


Schedule 13

Funding Request for the FY 2018-19 Budget Cycle

Department of Health Care Policy and Financing

Request Title R-15 CHASE Administrative Costs


Dept. Approval By: _____

 11/1/17

_____ Supplemental FY 2017-18

Change Request FY 2018-19

OSPB Approval By: _____



_____ Budget Amendment FY 2018-19

Summary Information	Fund	FY 2017-18		FY 2018-19	FY 2019-20	
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total		\$92,145,138	\$0	\$98,685,346	\$1,192,262	\$1,200,040
FTE		418.4	0.0	427.4	10.1	10.0
Total of All Line Items Impacted by Change Request	GF	\$23,324,498	\$0	\$26,208,772	\$0	\$0
	CF	\$9,760,599	\$0	\$9,919,676	\$596,132	\$600,022
	RF	\$2,255,164	\$0	\$2,593,731	\$0	\$0
	FF	\$56,804,877	\$0	\$59,963,167	\$596,130	\$600,018

Line Item Information	Fund	FY 2017-18		FY 2018-19	FY 2019-20	
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total		\$30,884,154	\$0	\$32,040,094	\$604,770	\$659,798
FTE		418.4	0.0	427.4	10.1	10.0
01. Executive Director's Office, (A) General Administration --	GF	\$10,512,849	\$0	\$10,769,424	\$0	\$0
Personal Services	CF	\$2,985,184	\$0	\$3,045,883	\$302,385	\$329,900
	RF	\$1,885,978	\$0	\$2,242,657	\$0	\$0
	FF	\$15,500,143	\$0	\$15,982,130	\$302,385	\$329,898

Total		\$3,637,126	\$0	\$3,637,126	\$87,198	\$87,198
FTE		0.0	0.0	0.0	0.0	0.0
01. Executive Director's Office, (A) General Administration -- Health, Life, and Dental	GF	\$1,305,776	\$0	\$1,305,776	\$0	\$0
	CF	\$344,132	\$0	\$344,132	\$43,599	\$43,599
	RF	\$103,855	\$0	\$103,855	\$0	\$0
	FF	\$1,883,363	\$0	\$1,883,363	\$43,599	\$43,599

	Total	\$58,060	\$0	\$58,060	\$919	\$1,003
	FTE	0.0	0.0	0.0	0.0	0.0
01. Executive Director's Office, (A) General Administration -- Short-term Disability	GF	\$21,586	\$0	\$21,586	\$0	\$0
	CF	\$4,802	\$0	\$4,802	\$460	\$502
	RF	\$1,364	\$0	\$1,364	\$0	\$0
	FF	\$30,308	\$0	\$30,308	\$459	\$501

	Total	\$1,615,047	\$0	\$1,615,047	\$24,190	\$26,390
	FTE	0.0	0.0	0.0	0.0	0.0
01. Executive Director's Office, (A) General Administration -- Amortization Equalization Disbursement	GF	\$600,398	\$0	\$600,398	\$0	\$0
	CF	\$133,634	\$0	\$133,634	\$12,095	\$13,195
	RF	\$37,970	\$0	\$37,970	\$0	\$0
	FF	\$843,045	\$0	\$843,045	\$12,095	\$13,195

	Total	\$1,615,047	\$0	\$1,615,047	\$24,190	\$26,390
	FTE	0.0	0.0	0.0	0.0	0.0
01. Executive Director's Office, (A) General Administration -- Supplemental Amortization Equalization Disbursement	GF	\$600,398	\$0	\$600,398	\$0	\$0
	CF	\$133,634	\$0	\$133,634	\$12,095	\$13,195
	RF	\$37,970	\$0	\$37,970	\$0	\$0
	FF	\$843,045	\$0	\$843,045	\$12,095	\$13,195

	Total	\$2,162,529	\$0	\$2,082,684	\$62,184	\$10,450
	FTE	0.0	0.0	0.0	0.0	0.0
01. Executive Director's Office, (A) General Administration -- Operating Expenses	GF	\$961,889	\$0	\$948,995	\$0	\$0
	CF	\$74,170	\$0	\$70,519	\$31,092	\$5,225
	RF	\$26,219	\$0	\$13,297	\$0	\$0
	FF	\$1,100,251	\$0	\$1,049,873	\$31,092	\$5,225

	Total	\$1,114,404	\$0	\$1,114,404	\$123,811	\$123,811
	FTE	0.0	0.0	0.0	0.0	0.0
01. Executive Director's Office, (A) General Administration -- Legal Services	GF	\$360,583	\$0	\$360,583	\$0	\$0
	CF	\$196,620	\$0	\$196,620	\$61,906	\$61,906
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$557,201	\$0	\$557,201	\$61,905	\$61,905

	Total	\$9,412,649	\$0	\$14,534,207	\$250,000	\$250,000
	FTE	0.0	0.0	0.0	0.0	0.0
01. Executive Director's Office, (A) General	GF	\$3,005,615	\$0	\$5,621,706	\$0	\$0
Administration -- General	CF	\$1,600,352	\$0	\$1,545,040	\$125,000	\$125,000
Professional Services and Special Projects	RF	\$150,000	\$0	\$150,000	\$0	\$0
	FF	\$4,656,682	\$0	\$7,217,461	\$125,000	\$125,000

	Total	\$41,646,122	\$0	\$41,988,677	\$15,000	\$15,000
	FTE	0.0	0.0	0.0	0.0	0.0
01. Executive Director's Office, (C) Information	GF	\$5,955,404	\$0	\$5,979,906	\$0	\$0
Technology Contracts and Projects -- MMIS	CF	\$4,288,071	\$0	\$4,445,412	\$7,500	\$7,500
Maintenance and Projects	RF	\$11,808	\$0	\$6,618	\$0	\$0
	FF	\$31,390,839	\$0	\$31,556,741	\$7,500	\$7,500

CF Letternote Text Revision Required?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	If Yes, see schedule 4 fund source detail.
RF Letternote Text Revision Required?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	
FF Letternote Text Revision Required?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	
Requires Legislation?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	
Type of Request?	Department of Health Care Policy and Financing Prioritized Request				
Interagency Approval or Related Schedule 13s:	None				



Cost and FTE

- This request is for \$1,192,262 total funds, including \$596,132 cash funds, \$596,130 federal funds, and 10.1 FTE in FY 2018-19; and \$1,200,040 total funds, including \$600,022 cash funds, \$600,018 federal funds, and 11.0 FTE in FY 2019-20; and ongoing, to fund the increased workload for the administration of the Colorado Healthcare Affordability and Sustainability Enterprise. The cash funds are from the Healthcare Affordability and Sustainability Fee (HAS Fee) Cash Fund. This request has no General Fund impact.

Current Program

- SB 17-267 “Concerning the Sustainability of Rural Colorado” eliminates the Hospital Provider Fee program and creates the Colorado Healthcare Affordability and Sustainability Enterprise (“CHASE” or “Enterprise”) as a government-owned enterprise within the Department, effective July 1, 2017.
- Section 25.5-4-402.4, C.R.S., establishes the HAS Fee to obtain federal financial participation to increase hospital reimbursement for care provided under Medicaid and the Colorado Indigent Care Program (CICP). Fee revenue also serves as the state share to fund health coverage for more than 440,000 Coloradans currently enrolled in Medicaid and the Children’s Health Plan Plus (CHP+).
- Under oversight from the CHASE Board, the Enterprise is charged with implementing and administering the HAS Fee with administrative costs paid from the HAS Fee Cash Fund.

Problem or Opportunity

- Additional business services of the Enterprise that were not part of the purpose of the former Hospital Provider Fee program are outlined at section 25.5-4-402.4(4)(a)(IV), C.R.S. These include consulting with hospitals to improve cost efficiency, patient safety, and clinical effectiveness; advising on changes in federal and state laws; and providing coordinating services to adapt and transition to any new or modified Medicaid performance tracking and payment systems. The Enterprise is also tasked with monitoring and reporting on the impact of the HAS Fee on the overall health care market.
- The Enterprise has insufficient resources to support the administration of the HAS Fee and to perform its prescribed business functions. A workload increase attributed to additional business functions of the Enterprise, including advising and consulting with hospitals and ensuring the Enterprise is operated within the requirements of TABOR, cannot be absorbed within existing resources.
- Workload attributed to analytics related to the impact of the Enterprise on hospitals’ financial viability and the Colorado health care market, and the development of value-based payments initiatives, including Delivery Services Reform Incentive Payments (DSRIP) is expected to increase.

Consequences of Problem

- If this request is not approved, the Enterprise would not be able to carry out all its business services, risks associated with improper administration of an enterprise increase, the inadequacy of current analysis would persist, and the Enterprise would be understaffed in performing duties essential for proper administration.

Proposed Solution

- This request is for staff to administer and provide business services in accordance with the relevant sections of SB 17-267, anticipated increases in legal costs, and contracting with health care consultants to produce informative reports and analytics on the impact of the Enterprise on the greater health care marketplace.



COLORADO

Department of Health Care
Policy & Financing

FY 2018-19 Funding Request | November 1, 2017

John W. Hickenlooper
Governor

Susan E. Birch
Executive Director

Department Priority: R-15

Request Detail: Colorado Healthcare Affordability and Sustainability Enterprise Administration Costs

Summary of Incremental Funding Change for FY 2018-19	Total Funds	General Fund
Colorado Healthcare Affordability and Sustainability Enterprise Administration Costs	\$1,192,262	\$0

Problem or Opportunity:

The Colorado Healthcare Affordability and Sustainability Enterprise, hereafter referred to as the “Enterprise” or “CHASE”, has insufficient funding for its administration. The proper and efficient administration of the Enterprise, in accordance with state fiscal rules, state statute, and the Colorado State Constitution, requires an increase in workload which cannot be absorbed within existing resources.

SB 17-267 “Concerning the Sustainability of Rural Colorado”, signed into law on May 30, 2017, repealed the Hospital Provider Fee program and created the Enterprise to assess the Healthcare Affordability and Sustainability Fee (HAS Fee), effective July 1, 2017. The purposes of the fee are to increase hospital reimbursement for care provided under the Medicaid program and the Colorado Indigent Care Program (CICP), and to fund health coverage for more than 480,000 Coloradans currently enrolled in Medicaid and the Child Health Plan Plus (CHP+). To comply with both state law and the state’s Medicaid State Plan agreement with the Centers for Medicare and Medicaid Services (CMS), the Enterprise must establish rules to assess fees on hospitals, ensure continuing health care coverage for these Medicaid and CHP+ members and make required payments to hospitals.

SB 17-267 outlines additional business services of the Enterprise that were not part of the purpose of the former Hospital Provider Fee program. These additional business services include: consulting with hospitals to help them improve cost efficiency, patient safety, and clinical effectiveness; advising hospitals regarding potential changes to federal and state laws and regulations governing Medicaid; providing coordinating services to hospitals to help them adapt and transition to any new or modified performance tracking and payment systems for the Medicaid program; and providing funding for a health care delivery system reform incentive payments (DSRIP) program.

SB 17-267 supports the shift of hospital payments to value-based payments by requiring the Enterprise to seek a federal waiver to fund, and in cooperation between the Department and hospitals, support the

implementation of a health care delivery system reform incentive payment (DSRIP) program no earlier than October 1, 2019. The DSRIP program aligns the shared goals of the State and the hospitals towards improvements in care coordination, the integration of physical and behavioral health services, chronic condition management, targeted population health, and the use of metrics and milestones to drive accountability through outcome-based measurement. Further, the DSRIP program will be designed to use evidence-based quality improvement methods with clear goals, activities and quality improvement metrics. Participating DSRIP hospitals will include both urban and rural hospitals, which benefit from CHASE funding.

Given the unique challenges facing critical access hospitals, rural hospitals and other small hospitals, the State intends to make special provisions for DSRIP program requirements and payments for those hospitals. A main objective under SB 17-267 was to provide for the stability of rural hospitals. Rural hospitals will be treated to different measures and expectations under the DSRIP. A key value of DSRIP will be finding innovative ways to improve the performance of the delivery system and drive quality. For these rural hospitals, it is important that the approach also involve innovative strategies that lead to stability and sustainability. These unique challenges and opportunities need to be addressed separately from the larger urban systems, and as such, requires a distinct track of stakeholder engagement and DSRIP program development.

To be able to implement a DSRIP waiver program in October 2019, the Department must embark on a robust program development and stakeholder engagement process. The Department needs dedicated hospital policy, quality, and communication staff to engage a variety of stakeholders across the state that includes hospitals as well as other key delivery system partners, such as Regional Accountability Entities (RAEs), Local Public Health Agencies (LPHAs), and Federally Qualified Health Centers (FQHCs).

The Enterprise is, and operates as, a government-owned business, or “enterprise”, within the Department of Health Care Policy and Financing. An enterprise¹ is generally defined as a self-supporting, or largely self-supporting, government owned business that receives its revenue in return for the provision of goods or services. The increased workload necessary to ensure operational and reporting compliance, including maintaining separate and distinct financial records of the Enterprise and a new level of oversight, cannot be absorbed within existing resources. Funds are needed for a consultant to analyze and report on the impact of the HAS Fee on the overall health care market and consult with hospitals on impact of state and/or federal health care law or policy changes on hospitals.

Further, the Enterprise needs adequate legal services funding due to the existing² legal action against the hospital provider fee, as the plaintiffs have moved to amend their suit to include a challenge of the qualification of CHASE as an enterprise under TABOR. In existing litigation, plaintiffs allege that the hospital provider fee is a tax and therefore subject to TABOR’s requirement that a public vote be taken before it is levied or increased. Plaintiffs challenge the fee imposed in fiscal years 2011, 2012, and 2013 and seek a refund of all revenue collected, kept, or spent unconstitutionally, plus interest. The Department expects that

¹ Article X, Section 20 (2) (d) of the Colorado State Constitution

² Tabor Foundation v. HCPF, et al Case No: 2015CV32305

further litigation on the subject of whether CHASE qualifies as an enterprise under the Colorado constitution would drive the need for more legal services.

Finally, the Enterprise needs adequate resources to ensure transparent, timely and accurate communications to all stakeholders including State legislators, hospitals, and Colorado taxpayers regarding the goals and results of the Enterprise and the initiatives within SB 17-267, including health care delivery system reform incentive payments.

Proposed Solution:

The Department requests \$1,192,262 total funds, including \$596,132 cash funds, \$596,130 federal funds, and 10.1 FTE in FY 2018-19; and \$1,200,040 total funds, including \$600,022 cash funds, \$600,018 federal funds, and 11.0 FTE in FY 2019-20; and ongoing, to adequately administer the Colorado Healthcare Affordability and Sustainability Enterprise including the provision of the Enterprise's business services that were not part of the former Hospital Provider Fee program. The requested funding would be used to fund FTE throughout the Department necessary for the increased workload requirements of the Enterprise outlined in SB 17-267 and support the Enterprise's broad operations in its compliance with state and federal rules and regulations, including the Colorado State Constitution. The funding would also support a health care analytics contract, software licensing, and an expected increase in legal services. The cash funds are from the HAS Fee Cash Fund. This request has no General Fund impact.

With the requested funding, dedicated FTE would be developed to serve as subject matter experts in all essential areas needed to carry out duties for the effective administration of the Enterprise. Specifically, consulting and advising with hospitals requires dedicated policy, quality, and communications subject matter experts. Monitoring the impact on the health care market requires a dedicated analyst, analytical software, and contracted health care consultants. Ensuring the Enterprise operates in accordance with TABOR requires dedicated audit, accounting, and budget subject matter experts on the financial aspects of an enterprise. The staff would be accessible to address and resolve issues concerning the requirements and best practices for operating a government-run business. Existing resources cannot absorb the workload associated with the provision of these new services. Additional FTE are necessary to assume the duties of managing four existing vendor contracts, including a hospital data collection contract, a State Plan Amendment (SPA) development contract, a disproportionate share hospital (DSH) audit contract, and a hospital financial data analysis contract, as well as the duties in the management of the DSRIP project. The additional FTE would allow more senior and experienced staff to spend adequate time and energy on these business service requirements of the bill.

The Department has received notice of legal challenges to the qualification of CHASE as an enterprise under the State Constitution, necessitating \$123,811 in additional legal services costs. With the requested funding, the Department, in conjunction with the Department of Law, would be able to retain outside counsel for the purpose of defending against the lawsuits, in order to allow the HAS fee to continue to be collected, continue making payments to hospitals, and continue funding the Medicaid populations supported by the HAS fee.

The requested contractor funding would provide \$250,000 for contractor resources to carry out enterprise-related business services, including consulting with hospitals to improve cost efficiency, patient safety, and clinical effectiveness, advising hospitals regarding potential changes to federal and state laws and regulations governing Medicaid; providing coordinating services to hospitals to help them adapt and transition to any new or modified performance tracking and payment systems for the Medicaid program; and implementing and administering a delivery system reform incentive payments program to improve quality of hospital care.

If this request is not funded the Enterprise would be unable to fully provide the business services to hospitals nor develop and implement the DSRIP initiative as outlined in SB 17-267, thus risking the loss of an opportunity to collaborate and coordinate with hospitals and stakeholders on the transformation and modernization of health care delivery systems including the conversion of hospital payments to value-based payments. Enterprise staff would be unable to absorb the increased workload and the risks of Enterprise operations being non-compliant with state and federal regulations would increase. The expected provision of analytics and reports on the impact of the HAS Fee and Enterprise initiatives would also be compromised if this request is not approved.

Anticipated Outcomes:

The approval of this request would ensure the Enterprise has sufficient funding and FTE to properly administer and support its operations. The Enterprise would be able to fulfill its business functions including advising and consulting with hospitals, analyzing the Enterprise's effect on the health care market, and implementing a new incentive payments program.

The proper administration of Enterprise operations aligns with two of the strategies found within the Department's Performance Plan. Specifically, this request exemplifies both the "improved efficiency of business process" strategy and the "rigorous compliance with federal and state laws and regulations, fiscal rules and internal operating procedures" strategy by facilitating accountability and transparency of Enterprise operations.

Implementation of the DSRIP program represents movement toward the strategy to "expand of the use of value-based purchasing methods" through use of evidence-based quality improvement methods and outcome-based measurement. The approval of this request would also allow the Enterprise and its contracted consultants to expand their analytics commitments and their focus to produce informative and relevant reports and analyses related to the Enterprise and its impact on the Colorado health care marketplace, which adheres to the Department's strategy of "maximizing use of health information technology and data analytic, aligning efforts with the broader health care system."

Assumptions and Calculations:

Detailed FTE descriptions in the following Appendix A and calculations of this request are included and the attached Appendix B.

The Department requests funding for 11 new staff positions, legal services, a contracted consultant and software licensing costs. Appendix A, table 1 includes FTE position names, classifications and description

of job duties of each of the FTE requested. These positions would provide essential roles for the effective management and administration of the Enterprise as subject matter experts.

Appendix B includes tables that summarize the requested funding. Table 1 shows the incremental request summarized by line item. Table 2 shows the summary of the components of the request. Calculation details are shown in table 3 and table 4.

Per section 25.5-4-402.4(4)(III), administration funding is limited to three percent (3%) of the expenditures of the Enterprise, based on a methodology approved by the Office of State Planning and Budgeting and Joint Budget Committee staff. Table 5 uses a totals funds methodology to show that with the approval of this request the projected administration funding percentage is 2.23%, which is a 0.03 percentage point increase overall from the total FY 2017-18 Hospital Provider Fee administration appropriations.

Appendix A: FTE Descriptions

Table 1 – FTE Summary			
Position Name	Position Classification	Number of FTE	Description of Duties
Auditor	Auditor III	1	The proposed FTE would provide internal review and recommendations on the efficiency of the necessary activities to prepare the CHASE collection and disbursement model. The examination of the business processes involved in the preparation and development of the HAS fee and hospital payments model including examining the results of the model and the process trail from input to output ensures that the resources are being managed efficiently and effectively.
Contract Manager	Contract Administrator III	1	This FTE would negotiate, implement, monitor, and manage Enterprise contracts, including developing contract scopes of work, negotiating terms with vendors, approving contractor personnel and work plans, processing invoices for payment, and ensuring adequate funds are available and budgeted for contracted work. The Enterprise contracts with consultants to review the Enterprise’s calculations of the HAS Fee, provide advice and consultation on upper payment limit calculations to assure adherence to federal requirements, gather and validate data used in the fee-related calculations, and evaluate the fee’s effect on the health care market. The additional provision of business services outline in SB 17-267 has created the need for a dedicated contract manager to assume the duties heretofore absorbed by other staff.

Table 1 – FTE Summary

Position Name	Position Classification	Number of FTE	Description of Duties
Project Manager	Project Manager II	1	The proposed FTE would act as consultant to provide strategy, create systems, processes, guidelines and rules related to the Enterprise using project management best practices. The position would provide support to the Enterprise project team by coordinating the DSRIP programs, providing guidance on project management processes and communication of project information to stakeholders. The additional provision of business services outline in SB 17-267 has created the need for a dedicated project manager to assume the duties heretofore absorbed by other staff.
Budget Analyst	Budget Analyst III	1	The proposed FTE would provide budget services for the additional business services required of the Enterprise. This including the budget development and ensuing tracking and reporting of the expenditures of the DSRIP program, the consultant/analytics contract, and the expected increase in legal services expenditures. This FTE would also provide a level of oversight of the fiscal operations of the Enterprise and its compliance with state fiscal rules and state and federal law.

Table 1 – FTE Summary

Position Name	Position Classification	Number of FTE	Description of Duties
Accountant	Accountant II	1	The proposed FTE would provide dedicated accounting and reporting services for the fiscal operations of the Enterprise that correspond to the new business services and initiatives outlined in SB 17-267. Additionally, as a separate government-run business, the Enterprise requires clear distinction in its fiscal operations from the Department. This FTE would support the Enterprise in all standard accounting services including accounts payable, accounts receivable, payroll and monthly and year-end reporting. This FTE would also provide a level of oversight of the fiscal operations of the Enterprise and its compliance with state fiscal rules and state and federal law.
Hospital Policy Administrator	Administrator III	1	The proposed FTE would provide the Enterprise with a dedicated hospital policy staff to develop hospital policy related to new or modified payment systems and/or changes in federal and state laws and regulations related to the Medicaid program. Additionally, this FTE would provide stakeholder engagement activities related to the development and implementation of the DSRIP program.
Hospital Quality Administrator	Administrator III	1	The proposed FTE would perform activities related to the DSRIP program including the development of hospital performance metrics to improve cost efficiency, patient safety, and clinical effectiveness. This position would be responsible for keeping up to date with trends in outcomes measurement, identifying national or professionally accepted standards, norms and benchmarks. In addition, the position would consult with the policy staff regarding data assessment and the use of collected data to improve outcomes.

Table 1 – FTE Summary

Position Name	Position Classification	Number of FTE	Description of Duties
Community Health Needs Assessment Reporting Analyst	Administrator III	1	This proposed FTE would serve as the Department expert on Community Health Needs Assessments performed by certain tax-exempt hospitals required under section 26 U.S.C. § 501(r) of the Internal Revenue Code. This FTE would track and monitor reports submitted by hospitals in order to provide an interface between the community, the hospital, the Department of Public Health and Environment, and the Department.
Rates and Financial Analyst	Rate/Financial Analyst II	1	The proposed FTE would assist in calculating the HAS fee, hospital payments, and requisite upper payment limit and hospital-specific DSH Disproportionate Share Hospital (DSH) payment limits within federal regulatory parameters. These calculations involve compiling costs and data from hospitals, utilization and expenditure data from the Department’s claims data warehouse, and other metrics. Calculating the fee and hospital payments involve ten (10) separate calculations. Additionally, changes to payment systems and the federal or state regulatory environment require close coordination with multiple sections within the Department. Currently, the Department relies on one Rate/Financial Analyst staff to perform these functions, which is inadequate given the workload and the expected workload from SB 17-267.

Table 1 – FTE Summary

Position Name	Position Classification	Number of FTE	Description of Duties
Stakeholder Relations Specialist	Policy Advisor II	1	<p>The proposed FTE would provide communication services for the Enterprise to further the collaborative and transparent process involving all stakeholders. This FTE would be responsible for providing timely and accurate communications to all stakeholders include State legislators, hospitals, and Colorado taxpayers regarding the goals and results of the Enterprise and the initiatives within SB 17-267, including health care delivery system reform incentive payments. The current workload has been absorbed by various Department staff in an ad hoc manner which has resulted in inconsistent and uncoordinated and untimely communications.</p>
Procurement and Contracts Specialist	Purchasing Agent II	1	<p>The proposed FTE would provide the Enterprise with the legal and administrative expertise related to the procurement and contracting of outside business services. These services include the following: approving procurement methodologies; preparing Purchase Orders (POs); drafting, reviewing and approving contracts; and issuing and awarding solicitations, such as Requests for Proposals (RFPs), Documented Quotes (DQs) and Invitation for Bids (IFBs).</p> <p>As a separate government-run business, the Enterprise requires clear distinction in its procurement documents from the Department. The Department does not have a dedicated FTE for procurement operations related to Enterprise activities. This FTE would support the Enterprise by drafting the necessary documentation in compliance with State statute, the State constitution, and state and federal procurement codes, rules, policies, procedures and guidelines.</p>

R-15 Colorado Healthcare Affordability and Sustainability Enterprise Administration Costs
Appendix A: Calculations and Assumptions

Table 1.1 - Summary By Line Item FY 2018-19								
Row	FY 2018-19	Total Funds	FTE	General Fund	Cash Funds ⁽¹⁾	Reappropriated Funds	Federal Funds	Source
A	Total Request	\$1,192,262	10.1	\$0.00	\$596,132	\$0.00	\$596,130	Sum Rows B through J
B	(1) Executive Director's Office; (A) General Administration, Personal Services	\$604,770	10.1	\$0.00	\$302,385	\$0.00	\$302,385	Table 3, Personal Services, PERA & Medicare
C	(1) Executive Director's Office; (A) General Administration, Health, Life, and Dental	\$87,198	0.0	\$0.00	\$43,599	\$0.00	\$43,599	Table 3, Health, Life and Dental
D	(1) Executive Director's Office; (A) General Administration, Short-term Disability	\$919	0.0	\$0.00	\$460	\$0.00	\$459	Table 3, STD
E	(1) Executive Director's Office; (A) General Administration, S.B. 04-257 Amortization Equalization Disbursement	\$24,190	0.0	\$0.00	\$12,095	\$0.00	\$12,095	Table 3, AED
F	(1) Executive Director's Office; (A) General Administration, S.B. 06-235 Supplemental Amortization Equalization Disbursement	\$24,190	0.0	\$0.00	\$12,095	\$0.00	\$12,095	Table 3, SAED
G	(1) Executive Director's Office; (A) General Administration, Operating Expenses	\$62,184	0.0	\$0.00	\$31,092	\$0.00	\$31,092	Table 3, Operating Expenses
H	(1) Executive Director's Office; (A) General Administration, Legal Services	\$123,811	0.0	\$0.00	\$61,906	\$0.00	\$61,905	Table 2.1, Row B
I	(1) Executive Director's Office; (A) General Administration, General Professional Services	\$250,000	0.0	\$0.00	\$125,000	\$0.00	\$125,000	Table 2.1, Row C
J	(1) Executive Director's Office; (C) Information Technology Contracts and Projects, Medicaid Management Information System, Maintenance and Projects	\$15,000	0.0	\$0.00	\$7,500	\$0.00	\$7,500	Table 2.1, Row D

⁽¹⁾Cash funds are from the Healthcare Affordability and Sustainability Fee Cash Fund

Table 1.2 - Summary By Line Item FY 2019-20								
Row	FY 2019-20	Total Funds	FTE	General Fund	Cash Funds ⁽¹⁾	Reappropriated Funds	Federal Funds	Source
A	Total Request	\$1,200,040	11.0	\$0	\$600,022	\$0	\$600,018	Sum Rows B thru J
B	(1) Executive Director's Office; (A) General Administration, Personal Services	\$659,798	11.0	\$0	\$329,900	\$0	\$329,898	Table 3, PS, PERA & Medicare
C	(1) Executive Director's Office; (A) General Administration, Health, Life, and Dental	\$87,198	0.0	\$0	\$43,599	\$0	\$43,599	Table 3, Health, Life and Dental
D	(1) Executive Director's Office; (A) General Administration, Short-term Disability	\$1,003	0.0	\$0	\$502	\$0	\$501	Table 3, STD
E	(1) Executive Director's Office; (A) General Administration, S.B. 04-257 Amortization Equalization Disbursement	\$26,390	0.0	\$0	\$13,195	\$0	\$13,195	Table 3, AED
F	(1) Executive Director's Office; (A) General Administration, S.B. 06-235 Supplemental Amortization Equalization Disbursement	\$26,390	0.0	\$0	\$13,195	\$0	\$13,195	Table 3, SAED
G	(1) Executive Director's Office; (A) General Administration, Operating Expenses	\$10,450	0.0	\$0	\$5,225	\$0	\$5,225	Table 3, Operating Expenses
H	(1) Executive Director's Office; (A) General Administration, Legal Services	\$123,811	0.0	\$0	\$61,906	\$0	\$61,905	Table 2.2, Row B
I	(1) Executive Director's Office; (A) General Administration, General Professional Services	\$250,000	0.0	\$0	\$125,000	\$0	\$125,000	Table 2.2, Row C
J	(1) Executive Director's Office; (C) Information Technology Contracts and Projects, Medicaid Management Information System, Maintenance and Projects	\$15,000	0.0	\$0	\$7,500	\$0	\$7,500	Table 2.2, Row D

⁽¹⁾Cash funds are from the Healthcare Affordability and Sustainability Fee Cash Fund

R-15 Colorado Healthcare Affordability and Sustainability Enterprise Administration Costs
Appendix A: Calculations and Assumptions

Table 2.1 - Summary by Initiative FY 2018-19									
Row	Item	Total Funds	FTE	General Fund	Cash Funds⁽¹⁾	Reappropriated Funds	Federal Funds	FFP	Source
A	FTE for Administrative Workload	\$803,451	10.1	\$0	\$401,726	\$0	\$401,725	50.00%	Table 3, Total Cost of FTE for FY 2018-19
B	Legal Costs	\$123,811	0.0	\$0	\$61,906	\$0	\$61,905	50.00%	Table 4.1, Row C
C	Contractor Costs	\$250,000	0.0	\$0	\$125,000	\$0	\$125,000	50.00%	Table 4.2, Row C
D	Software Licensing Costs	\$15,000	0.0	\$0	\$7,500	\$0	\$7,500	50.00%	Table 4.3, Row C
E	Total	\$1,192,262	10.1	\$0	\$596,132	\$0	\$596,130	#####	Sum of Row A through Row D

⁽¹⁾Cash funds are from the Healthcare Affordability and Sustainability Fee Cash Fund

Table 2.2 - Summary by Initiative FY 2019-20									
Row	Item	Total Funds	FTE	General Fund	Cash Funds⁽¹⁾	Reappropriated Funds	Federal Funds	FFP	Source
A	FTE for Administrative Workload	\$811,229	11.0	\$0	\$405,616	\$0	\$405,613	50.00%	Table 3, Total Cost of FTE for FY 2019-20
B	Legal Costs	\$123,811	0.0	\$0	\$61,906	\$0	\$61,905	50.00%	Table 4.1, Row C
C	Contractor Costs	\$250,000	0.0	\$0	\$125,000	\$0	\$125,000	50.00%	Table 4.2, Row C
D	Software Licensing Costs	\$15,000	0.0	\$0	\$7,500	\$0	\$7,500	50.00%	Table 4.3, Row C
E	Total	\$1,200,040	11.0	\$0	\$600,022	\$0	\$600,018	#####	Sum of Row A through Row D

⁽¹⁾Cash funds are from the Healthcare Affordability and Sustainability Fee Cash Fund

R-15 Colorado Healthcare Affordability and Sustainability Enterprise Administration Costs
Appendix A: Calculations and Assumptions

Table 3 - FTE Calculations

FTE Calculation Assumptions:						
Operating Expenses -- Base operating expenses are included per FTE for \$500 per year. In addition, for regular FTE, annual telephone costs assume base charges of \$450 per year.						
Standard Capital Purchases -- Each additional employee necessitates the purchase of a Personal Computer (\$900), Office Suite Software (\$330), and office furniture (\$3,473).						
General Fund FTE -- New full-time General Fund positions are reflected in Year 1 as 0.9166 FTE to account for the pay-date shift. This applies to personal services costs only; operating costs are not subject to the pay-date shift.						
Expenditure Detail		FY 2018-19		FY 2019-20		
<i>Personal Services:</i>						
	Classification Title	Monthly	FTE		FTE	
	AUDITOR III	\$5,115	0.92	\$56,261	1.00	\$61,380
	PERA			\$5,710		\$6,230
	AED			\$2,813		\$3,069
	SAED			\$2,813		\$3,069
	Medicare			\$816		\$890
	STD			\$107		\$117
	Health-Life-Dental			\$7,927		\$7,927
	Subtotal Position 1		0.92	\$76,447	1.00	\$82,682
	Classification Title	Monthly	FTE		FTE	
	CONTRACT ADMINISTRATOR III	\$4,117	0.92	\$45,284	1.00	\$49,404
	PERA			\$4,596		\$5,015
	AED			\$2,264		\$2,470
	SAED			\$2,264		\$2,470
	Medicare			\$657		\$716
	STD			\$86		\$94
	Health-Life-Dental			\$7,927		\$7,927
	Subtotal Position 2		0.92	\$63,078	1.00	\$68,096
	Classification Title	Monthly	FTE		FTE	
	PROJECT MANAGER II	\$6,400	0.92	\$70,395	1.00	\$76,800
	PERA			\$7,145		\$7,795
	AED			\$3,520		\$3,840
	SAED			\$3,520		\$3,840
	Medicare			\$1,021		\$1,114
	STD			\$134		\$146
	Health-Life-Dental			\$7,927		\$7,927
	Subtotal Position 3		0.92	\$93,662	1.00	\$101,462

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Expenditure Detail		FY 2018-19		FY 2019-20	
<i>Personal Services:</i>					
Classification Title	Monthly	FTE		FTE	
BUDGET & POLICY ANLST III	\$5,898	0.92	\$64,873	1.00	\$70,776
PERA			\$0		\$0
AED			\$0		\$0
SAED			\$0		\$0
Medicare			\$0		\$0
STD			\$0		\$0
Health-Life-Dental			\$7,927		\$7,927
Subtotal Position 4		0.92	\$72,800	1.00	\$78,703
Classification Title	Monthly	FTE		FTE	
ACCOUNTANT II	\$4,117	0.92	\$45,284	1.00	\$49,404
PERA			\$4,596		\$5,015
AED			\$2,264		\$2,470
SAED			\$2,264		\$2,470
Medicare			\$657		\$716
STD			\$86		\$94
Health-Life-Dental			\$7,927		\$7,927
Subtotal Position 5		0.9	\$63,078	1.00	\$68,096
Classification Title	Monthly	FTE		FTE	
ADMINISTRATOR III	\$4,117	2.75	\$135,851	3.00	\$148,212
PERA			\$13,789		\$15,044
AED			\$6,793		\$7,411
SAED			\$6,793		\$7,411
Medicare			\$1,970		\$2,149
STD			\$258		\$282
Health-Life-Dental			\$23,782		\$23,782
Subtotal Position 6		2.75	\$189,236	3.00	\$204,291
Classification Title	Monthly	FTE		FTE	
RATE/FINANCIAL ANLYST II	\$4,757	0.92	\$52,323	1.00	\$57,084
PERA			\$5,311		\$5,794
AED			\$2,616		\$2,854
SAED			\$2,616		\$2,854
Medicare			\$759		\$828
STD			\$99		\$108
Health-Life-Dental			\$7,927		\$7,927
Subtotal Position 7		0.92	\$71,651	1.00	\$77,449

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Appendix A: Calculations and Assumptions

Expenditure Detail		FY 2018-19		FY 2019-20	
Personal Services:					
	Classification Title	Monthly	FTE	FTE	
	POLICY ADVISOR II	\$3,563	0.92	\$39,190	\$42,756
	PERA			\$3,978	\$4,340
	AED			\$1,960	\$2,138
	SAED			\$1,960	\$2,138
	Medicare			\$568	\$620
	STD			\$74	\$81
	Health-Life-Dental			\$7,927	\$7,927
	Subtotal Position 8		0.92	\$55,657	\$60,000
	Classification Title	Monthly	FTE	FTE	
	PURCHASING AGENT II	\$3,563	0.92	\$39,190	\$42,756
	PERA			\$3,978	\$4,340
	AED			\$1,960	\$2,138
	SAED			\$1,960	\$2,138
	Medicare			\$568	\$620
	STD			\$74	\$81
	Health-Life-Dental			\$7,927	\$7,927
	Subtotal Position 9		0.92	\$55,657	\$60,000
	Subtotal Personal Services		10.08	\$741,266	\$800,779
Operating Expenses:					
			FTE	FTE	
	Regular FTE Operating Expenses	\$500	11.00	\$5,500	\$5,500
	Telephone Expenses	\$450	11.00	\$4,950	\$4,950
	PC, One-Time	\$1,230	11.00	\$13,530	-
	Office Furniture, One-Time	\$3,473	11.00	\$38,203	-
	Subtotal Operating Expenses	\$5,653		\$62,183	\$10,450
	TOTAL REQUEST		10.08	\$803,449	\$811,229
				<i>Cash funds:</i>	<i>\$405,615</i>
				<i>Federal Funds:</i>	<i>\$405,614</i>

R-15 Colorado Healthcare Affordability and Sustainability Enterprise Administration Costs
Appendix A: Calculations and Assumptions

Table 4.1 - Estimated Costs of Legal Services FY 2018-19 and Ongoing			
Row	Item	Amount	Source
A	Existing Allocation of Legal Services to the Colorado Healthcare Affordability and Sustainability Enterprise	\$247,622	SB 17-267 "Concerning the Sustainability of Rural Colorado"
B	Anticipated Percentage Increase of Legal Costs Due to Legal Action Against the Department	50%	Tabor Foundation v. HCPF, et al Case No: 2015CV32305
C	Estimated Increase of Costs of Legal Services	\$123,811	Row A * Row B

Table 4.2 - Estimated Costs of Vendor Contract FY 2018-19 and Ongoing			
Row	Item	Amount	Source
A	Projected Number of Hours of Work for Vendor to Produce Deliverables	1,250	Based on prior consulting contract regarding Hospital Provider Fee analytics
B	Hourly Cost of Consultant	\$200	Department's FY 2016-17 Price Agreement List
C	Estimated Cost of Vendor Contract	\$250,000	Row A * Row B

Table 4.3 - Estimated Costs of Software Licenses FY 2018-19 and Ongoing			
Row	Item	Amount	Source
A	Software License Cost - Tableau Desktop	\$2,500	Provided by the Information Technology (IT) Department
B	Number requested	6	Four licenses for members of Enterprise model development team; two licenses for hospital policy & communications staff
C	Estimated Costs of Software Licenses	\$15,000	Row A * Row B

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Appendix A: Calculations and Assumptions

Table 5 - Analysis of the Administration Costs of the Enterprise					
Row	Item	FY 2017-18	FY 2018-19 R-15 "CHASE Department Administrative Costs"	Total	Source
A	Total Funds Projection for the Administration Expenditures of Enterprise	\$76,206,091	\$1,192,262	\$77,398,353	FY 2017-18 Figure from Department Performance Budget Entry
B	Total Funds Projection for All Expenditures of Enterprise	\$3,470,297,578	\$1,192,262	\$3,471,489,840	
C	CHASE Administration %	2.20%	NA	2.23%	Row A / Row B