

Schedule 13

Department of Health Care Policy and Financing

Funding Request for The FY 2021-22 Budget Cycle

Request Title

R-12 ARRA-HITECH Funding Transition

Dept. Approval By: 

Supplemental FY 2020-21

OSPB Approval By: 

Budget Amendment FY 2021-22

X

Change Request FY 2021-22

Summary Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total		\$80,830,771	\$0	\$83,832,069	\$0	\$0
FTE		0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$11,619,323	\$0	\$12,406,463	\$0	\$0
	CF	\$6,312,421	\$0	\$6,757,984	\$0	\$0
	RF	\$12,204	\$0	\$12,204	\$0	\$0
	FF	\$62,886,823	\$0	\$64,655,418	\$0	\$0

Line Item Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total		\$73,227,142	\$0	\$76,228,440	\$6,653,490	\$6,653,490
01. Executive Director's Office, (C) Information Technology Contracts and Projects, (1)	FTE	0.0	0.0	0.0	0.0	0.0
Information Technology Contracts and Projects - MMIS Maintenance and Projects	GF	\$9,703,222	\$0	\$10,490,362	\$1,441,032	\$1,441,032
	CF	\$6,312,421	\$0	\$6,757,984	\$0	\$0
	RF	\$12,204	\$0	\$12,204	\$0	\$0
	FF	\$57,199,295	\$0	\$58,967,890	\$5,212,458	\$5,212,458

Total		\$7,603,629	\$0	\$7,603,629	(\$6,653,490)	(\$6,653,490)
01. Executive Director's Office, (C) Information Technology Contracts and Projects, (1)	FTE	0.0	0.0	0.0	0.0	0.0
Information Technology Contracts and Projects - Health Information Exchange Maintenance and Projects	GF	\$1,916,101	\$0	\$1,916,101	(\$1,441,032)	(\$1,441,032)
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$5,687,528	\$0	\$5,687,528	(\$5,212,458)	(\$5,212,458)

Line Item Information	FY 2020-21		FY 2021-22		FY 2022-23
	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request
Auxiliary Data					
Requires Legislation?	NO				
Type of Request?	Department of Health Care Policy and Financing Prioritized Request		Interagency Approval or Related Schedule 13s:	No Other Agency Impact	



Department Priority: R-12
Request Detail: ARRA-HITECH Funding Transition

Summary of Funding Change for FY 2021-22				
	Totals		Incremental Change	
	FY 2020-21 Appropriation	FY 2021-22 Base	FY 2021-22 Request	FY 2022-23 Request
Total Funds	\$80,830,771	\$83,832,069	\$0	\$0
FTE	0.0	0.0	0.0	0.0
General Fund	\$11,619,323	\$12,406,463	\$0	\$0
Cash Funds	\$6,312,421	\$6,757,984	\$0	\$0
Reappropriated Funds	\$12,204	\$12,204	\$0	\$0
Federal Funds	\$62,886,823	\$64,655,418	\$0	\$0

Summary of Request:

The Department requests to refinance funding appropriated to the Health Information Exchange Maintenance and Projects line item due to the impending expiration of federal matching funds authorized under the federal Health Information Technology for Economic and Clinical Health Act, which was part of the American Recovery and Reinvestment Act of 2009 (ARRA-HITECH). The request is budget neutral and serves as a technical request to properly align funding with an alternate federal funding mechanism for existing activities. The request would move \$6,653,490 total funds from the Health Information Exchange Maintenance and Projects line item to the Medicaid Management Information System Maintenance and Projects line item. With approval of this request, the Department would continue to build on the infrastructure funded through HITECH, while advancing the flow and availability of health care data and connecting additional provider to the health information exchanges. Additionally, the request would streamline the Department’s management of IT related budget items by eliminating the unnecessary appropriation and moving the funding to a more appropriate line item.

The Department believes this request aligns with Step 2 on the evidence continuum, as the Department collects data on program outputs, such as the number of providers impacted by the program and the types of technology enhancements provided.



Current Program:

The passage of ARRA-HITECH created a distribution method for federal funds to incentivize eligible providers for the adoption and meaningful use of Certified Electronic Health Record Technology. ARRA-HITECH provided 100% federal funding to make incentive payments to providers, while also providing states with 90% federal funding to develop and manage the infrastructure needed to make EHR information widely accessible for improved care delivery, coordination and health outcomes data collection.

Through HITECH funding, the Department has overseen the connection of over 300 clinics and 90 hospitals EHRs to Colorado's Health Information Exchange (HIE) organizations - Colorado Regional Health Information Organization (CORHIO) and Quality Health Network (QHN) on the western slope - which cover over 6,300 providers and over 6.5 million patients (including out-of-state visitors).

The Department invests in HIE infrastructure that allows Medicaid providers and hospitals to securely connect their individual electronic health record (EHR) systems with other systems through a health information exchange (HIE) network. This allows for member data stored in the provider's EHR to be quickly retrieved and shared with other health care providers within the HIE network when appropriate. It enables health plans serving Medicaid to enhance their care coordination efforts, improve member experiences, make better-informed care decisions, and identify new opportunities for preventative care.

All federal funding related to the HITECH programs received approval through the HITECH division within the Centers for Medicare and Medicaid Services (CMS). Therefore, the Department must submit and maintain a HITECH Advanced Planning Document (APD) to secure the enhanced federal match. The Department has a specific Long Bill line item to track funding related to ARRA-HITECH and all approved funds flow through that appropriation.

Problem or Opportunity:

The ARRA-HITECH funding was authorized temporarily and enhanced federal funding is set to expire on September 30, 2021. As a result, the Department will no longer receive ARRA-HITECH funding to support and sustain the state's Health Information Exchange (HIE) infrastructure. Without this source of federal funding, the Department needs to find an alternative financing mechanism to continue to connect new providers and support current providers and their connections to the HIEs. Per CMS guidance, state Medicaid programs nationally are required to demonstrate sustainable, re-useable HIE solutions to be eligible for Medicaid Enterprise Systems (MES) funding¹. States may leverage the Medicaid Enterprise System and further develop software or services created under the HITECH Act to support other business processes in, or connected to, the Medicaid Enterprise.

¹ <https://www.medicaid.gov/federal-policy-guidance/downloads/smd18005.pdf>

CMS has encouraged states to incorporate HIE related projects into the Medicaid Enterprise when appropriate. For example, CMS issued State Medicaid Director (SMD) letter 18-007² regarding provider directories. CMS references a section of the 21st Century Cures Act (section 5006) requiring states who meet certain fee-for-service criteria to publish a directory of physicians with some required and optional data elements outlined in the rule. The letter encourages states to consider how these provider directories can support broader initiatives related to reducing provider burden, improve interoperability, and support the MyHealthEData³ initiative.

Proposed Solution:

The Department requests to refinance funding appropriated to the Health Information Technology Projects line item due to the impending expiration of federal matching funds authorized under the federal Health Information Technology for Economic and Clinical Health Act, which was part of the American Recovery and Reinvestment Act of 2009 (ARRA-HITECH) to the Medicaid Management Information System Maintenance and Projects line item. The Department requests to transfer the full appropriation because the fund splits in the HIT Projects line item are appropriated at 75% federal financial participation (FFP), which is the same as the federal match these projects would get in the MMIS line item. Because the funding would be used for a qualifying activity under the MMIS APD, the Department proposes to eliminate unnecessary line items.

Through HITECH funding and State appropriations, the Department has been able to connect over 300 clinics and 90 hospitals EHRs to Colorado's HIEs. The Department's investment in connecting EHRs to HIE infrastructure enables clinical data to be available to providers at critical times, leading to improved care coordination and patient care. Also, EHR connections improve public health agencies' data capacity and improve public health reporting. Specifically, these connections expand on care coordination through event notifications on patient admissions and discharges. These connections allow for timely notification of critical data such as COVID-19 laboratory results.

While the Department has been successful at connecting a significant number of hospitals and other providers through the HITECH program, the State's HIEs need additional time and funding to implement providers not yet connected, including rural hospitals and clinics. The funding would be used to continue the current scope of connecting providers to the HIEs. Additionally, the Department would continue to promote connectivity between providers and the HIEs but expand to other provider types. The Department's focus to date has been to connect hospitals and clinics serving Medicaid members. While continuing to connect these facility and provider types, the Department would also begin expanding to behavioral health and rural providers. In addition to

² [State Medicaid Director \(SMD\) letter 18-007](#)

³ <https://www.cms.gov/newsroom/press-releases/trump-administration-announces-myhealthedata-initiative-put-patients-center-us-healthcare-system>

facilitating the connection of these providers the funding would also be used to maintain provider EHR connections to the HIEs at a lower cost to those providers.

If the request is not approved and funding for connecting providers to the State's HIEs is eliminated, the Department would be reducing the return from millions of dollars in State appropriations to connect these providers to HIEs and build and define the infrastructure to guide future connections. Further, the State would regress in the goal of making health care data widely available to inform critical health care decisions.

The programs impacted by this request would fall under Step 2: Identify Outputs of the Evidence Continuum. The impacted programs work to connect providers with the HIEs to facilitate the exchange of health care data. The Department has been working on this program for several years and is evaluating the programs quality and processes. Data on the number of providers and their connections to the HIEs are being collected and use to drive program enhancements.

Anticipated Outcomes:

With approval of this request, the Department would continue to build on the infrastructure funded through HITECH, while advancing the flow and availability of health care data and connecting additional provider to the HIEs. Additionally, the request would streamline the Department's management of IT related budget items by eliminating the unnecessary appropriation and moving the funding to a more appropriate line item.

The request ties to the Department's Wildly Important Goals of Care Access and Customer Service, and Medicaid Cost Control. With EHR information flowing to the Medicaid enterprise, health plans serving Medicaid are better able to intervene and manage members' health prior to providers billing for services rendered. Reductions in hospital readmissions due to the proliferation of EHR information results in lower Medicaid health care costs and ultimately, more affordable care for all Coloradans. The request also ties to the Department's strategic pillar of Operational Excellence. By aligning and condensing funding into the most appropriate line items, the Department would be able to better manage administrative funding for IT projects that receive federal funding through the MMIS APD.

Assumptions and Calculations:

The Department assumes that projects currently funded under ARRA-HITECH APD through September 30, 2021 would subsequently be approved under the MMIS APD. This would allow the work to continue, with the only change being the federal funding mechanism. The Department would submit an APD update to CMS by July 2021 requesting the funding under the MMIS APD to begin October 1, 2021. The Department assumes approval would be granted prior to the expiration of the ARRA-HITECH funding and there would be no gap in federal funding. The Department would continue to leverage the enhanced 90% FFP through the first quarter of

FY 2021-22 and beyond when appropriate, before transitioning to 75% FFP for costs that do not qualify at the 90% match.

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Appendix A: Assumptions and Calculations

Table 1.1 Summary by Line Item FY 2021-22									
Row	Line Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FFP Rate	Notes/Calculations
A	(1) Executive Director's Office; (C) Information Technology Contracts and Projects; Medicaid Management Information Systems Maintenance and Projects	\$6,653,490	0.0	\$1,441,032	\$0	\$0	\$5,212,458	78.34%	Current total fund appropriation with new cost allocation methodology
B	(1) Executive Director's Office; (C) Information Technology Contracts and Projects; Health Information Exchange Maintenance and Projects	(\$6,653,490)	0.0	(\$1,441,032)	\$0	\$0	(\$5,212,458)	78.34%	Current HIT appropriation
C	Total Request	\$0	0.0	\$0	\$0	\$0	\$0	NA	Row A + Row B

Table 1.2 Summary by Line Item FY 2022-23									
Row	Line Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FFP Rate	Notes/Calculations
A	(1) Executive Director's Office; (C) Information Technology Contracts and Projects; Medicaid Management Information Systems Maintenance and Projects	\$6,653,490	0.0	\$1,441,032	\$0	\$0	\$5,212,458	78.34%	Current total fund appropriation with new cost allocation methodology
B	(1) Executive Director's Office; (C) Information Technology Contracts and Projects; Health Information Exchange Maintenance and Projects	(\$6,653,490)	0.0	(\$1,441,032)	\$0	\$0	(\$5,212,458)	78.34%	Current HIT appropriation
C	Total Request	\$0	0.0	\$0	\$0	\$0	\$0	NA	Row A + Row B

R-12 ARRA-HITECH Funding Transition
Appendix A: Assumptions and Calculations

Table 2.1 Summary by Initiative FY 2021-22									
Row	Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FFP Rate	Notes/Calculations
A	Current HIT Appropriation	\$7,603,629	0.0	\$1,916,101	\$0	\$0	\$5,687,528	74.80%	FY 2020-21 Long Bill Appropriation
B	Change from FY 2021-22 R-9 "Patient Access and Interoperability Rule Compliance"	(\$950,139)	0.0	(\$475,069)	\$0	\$0	(\$475,070)	50.00%	FY 2021-22 R-9 "Patient Access and Interoperability Rule Compliance"
C	Remaining HIT Appropriation	\$6,653,490	0.0	\$1,441,032	\$0	\$0	\$5,212,458	78.34%	Row A + Row B
D	Transfer HIT Appropriation to MMIS Appropriation	(\$6,653,490)	0.0	(\$1,441,032)	\$0	\$0	(\$5,212,458)	78.34%	Row C * -1
E	Total Request	\$0	0.0	\$0	\$0	\$0	\$0	NA	Row C + Row D

Table 2.2 Summary by Initiative FY 2022-23									
Row	Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FFP Rate	Notes/Calculations
A	Current HIT Appropriation	\$7,603,629	0.0	\$1,916,101	\$0	\$0	\$5,687,528	74.80%	FY 2020-21 Long Bill Appropriation
B	Change from FY 2021-22 R-9 "Patient Access and Interoperability Rule Compliance"	(\$950,139)	0.0	(\$475,069)	\$0	\$0	(\$475,070)	50.00%	FY 2021-22 R-9 "Patient Access and Interoperability Rule Compliance"
C	Remaining HIT Appropriation	\$6,653,490	0.0	\$1,441,032	\$0	\$0	\$5,212,458	78.34%	Row A + Row B
D	Transfer HIT Appropriation to MMIS Appropriation	(\$6,653,490)	0.0	(\$1,441,032)	\$0	\$0	(\$5,212,458)	78.34%	Row C * -1
E	Total Request	\$0	0.0	\$0	\$0	\$0	\$0	NA	Row C + Row D