

Schedule 13

Department of Health Care Policy and Financing


Funding Request for The FY 2021-22 Budget Cycle

Request Title

R-20 MMIS Annualization Delay

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		\$9,339,402,915	\$0	\$9,300,215,739	(\$7,376,207)	\$0
FTE		0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$2,278,239,548	\$0	\$2,456,484,095	(\$2,035,713)	\$0
	CF	\$1,448,977,563	\$0	\$1,258,062,620	\$0	\$0
	RF	\$41,616,164	\$0	\$43,637,930	\$0	\$0
	FF	\$5,570,569,640	\$0	\$5,542,031,094	(\$5,340,494)	\$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	(\$6,598,548)	\$0
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	(\$1,258,054)	\$0
	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	(\$5,340,494)	\$0

Total		\$9,026,391,954	\$0	\$8,984,194,399	(\$655,141)	\$0
02. Medical Services Premiums, (A) Medical Services Premiums, (1)	FTE	0.0	0.0	0.0	0.0	0.0
Medical Services Premiums - Medical Services Premiums	GF	\$2,245,225,203	\$0	\$2,422,686,658	(\$655,141)	\$0
	CF	\$1,393,285,900	\$0	\$1,201,917,467	\$0	\$0
	RF	\$41,603,960	\$0	\$43,625,726	\$0	\$0
	FF	\$5,346,276,891	\$0	\$5,315,964,548	\$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	\$239,783,819	\$0	\$239,792,900	(\$122,518)	\$0
05. Indigent Care Program, (A) Indigent Care Program, (1)	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$23,311,123	\$0	\$23,307,075	(\$122,518)	\$0
Indigent Care Program - Children's Basic Health Plan Medical and Dental Costs	CF	\$49,379,242	\$0	\$49,387,169	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$167,093,454	\$0	\$167,098,656	\$0	\$0

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-20
Request Detail: MMIS Annualization Delay

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	\$9,339,402,915	\$9,300,215,739	(\$7,376,207)	\$0
FTE	0.0	0.0	0.0	0.0
General Fund	\$2,278,239,548	\$2,456,484,095	(\$2,035,713)	\$0
Cash Funds	\$1,448,977,563	\$1,258,062,620	\$0	\$0
Reappropriated Funds	\$41,616,164	\$43,637,930	\$0	\$0
Federal Funds	\$5,570,569,640	\$5,542,031,094	(\$5,340,494)	\$0

Summary of Request:

To reduce Medicaid spending in response to the State’s revenue shortfalls, the Department requests a one-time reduction to reduce the budget related to the Department’s Services Integrator vendor. The Department has delayed the implementation timeline for a full-scale Services Integrator vendor and would not require the full amount originally funded through the FY 2019-20 R-12 “Medicaid Enterprise Operations” in FY 2021-22. The Department would need the full appropriation from the FY 2019-20 R-12 to be restored in FY 2022-23 and ongoing. This request represents a decrease of less than 0.5% from the Department’s FY 2020-21 Long Bill total funds appropriation.

The programs impacted, specifically the Systems Integrator for the MMIS, would fall under Step 1 of the Evidence Continuum. The Department is in the initial procurement stages of hiring an Systems Integrator vendor and designing model for how the Systems Integrator would work with the Department when modular MMIS procurements begin.



Current Program:

The Department received approval through the FY 2019-20 R-12: “Medicaid Enterprise Operations” request for a Systems Integrator vendor starting in FY 2019-20. As the Department began the process of implementing the current Medicaid Enterprise, the federal Centers for Medicare and Medicaid Services (CMS) were updating their conditions and standards to include requirements for states to move to a Medicaid Enterprise focusing on modularity and interoperability, and mandated that states perform or contract for planning and oversight functions related to their services. The term “modularity” means reusable system components, so that a single component can be upgraded or replaced, rather than a single upgrade of an entire system. “Interoperability” is the ability to exchange and use information (usually in a large heterogeneous network made up of several local area networks). Interoperable systems reflect the ability of software and hardware on multiple machines from multiple contractors to communicate.

Colorado was the last state that CMS approved for a launch of four new services at the same time through the Colorado Medicaid Management Innovation and Transformation (COMMIT) project. CMS will no longer approve such an implementation approach, and all future implementations must be based on a smaller, modular model. CMS considers a Systems Integrator to be the centerpiece of a modular, service-oriented approach, and the use of an experienced Systems Integrator is highly encouraged.

The Department is in the initial stages of implementation and working with a vendor to develop strategies and plans to achieve the Department’s modularity vision.

Problem or Opportunity:

The Department received funding through the FY 2019-20 R-12: “Medicaid Enterprise Operations” request to fund and Systems Integrator vendor beginning in FY 2019-20. The Department assumed that initial implementation would begin January 1, 2020, with full scale operations in FY 2020-21. To meet the budget balancing needs in FY 2020-21, the Department delayed implementation and the General Assembly reduced the associated annualized funding increase for the Systems Integrator vendor; the Department was able to continue work by using a slower ramp up and absorbing costs within existing base funding. The State is facing similar budget constraints in FY 2021-22 and the Department is tasked with assessing administrative spending to identify areas that could be delayed.

Proposed Solution:

The Department requests a one-time reduction of \$7,376,207 total funds, including a reduction of \$2,035,713 General Fund and \$5,340,494 federal funds in FY 2021-22 to delay implementation related to the Department’s Systems Integrator vendor to assist with offsetting the State’s revenue shortfall. The request would delay the annualization in FY 2021-22 only for the Systems Integrator component with full funding resuming in FY 2022-23. The Department would use existing base funding and federal funds flexibility gained with the removal of the (M) headnote from the

Medicaid Management Information Systems Maintenance and Projects line item to slowly ramp up vendor work for services integration in FY 2021-22. The Department also requests that savings from cash funds are repurposed to provide ongoing General Fund relief; this would require a statutory change. To maximize General Fund savings, the Department is requesting to repurpose cash funds to offset General Fund costs in the Medicaid and Children’s Health Insurance Program programs in the amount of the expected reductions. For this request, the changes would requirement amendments to the allowable uses of the HAS Fee (section 25.5-4-402.4, C.R.S.)

The programs impacted, specifically the Systems Integrator for the MMIS, would fall under Step 1: Program Design of the Evidence Continuum. The Department is in the initial procurement stages of hiring an Systems Integrator vendor and designing model for how the Systems Integrator would work with the Department when modular MMIS procurements begin.

Anticipated Outcomes:

Delaying full scale implementation of the Systems Integrator vendor would achieve one-time savings for the State without having to reduce programs any further to create savings to address the State’s anticipated budget shortfall in FY 2021-22. The request ties to the Department’s Wildly Important Goal (WIG) of Medicaid Cost Control. By strategically evaluating what administrative projects could be delayed, the Department would be an effective steward of Coloradan’s valuable financial resources.

If this request is not approved, the State would be required to cut other programs to pass a balanced budget.

Assumptions and Calculations:

The Department assumes that the reduction to the Systems Integrator budget in FY 2020-21 would be a one-time reduction and the full appropriation approved in the FY 2019-20 R-12: “Medicaid Enterprise Operations” for FY 2021-22 and ongoing would remain in the base budget. The Department assumes that full scale implementation would be delayed further to FY 2022-23 and the Department would use existing funding and flexibility gained with the removal of the (M) headnote to slowly ramp up vendor work for services integration in FY 2021-22 as the Department prepares for the modular procurement of MMIS related systems. The Department assumes that cash fund savings from the HAS fee would be used to offset program costs in Medical Services Premiums and cash fund savings from the CBHP Trust fund would be used to offset program costs in the Children’s Basic Health Plan.

For detailed assumptions and calculations, please see Appendix A: Assumptions and Calculations.

R-20 MMIS Annualization Delay
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 System	(\$6,598,548)	0.0	(\$1,258,054)	\$0	\$0	(\$5,340,494)	80.93%	Table 2.1, Row A
B	(2) Medical Services Premiums; Medical and Long-Term Care Services for Medicaid Eligible	(\$655,141)	0.0	(\$655,141)	\$0	\$0	\$0	0.00%	Table 2.1, Row B
C	(5) Indigent Care Program; Children's Basic Health Plan Medical and Dental Costs	(\$122,518)	0.0	(\$122,518)	\$0	\$0	\$0	0.00%	Table 2.1, Row B
D	Total Request	(\$7,376,207)	0.0	(\$2,035,713)	\$0	\$0	(\$5,340,494)	72.40%	Row A + Row B

Table 1.2 Summary by Line Item FY 2022-23 & Ongoing									
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 System	\$0	0.0	\$0	\$0	\$0	\$0	0.00%	Table 2.2, Row A
B	(2) Medical Services Premiums; Medical and Long-Term Care Services for Medicaid Eligible	\$0	0.0	\$0	\$0	\$0	\$0	0.00%	Table 2.2, Row B
C	(5) Indigent Care Program; Children's Basic Health Plan Medical and Dental Costs	\$0	0.0	\$0	\$0	\$0	\$0	0.00%	Table 2.2, Row B
D	Total Request	\$0	0.0	\$0	\$0	\$0	\$0	0.00%	Row A + Row B

R-20 MMIS Annualization Delay
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	Services Integrator Cost True Up	(\$7,376,207)	0.0	(\$1,258,054)	(\$777,659)	\$0	(\$5,340,494)	72.40%	Table 3.1, Row C
B	Cash Fund Transfer to Offset General Fund	\$0	0.0	(\$777,659)	\$777,659	\$0	\$0	0.00%	See narrative
C	Total Request - Tier 1	(\$7,376,207)	0.0	(\$2,035,713)	\$0	\$0	(\$5,340,494)	72.40%	Row A + Row B

Table 2.2 Summary by Initiative FY 2022-23 & Ongoing									
Row	Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FFP Rate	Notes/Calculations
A	Services Integrator Cost True Up	\$0	0.0	\$0	\$0	\$0	\$0	0.00%	Table 3.2, Row C
B	Cash Fund Transfer to Offset General Fund	\$0	0.0	\$0	\$0	\$0	\$0	0.00%	See narrative
C	Total Request - Tier 1	\$0	0.0	\$0	\$0	\$0	\$0	0.00%	Row A + Row B

R-20 MMIS Annualization Delay
Appendix A: Assumptions and Calculations

Table 3.1 Services Integrator Costs FY 2021-22									
Row	Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FFP Rate	Notes/Calculations
A	Current Appropriation	\$10,938,207	0.0	\$1,485,737	\$928,873	\$0	\$8,523,597	77.92%	Approved FY 2019-20 R-12: "Medicaid Enterprise Operations"
B	Requested Appropriation	\$3,562,000	0.0	\$227,683	\$151,214	\$0	\$3,183,103	89.36%	Updated Cost Estimate for Fiscal Year
C	Change in Funding	(\$7,376,207)	0.0	(\$1,258,054)	(\$777,659)	\$0	(\$5,340,494)	72.40%	Row B - Row C

Table 3.2 Services Integrator Costs FY 2022-23									
Row	Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FFP Rate	Notes/Calculations
A	Current Appropriation	\$10,938,207	0.0	\$1,485,737	\$928,873	\$0	\$8,523,597	77.92%	Approved FY 2019-20 R-12: "Medicaid Enterprise Operations"
B	Requested Appropriation	\$10,938,207	0.0	\$1,485,737	\$928,873	\$0	\$8,523,597	77.92%	Updated Cost Estimate for Fiscal Year
C	Change in Funding	\$0	0.0	\$0	\$0	\$0	\$0	0.00%	Row B - Row C