



**Joint Budget Committee**

**Figure Setting for Department of Health Care Policy and Financing (HCPF)**

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The JBC staff HCPF provided figure setting recommendations on the Department's budget request. The written briefing document provided by JBC staff along with an additional staff memo are available [here](#). This report from Frontline Public Affairs provides a summary of keys issued discussed and decisions made by the committee. The decisions are expected to be in the proposed budget, or Long Bill, which is scheduled to be introduced in late March. However, until the JBC finishes figure setting for all of the departments and votes to "close the budget", any of these decisions could be revisited if needed to balance the budget. *The HCPF budget proposals for Behavioral Health and the Office of Community Living are covered on a separate day and thus not summarized in this report.*

**Department Budget Requests from 11/1/15** (some numbers do not exist in the proposed budget and not all requests are covered in this report):

*R1-R5 and R12* are related to caseload and per capita costs for the Medicaid and CHP+ programs. A motion passed to approve staff recommendation for the FY17-18 costs, including changes to federal match and caseload.

*R6 Delivery System and Payment Reform (pages 9-20)*

JBC staff member Eric Kurtz and the members spent a significant amount of time on this topic. He noted that the Department would argue the Accountable Care Collaborative (ACC) is exactly what needs to be done if federal funding for Medicaid were to decline since the ACC makes the delivery system more efficient with better health outcomes and lower costs.

The R6 budget request includes the following key components:

- Performance based payments for FQHCs, behavioral health, and primary care providers, along with continuation of the primary care bump in FY17-18
- Accountable Care Collaborative Phase II, including administrative staff, mandatory enrollment, \$1 increase in PMPM, and integration of physical and behavioral health into one contractor (RAE)
- Vaccine stock rates changes
- Offsetting rate changes

JBC staff recommends the requested funding in FY17-18, but recommends that the JBC sponsor legislation to authorize the expenditures that begin in FY18-19 for performance payments and the Accountable Care Collaborative Phase II.

Specifically, staff recommends \$18.8 million General Fund to continue the primary care rate bump at the level funded in HB16-1408 from tobacco settlement funds. He does note that this General Fund amount could be excluded from the budget if needed to balance the budget, as there is no federal or state requirement for it. JBC members wondered if there was any updated data on the impact of the primary care rate bump and staff agreed to ask HCPF. This recommendation was approved unanimously.

The staff also recommended the changes to vaccine stock requested by HCPF, allowing an annual update in reimbursement rates for vaccines to the retail rates published by the Centers for Disease Control (CDC). This recommendation was approved unanimously.

For the recommended legislation, the JBC staff indicates that statutory authority is not needed for HCPF to implement ACC Phase II. But, his analysis shows very limited mention in the statute of the ACC and the resulting lack of understanding by legislators, as well as their inability to be involved in this major shift in the Medicaid program. The purpose of the proposed bill would be to codify the ACC Phase II and the performance payment reforms through legislation. The purpose is not to delay or change the ACC Phase II, but rather to authorize it. See pages 15-20 for more details.

The JBC members unanimously approved a motion to *draft* a JBC bill based on the staff recommendations. Rep. Young indicated he already has a bill title and a drafter, but would like to see if the JBC can agree on one bill. He may carry it separately if all six JBC members do not agree to a JBC bill. Reps. Rankin and Young expressed support for adding language about monitoring federal changes. Senator Lambert sees advantages to putting this in legislation as a way to establish a legislative role in ACC. All members agreed it was an opportunity to get other legislators up to speed on the ACC. It is important to note that the motion was to draft legislation; a subsequent motion would need to pass on a vote of 6-0 for the bill to be introduced as a JBC sponsored bill.

#### *R7 Oversight of State Resources (pages 20-28)*

JBC members approved staff recommendations to fund the Department's R7 request (with slight modifications) for a total of \$543,526 total funds and an associated decrease of \$1.8 million GF. The included items are noted below:

- Electronic verification of assets for aged, blind, and disabled applicants for Medicaid as required by federal regulation
- A study of Consumer Directed Attendant Support Services (CDASS) and In-Home Support Services (IHSS)
- New Audit Database – this item was NOT recommended and NOT approved
- Project Management staff to help HCPF manage large, multi-year projects
- Audits of Community Mental Health Centers' cost reports
- Six new investigators of fraud and abuse
- Four new staff to better coordinate health services for Native Americans
- One additional staff to help administer the Hospital Provider Fee model

- Increasing reimbursement for office-administered drugs, per the recommendations of the Medicaid Provider Rate Review Advisory Committee.

#### *R8 MMIS Operations (pages 30-32)*

The JBC approved the staff recommendation for the Department's request to changes in the multi-year procurement of the Medicaid Management Information System (MMIS).

#### *R11 Vendor Transitions (pages 28-29)*

The JBC approved staff recommendations for one-time funding to allow overlap between ongoing and incoming vendors to minimize service disruptions. This would include ACC vendors, the enrollment broker, and the Medicaid managed care ombudsman.

#### *R12 Local Public Health Agency Partnerships (page 34)*

This item was tabled during the CDPHE Figure Setting hearing, and thus was also tabled here until the JBC staff comebacks later in March.

#### *R13 Quality of Care and Performance Improvement Projects (pages 34-35)*

The JBC approved the staff recommendation for R13 to provide funding to conduct member satisfaction surveys aimed at improving quality care, and to validate performance improvement projects by managed care organizations.

### **Budget Amendments from 1/15/16:**

#### *BA13 Connect for Health Colorado Federal Match Continuation (page 36)*

The Department requested ongoing funds to reimburse Connect for Health Colorado (C4HCO) for activities related to determining eligibility for Medicaid and CHP+. Despite the JBC's decision to approve this item in the FY16-17 supplemental budget and a staff recommendation to approve BA13, the JBC members decided to table this item. They expressed concern and requested more information about C4HCO's treatment of self-employed applicants, hearing that such applicants are inappropriately enrolled in Medicaid and are unable to leave that program despite income and resources that should disqualify them for Medicaid. Senators Lambert and Lundberg and Representative Rankin did not want to move this item forward without additional information.

#### *BA14 Public School Health Services*

The annual request to adjust the Medicaid Public School Health Services line item for caseload and participating school districts passed by a vote of 5-1 with Senator Lundberg voting against the item. No discussion occurred. Through this program, school districts and BOCES are allowed to identify their expenses in support of Medicaid eligible children with an Individual Education Plan (IEP) or Individualized Family Services Plan (IFSP) and claim Medicaid matching funds for these costs. The federal matching funds may be used to offset their cost of providing services, or to

expand services for low-income or other under- or uninsured children and to improve coordination of care between school districts and health providers.

**Other Items:**

*Transitional Medicaid System Error (pages 60-61 and staff memo pages 1-3)*

HCPF submitted a letter to the JBC asking them to set aside funds for a possible \$25 million repayment to the federal government due to a system error that erroneously categorized some services as eligible for the enhanced federal match rate that applies to expansion populations when those services should have been categorized as eligible for the standard 50% federal match rate. After discussion, the JBC decided not to set aside the funds, opting instead to use the General Fund reserve if the repayment to the federal government is required.

*Children's Basic Health Plan (or CHP+) Contingency Planning (staff memo pages 3-5)*

HCPF did not submit a request, but did identify the possibility that federal funding for CHP+ could run out during FY17-18 if Congress fails to continue funding. The memo outlines a few different possible scenarios that Colorado could choose from if the funding were to end. After review of the possible options, the JBC decided to monitor this issue for now, requesting their staff to bring any changes to them and provide an update before the end of the 2017 session in case a bill is needed before May 10.

*CU School of Medicine Supplemental Payment (staff memo pages 6-8)*

The JBC members decided to table this request to approve a transfer of funding from CU and a federal match to those funds. The resulting total is proposed to be used to enhance Medicaid reimbursement rates for physicians who are faculty at the School of Medicine and provide clinical care at UCHCS and Children's Hospital. The funds would also cover administrative costs at HCPF and 3 additional family residency training placements. The JBC staff recommended the members deny this request, indicating the payments would provide a significant financial advantage to CU School of Medicine physicians compared to other Medicaid providers. JBC members wanted to learn more from HCPF and CU before making a decision.

*Maternal Depression Screening (no page number as no request or recommendation)*

Senator Moreno made a motion that passed unanimously for \$45,000 in General Funds and associated federal match to authorize postpartum maternal depression screenings of more than one in the first year after birth. Currently, only one depression screening is provided and advocates have argued that some women need additional screenings in that first year.

*Restrict Hospital Provider Fee Revenue (pages 66-71 and 146-161)*

The proposal in the Governor's budget to reduce HPF revenue was tabled. Rep. Rankin expressed his opposition to the proposal, calling it a hospital tax and noting the end pages outlining the funding cut by hospital if it is approved. Little discussion ensued, but the pages in the document provide excellent information on this topic. It will be revisited as they work to balance the budget before introduction of the Long Bill.