally, the scope of work under the MAXIMUS contract includes advertising, media relations, outreach, training and the development of marketing materials. Television, radio, and print advertising were developed in SFY 2007 with the campaign theme "Keeping Colorado kids healthy throughout the seasons". Advertisements were evaluated by conducting focus groups and messages were revised based on client feedback. All marketing materials are developed in both English and Spanish and are reviewed by the MAXIMUS Center for Health Literacy and Communications Technology, who specializes in research and development of materials for the populations served by the CHP+ program.

The ultimate goal of the marketing and outreach strategy is to increase CHP+ program enrollment and to promote statewide program awareness. Based on U.S. Census Bureau data and the number of impressions from each advertising outlet, the CHP+ target market, specifically families and single mothers with children 18 years of age and younger, saw a CHP+ advertisement approximately five times.

Community Outreach
The foundation of the marketing and outreach campaign is the existence of seven Regional Outreach Coordinators stationed throughout the State. They act as liaisons between communities and the Department. Over half of the coordinators are bilingual in Spanish and provide training and presentations in Spanish. It was estimated that well over 75,000 community members attended one of the community events, training presentations or meetings at which the regional outreach coordinators promoted CHP+. There are coordinators in all regions of the State. These include:

- Denver Metro;
- Northwest;
- North Central;
- Northeast;
- Southeast; and
- Southwest.

In SFY 2007, the Regional Outreach Coordinators outreached to community health centers, school districts, faith based organizations, counties, Head Start programs, and child care centers. The coordinators provided training to professionals who help families with the application, families and counties and participated in community events.

HEALTH CARE DELIVERY SYSTEMS

State Managed Care Network
The Department contracts directly with health care providers to offer coverage during pre-Health Maintenance Organization (HMO) enrollment and in counties where health maintenance organizations are unable to offer coverage. This network of providers is referred to as the State Managed Care Network and is comprised of over 4,917 providers including:

- 2,408 primary care physicians;
- 2,441 specialists;
- 56 hospitals; and
- 12 clinics.

The Department contracts with Anthem Blue Cross and Blue Shield (Anthem BC/BS) for administrative services to manage the State Managed Care Network. Anthem BC/BS is responsible for claims administration, utilization review, pharmacy benefits, case management, behavioral health benefits, provider relations, training, contracting support, and customer service.

CHP+ enrollees may access benefits and services immediately upon program eligibility determination in every county of the state. Once the enrollee is determined eligible for the CHP+ program, they are placed in the "pre-HMO enrollment period" as of their application date, in which Anthem BC/BS is the administrator. The pre-HMO enrollment period ensures that each CHP+ enrollee has continuity of care and access to services as soon as possible. Each family upon enrollment, depending on the county they live in, is given a choice of an HMO to select from. Once the pre-HMO enrollment period has ended (usually up to 60 days), the enrollee is placed on the HMO that was selected during the application process. Pregnant women may access services immediately by enrolling in presumptive eligibility (PE). Anthem BC/BS also administers the PE plan for both CHP+ and Medicaid.

Health Maintenance Organizations
The Department currently contracts with four HMOs. These HMOs are under full risk contracts with the Department. Within 39 Colorado counties, enrollees receive health care services through one or more of the following HMOs: Colorado Access, Denver Health Medical Plan, Kaiser Permanente, and Rocky Mountain Health

Plan. Once combined, the HMOs listed serve 29.7% of the counties around the state. Additionally, the State Managed Care Network combined with Colorado Access provides services to 31.3% or 25 of the remaining counties in the state. The State Managed Care Network alone serves 39.1% of the counties in Colorado.

Dental Services

CHP+ dental benefits are administered by Colorado Dental Service, Inc. doing business as Delta Dental Plan of Colorado. During the later half of SFY 2007, Delta Dental re-won the bid to provide dental services for CHP+ enrollees. CHP+ provides comprehensive dental benefits, including preventive care, oral surgery, and endodontics, with a $600 per child per year limit. Dental Care services have a co-insurance payment ranging from $0.00 to $5.00. Delta Dental provides CHP+ members with a statewide network of over 1,057 dentists. In SFY 2007, Delta Dental served an average of 3,183 clients per month.

"I've had my son on the program for several years and it's really helped me as a single parent."–CHP+ Dad

HEALTH CARE SERVICES: QUALITY, UTILIZATION, AND EVALUATION

Program Development

The Department currently provides care for pregnant women through the Adult Prenatal Coverage Waiver. In early 2006, the Department worked with the Centers for Medicare and Medicaid Services (CMS) to renew the waiver that was set to expire in October 2006. As part of the waiver renewal process, the General Assembly authorized the premium assistance program developed by the Department through S.B. 07-186 (Sandoval & Frangas) that will increase the number of Coloradoans in the program, specifically children, with access to health insurance and health care.

The premium assistance program provides financial assistance to families with CHP+ eligible children who enroll in their employer's insurance plan. In order for an employer's health plan to qualify, the plan would be required to cover inpatient hospital services, immunizations, well-baby and well-child care, and emergency care. The premium assistance project has been supported by the Federal Health Resources and Services Administration and Rose Community Foundation.

Quality Evaluation

The Department contracts with the Health Services Advisory Group, Inc. (HSAG) as an external quality review organization. HSAG assists the Department of Health Care Policy and Financing's quality assurance activities by:

- Credentialing providers;
- Collecting Health Employer Data Information Set (HEDIS) measures. HEDIS is a standardized measure of health care outcomes; and
- Reviewing access to service.

The Department's 2006 quality measures were calculated by Health Services Advisory Group, Inc. using 2005 data. The final report was published in November 2006. The following measures were calculated:

- Well-child visits in the first 15 months of life;
- Well-child visits in the third, fourth, fifth, and sixth years of life;
- Adolescent well-care visits;
- Use of appropriate medications for people with asthma;
- Children's and adolescents' access to primary care practitioners;
- Appropriate treatment for children with upper respiratory infections; and
- Appropriate testing for children with pharyngitis.

The CHP+ program surpassed the Medicaid 2005 national average for several measures. Most notable is the program's performance in the area of asthma treatment. The weighted average for all indicators within the Use of Appropriate Medications for People with Asthma measure exceeded the national Medicaid 2005 90th percentile. Exceptional performance was demonstrated in the Appropriate Treatment for Children with Upper Respiratory Infections measure. Strong performance was also observed for the three upper age groups within the Children's and Adolescents Access to Primary Care Practitioners.

CHP+ has established a framework for the measurement of performance data. The objectives for 2006 measurement data included:

- Keeping the measure set relatively stable;
- Requiring a HEDIS Compliance Audit;
- Establishing a baseline level of performance; and
- Reviewing the results for reasonability and accuracy.

Additionally, CHP+ will be implementing new quality standards in SFY 2008.

PROGRAM COSTS

The General Assembly appropriated and directed monies in SFY 2007 to the CHP+ Trust Fund through H.B. 06-1385, S.B. 07-163, and S.B. 07-239. Spending authority of $102,130,113 was approved for program costs of which $65,697,210 was Federal Funds and $36,432,903 was Cash Funds Exempt from the CHP+ Trust Fund. With the passage of H.B. 05-1262, the Health Care Expansion Fund created additional monies to fund $8,953,740 in medical program costs, $280,418 in dental program costs, and $518,545 in administrative costs. Under Title XXI, CHP+ receives an enhanced federal matching rate of 65%. Additionally, the Tobacco Litigation Settlement Cash Fund in the amount of $19,214,822 was transferred to the CHP+ Trust Fund.

Benefit Costs

For SFY 2006, the Department received spending authority for $96,595,405 to fund the cost and delivery of medical and dental benefits covered under CHP+, which reflects an average per member per month cost of $106.29 for medical care costs, and $13.30 per member per month to fund dental care costs for an average monthly enrollment of 52,854 children. The approved spending authority also reflects a projected per member per

month cost of $1,045.44 and 1,407 adult prenatal clients per month. Additionally, the actuarially developed prenatal rate assumes approximately 1,196 births reimbursed at $4,648 per birth.

Administrative Costs

The Department received an appropriation of $5,534,708 to fund contracted administrative functions for CHP+. Administrative functions include eligibility, enrollment, member services, family premium administration, and community outreach. This appropriation also included funds for necessary professional services for auditing, actuarial, and program evaluation services.

Furthermore, State law requires that CHP+ administrative expenditures to be below 10% of total program costs under Title XXI of the Social Security Administration, Sec. 2105. [42 U.S.C. 1397ee] (c)(2)(A). Since CHP+ is required to screen every applicant for Medicaid eligibility, Medicaid pays for a substantial amount of CHP+ administrative costs. After this adjustment, CHP+ spent under 10% of its funds on administrative services as referenced in *Table 3*.

Table 3: SFY 2007 CHP+ Funds Expended

	Funds expended[4]
Medical	$ 89,657,433
Dental	$ 6,834,843
Administration	$ 5,507,031

2007 Legislative Session Update

During the 2007 Colorado State Legislative Session, a number of bills were signed into law which will impact the CHP+ program. The following bills have a significant impact:

- H.B. 07-1301 (Buescher, Primavera, & Williams) establishes the Cervical Cancer Immunization Program to immunize women and girls against cervical cancer and creates the Cervical Cancer Immunization Awareness Campaign Fund to allow the Department of Public Health and Environment to conduct a public awareness campaign on the benefits of receiving the cervical cancer immunization. The cervical cancer vaccine will be added as an optional Medicaid service for girls under 20 years of age and will be added to the CHP+ benefits package for girls ages 11 to 18 as of January 1, 2008;
- S.B. 07-004 (Shaffer & Todd) was created to develop and implement a coordinated system of payment for developmentally disabled children or children with conditions that may result in developmental delays in coordination with the Department of Human Services. Currently, benefits are provided for 20 outpatient visits for each physical, speech, and occupational therapies up to the member's 5th birthday. Additionally, coverage is limited to 30 visits per diagnosis per year for outpatient coverage. The purpose of this legislation is to remove the CHP+ program's 20 session cap on physical, occupational, and speech therapies to be in line with Part C of the federal "Individuals with Disabilities Act", 20 U.S.C. Sec. 1400 et seq. impacting services delivered and health care policies issued on or after November 1, 2007. Historically, Colorado has provided these services through private, non-profit organizations responsible for coordinating developmentally disabled client intake, eligibility determination, service plan

[4] Funds Expended are reported as of August 2007.

development, arrangement of services, delivery of services, and monitoring services;

- S.B. 07-036 (Keller & Stafford) requires group health insurance policies to provide unlimited coverage for certain mental disorders, defined as post traumatic stress disorder, drug and alcohol disorders, dysthymia, cyclothymia, social phobia, agoraphobia with panic disorder, general anxiety disorder, anorexia nervosa, and bulimia nervosa as medically necessary. These disorders will be treated on an outpatient, day treatment, and inpatient basis exclusive of residential treatment as of January 1, 2008;
- S.B. 07-097 (Fitz-Gerald & Madden) reallocates 21% of the tobacco settlement money received by the State pursuant to the Tobacco Master Settlement Agreement which is currently credited to the General Fund and the Tobacco Litigation Settlement Trust Fund to new and existing programs. The bill also expands CHP+ eligibility for both children and pregnant women from 200% FPL to 205% FPL beginning March 1, 2008.
- S.B. 07-133 (Tapia & Buescher) requires the Department to use a cash system of accounting for the Old Age Pension (OAP) Health and Medical Care Programs, the CHP+ program, and clawback provisions of the federal Medicare Modernization Act (MMA) drug plan effective July 1, 2007. As such, the CHP+ program will recognize payments and costs according to date of payment rather than when the service was incurred, and will no longer book an accounts payable for activity occurring in the prior fiscal year that will be paid in the new fiscal year such as retroactive enrollment/capitation processing; and
- S.B. 07-211 (Hagedorn & McGihon) establishes the 15-member Covering All Children in Colorado Advisory Committee in Colorado to develop a plan to provide health coverage for all low-income children by 2010. The committee will be responsible for recommending legislative changes to increase enrollment in both CHP+ and Medicaid. Beginning January 1, 2008, children whose family income does not exceed the applicable income level for CHP+ and Medicaid are *presumptively eligible* for coverage up to 60 days for the programs. The bill also excludes pregnant women and individuals over 18 and under 19 who remain eligible for medical assistance from having to prove lawful presence in the United States.

CONCLUSION

Changes and events in the CHP+ program that occurred in SFY 2007 will continue to affect CHP+ in SFY 2008. In early 2006, the Department worked with the Centers for Medicare and Medicaid Services (CMS) to renew the Adult Prenatal Coverage waiver that was set to expire in October 2006. Through the approval of the General Assembly, the Department has developed a premium assistance program that is expected to increase the number of Coloradoans in the program, specifically children with access to health insurance and health care during SFY 2008.

The Department will continue to focus on improving access to and enrollment in employer-sponsored health insurance, developing a partnership between

employers, health insurers, and the State to maximize public and private resources, and designing and implementing efficient and effective solutions.

SFY 2008 will continue to be an exciting year as the quality review, administrative services, and eligibility and enrollment contracts that are currently held by Health Services Advisory Group (HSAG), Anthem Blue Cross and Blue Shield, and Affiliated Computer Services (ACS) respectively will be re-bid in accordance with state procurement law. Per contractual requirements, HSAG, Anthem, and ACS will prepare a plan for the orderly transfer of the contract to their successor contractor as applicable. The Department ensures a seamless transition, without interruption of services to its members.

"I am very thankful and grateful for the CHP+ program and wouldn't know what to do without it. The program has really helped me out." –CHP+ Mom

The State Children's Health Insurance Program's current period of authorization is scheduled to end on September 30, 2007. As reauthorization is discussed, policymakers at both the state and Federal levels have begun to focus on areas of concern within the program and to identify recommendations for reform.

During the 2006 Colorado State Legislative Session, S.B. 06-208 was passed which established the Colorado Blue Ribbon Commission for Health Care reform. The Commission is charged with studying health care reform models to expand coverage for the underinsured and uninsured, and will focus efforts on decreasing health insurance costs for Colorado residents which will be presented to the Colorado Legislature in January 2008. Much of the discussion has focused not only on how to enroll eligible children and families in Medicaid and CHP+, but also how to retain these families in the public health insurance programs. The results of the Commission will help to advance Governor Bill Ritter's "Colorado Promise". The Department looks forward to working with its public and private partners to develop strategies that will address Governor Bill Ritter's "Colorado Promise", which strives to insure all Coloradoans by the year 2010. These strategies include available and accessible health insurance to all Coloradoans, health care for the 180,000 uninsured children, affordable and cost-effective health care for children and their families, and quality health care provided to children and families regardless of geography. As a result of these important initiatives, CHP+ enrollment is expected to increase during SFY 2008 ensuring that more eligible children will benefit from the program.

As it has in the past, the Department will continue to strive toward improving the health care and delivery systems for income-eligible Medicaid and CHP+ members by building on the State's public/private partnership with a dedication that has proven to be such a positive influence on the lives of so many Colorado families.

GLOSSARY

Appropriation
A legislative spending authority for a specific purpose, as contained in the Long Bill and special bills.

Cash Funds Exempt
Revenues that are exempt from the 'Taxpayers' Bill of Rights' (TABOR) limitation such as donations, collections from a previous year, or revenues transferred from another agency.

Clawback Provision
Funding mechanism of the Medicare Modernization Act of 2003 (MMA) designed to pay for the Medicare Part D Prescription Drug Benefit.

Colorado Benefits Management System
Comprehensive computer system used to collect data and determine eligibility for multiple public assistance programs in Colorado.

Cost-Sharing Structures
Financial arrangements made between health plans and clients to offset benefit costs. For example, certain income levels have specified co-payment requirements as well as annual enrollment fees.

Enrollment Contractor
The vendor responsible for enrollment, eligibility, and member services for the Child Health Plan *Plus* program.

Federal Fiscal Year 2007 (FFY 2007)
Federal fiscal year from October 1, 2006 thru September 30, 2007.

Federal Funds
Matching revenues from the federal government based on a percentage of state expenditures.

Federal Poverty Level (FPL)
The minimum income level a family needs for basic necessities reported annually and is determined by the United States Department of Health and Human Services in the form of poverty guidelines.

Full-Risk Contracts
Providers agree to render care for a specified population for an agreed upon per member per month (PMPM) payment.

Health Care Expansion Cash Fund
Cash Fund created by H.B. 05-1262 to fund eligible clients between 186% and 200% FPL, to provide funding support for enrollment above the SFY 2003-04 level, removes the Medicaid asset test, and expands eligibility in Medicaid for the guardians of Medicaid and CHP+ eligible children.

Health Insurance Flexibility and Accountability (HIFA) Waiver
Federal Section 1115 waiver that allows states to apply for authority to authorize experimental, pilot, or demonstration project(s) in an effort to assist in promoting the objectives of the Medicaid statute.

Pharyngitis
Inflammation of the pharynx and is a HEDIS measure used to help the Child Health Plan *Plus* program understand the pattern of antibiotic utilization.

Presumptive Eligibility
A policy that allows certain providers to make temporary eligibility determinations on behalf of the state so that limited or full health care benefits can be made

available to certain applicants before the standard eligibility process is completed.

State Fiscal Year 2006 (SFY 2006)
State of Colorado fiscal year from July 1, 2005 thru June 30, 2006.

State Fiscal Year 2007 (SFY 2007)
State of Colorado fiscal year from July 1, 2006 thru June 30, 2007.

State Fiscal Year 2008 (SFY 2008)
State of Colorado fiscal year from July 1, 2007 thru June 30, 2008.

Title XXI
Federal authorizing legislation for the State Children's Health Insurance Program (S-CHIP).

Tobacco Litigation Settlement Cash Fund
Fund created by S.B. 99-231 to provide a permanent source of tobacco litigation settlement monies and authorizing monies held in escrow for the State used in connection with the Master Tobacco Settlement Agreement.

Weighted Average
A statistical method of computing an arithmetic mean of a set of numbers in which some elements of the set carry more importance than others. This is used in the HEDIS measures as a way to accurately reflect the number of clients in each health plan.

APPENDIX A: ELIGIBLE AND ENROLLED METHODOLOGY

The Department of Health Care Policy and Financing, Child Health Plan Plus (CHP+) has worked to identify the number of uninsured, eligible children in the State of Colorado since the program's inception in 1997. This process has been difficult as a result of the lack of accurate Current Population Survey (CPS) data from the U.S. Census Bureau to make reasonably accurate estimates of the uninsured. The purpose of this memo is twofold. First, CHP+ SFY 2007 enrollment, the number of estimated uninsured children at or below 200% of the federal poverty level, and the number of estimated eligible children is reported. Second, the estimates are supported with the appropriate methodology and analyses.

CHP+ Enrollment, Estimated Uninsured, and Estimated Eligible

The Department ran an analysis of children under 200% FPL, but not Medicaid eligible. This analysis provided an estimate of 49,931 uninsured CHP+ eligible children in SFY 2007. Adding those already enrolled in SFY 2007 to the uninsured children, 52,199, results in a total eligible estimate of 102,130 displayed in *Table 4*.

Table 4: CHP+ Enrollment, Estimated Uninsured, and Estimated Eligibles

SFY 2007 CHP+ Enrollment	*SFY 2007 Estimated Uninsured*	*SFY 2007 Estimated Eligibles*
52,199	49,931	102,130

SFY 2007 estimated eligible population was 102,130 children in the CHP+ program, including already enrolled children. Using the Current Population Survey of the Census Bureau, this estimate included children at or below 200% of the federal poverty level, but not Medicaid eligible. In November 2004, the Colorado voters approved Amendment 35 which raised the tax on tobacco products in order to increase revenues for health care programs. As a result of Amendment 35's passage, revenues are required to be used to fund the CHP+ enrollment program above the SFY 2003-04 levels. During the 2005 Legislative Session, the General Assembly passed H.B. 05-1262 which enacted Amendment 35's provisions. This includes expanded eligibility for both children and pregnant women up to 200% of the federal poverty level.

Methodology and Analyses

The U.S. Census Bureau has made an effort to improve the accuracy of the CPS survey through revised estimates in March 2007. The U.S. Census Bureau issued revised figures on health insurance coverage which showed that more Americans had health insurance coverage than previously reported. The revised estimates show that, in 2005, 44.8 million people, 15.3 percent of the population, were without health insurance — approximately 1.8 million fewer than the Census Bureau reported in August 2006. Furthermore, the Census Bureau discovered the need for a revision during a conversion to a more accurate operating system for the CPS. In a small percentage of cases, some residents in a household were tabulated as "not covered" by insurance when they had in fact reported coverage. Additionally, the CPS 2003-2005 includes the 2000 population estimates. It is important to note that CPS estimates are reported in a three-year average and must be interpreted with caution. With improved accuracy, the CPS data was utilized to provide an appropriate analysis.

In 2006, the Department developed an appropriate methodology to forecast the number of uninsured CHP+ eligibles using a

three-part methodology. First, a regression enrollment analysis was employed with the following independent variables projected by the Office of State Planning and Budgeting and the Colorado State Demographers Office: Colorado's unemployment rate, per capita income, and Colorado's population of children under 19 years of age. After a review of the results, the regression was weakened by both autocorrelation (the error terms are correlated for these regression equations) and few historical data points. Using a similar methodology and employing the Seemingly Unrelated Regression (SUR) approach to remove the autocorrelation among the error terms, the Department attempted the same regression equation methodology with the 2003-2005 CPS Survey data. Because the unemployment rate, population under 19, and the per capita income rate projections were relatively stable, this regression analysis suggests a reliable methodology for projecting CHP+ eligibles.

As a validation method, a third methodology was employed using county estimates[5]. The "jackknife"[6] approach was used to determine how well a particular equation will perform in estimating the uninsurance rate for each county. The technique removes the first data point (county), recalculates the stepwise regression for the remaining counties, and then uses the resulting equation to estimate the percentage of uninsured for the county that was left out. For each county, this process was repeated and an estimate was obtained for each county in the data set. If the "jackknife" approach was close to the true values, it would suggest that the original equation could be used to predict for other counties in Colorado. As a result, each county can be estimated using this technique in order to estimate the number of eligibles in each county

In addition to these methods and in order to verify that this method yields appropriate results, the Department collected county-wide population estimates from the Colorado State Demographer's Office for children under 19 years of age for each county. This estimate was then multiplied by county uninsurance rates from the Colorado Health Institute and the Kaiser Family Foundation to obtain actual and estimated uninsurance rates for each county with the assumption that the counties with the highest uninsurance rates will have the highest number of uninsured children. This was then summed across counties to obtain a total for the state-wide eligible projection which was close to the regression analysis above.

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[5] Diehr, Paula. 1991. "Estimating County Percentages of People Without Health Insurance". *Inquiry* 28: 413-419.
[6] Mosteller, F., and J. Tukey. 1977. Data Analysis and Regression: A Second Course in Statistics. Reading, MA: Addison-Wesley Publishing Co.