

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2012-13 JOINT BUDGET COMMITTEE HEARING AGENDA**

**Wednesday, January 4, 2012
9:00 am – 5:00 pm**

9:00 - 9:20 Update from the Advisory Commission on Family Medicine

**9:20 – 9:40 *HEALTH CARE POLICY AND FINANCING*
INTRODUCTIONS AND OPENING COMMENTS**

9:40 - 10:10 QUESTIONS COMMON TO ALL DEPARTMENTS

1. Please describe the process the Department used to develop its strategic plan.
 - a. Please identify recent major successes and failures with regard to the Department's strategic goals and objectives. Do resources need to be reallocated to address any problem areas where the Department is failing to perform?
 - b. For the objective "Increase Access to Health Care" the Department provided historical data that showed a dip in the number of providers participating in Medicaid. What will happen to the need for Medicaid providers with the expansions required by the federal Affordable Care Act, and what is the Department doing to ensure that the supply of providers will be adequate?
 - c. As part of the objective "Contain Health Care Costs" the Department proposes to reduce or stabilize utilization of the top ten cost drivers, which include vaginal deliveries without complicating diagnosis. Is the Department proposing to reduce pregnancies? Please explain how the Department will measure success relative to this objective?
2. Please explain why the Department has audit recommendations that have not been fully implemented after extended periods of time. What are the obstacles the Department has faced in implementing recommendations? How does it plan to address outstanding audit findings? If applicable, please focus on those financial audit findings classified as "material weakness" or "significant deficiency".
3. How does the Department define FTE? Is the Department using more FTE than are appropriated to the Department in the Long Bill and other legislation? How many vacant FTE did the Department have in FY 2009-10 and FY 2010-11?

10:10 – 10:30 Waivers and Medicaid Program Changes

4. Is the Department willing to discuss waivers and how they might help Colorado? In what ways might waivers be used to contain costs without eliminating eligibility categories?
5. Could a waiver be used to delay an eligibility expansion, for example if changes to information technology systems necessary to handle the expansion were not yet in place?
6. Where can the Joint Budget Committee find a comprehensive list of all active waivers?
7. Are there any active waivers in other states that Colorado should emulate?
8. Please respond to the staff recommendation to extend Medicaid eligibility to some or all of the population eligible for the Old Age Pension State Medical Program.
 - a. What does the Department see as the pros and cons of this approach?
 - b. Are there constitutional, statutory, or federal limits that would prohibit the expansion to some or all of the population, for example for people with a mental health diagnosis?
 - c. Compare the benefits and reimbursement rates for Medicaid and the Old Age Pension State Medical Program. Are there services that the Old Age Pension State Medical Program covers that Medicaid does not cover that should be preserved?

10:30 – 10:45 Break

10:45 – 11:30 Medicaid Fee-for-service Reform (R-5) and Accountable Care Collaborative

9. Please discuss the preliminary work of the Department in coming up with the gainsharing proposals contained in R-5.
 - a. How many providers did the department contact?
 - b. What was the outcome of those discussions with providers?
 - c. How do providers feel about the proposal?
10. Please describe the measures the Department has in place to prevent fraud, particularly in the Accountable Care Collaborative and in the gainsharing initiatives proposed by the Department.
11. Please provide an update on implementation of the Accountable Care Collaborative (ACC).
12. Please provide preliminary estimates of the savings associated with the ACC. When will the Joint Budget Committee receive more information about the savings associated with the ACC?

13. Describe the involvement of providers in developing the ACC. What feedback has the Department received from providers about the ACC? Are they supportive? Have they identified any problems with the program?
14. How will the ACC, gainsharing payments, prospective payments, and fee-for-service payments interact with each other?
 - a. Can a single provider serve populations through all four programs?
 - b. Can a single client receive services that are reimbursed through all four programs?
 - c. How will the department ensure that all clients get equal care at a facility?
15. Will the gainsharing program only apply to primary care physicians, or will other types of providers be involved?
 - a. Would it apply to medical boutiques?
16. What is the CO-OP program authorized through the Affordable Care Act? What is happening with CO-OP programs in Colorado? What is the Department's interaction with CO-OP programs?

11:30 – 12:00 Long-term Care

17. What is the Department going to do in the next two years to slow the growing cost of long-term care?
18. How does the Program for All-inclusive Care for the Elderly (PACE) fit within the Department's plans for addressing the increasing costs of long-term care?
 - a. How is the PACE program performing?
 - b. How much is it saving?
 - c. Is the Department doing anything to encourage greater utilization of the program?
19. How is the Department planning to redesign long-term care services? What steps is the Department taking to involve stakeholders in the design of the restructure?
20. How is the Department planning on streamlining waivers for Home and Community Based Services without sacrificing service quality and availability?
21. What information does the Department have about the cost effectiveness of tiered rates for assisted living residences in Medicaid?
 - a. If the information is not currently available, when will it be available, since the Department was required to study tiered rates pursuant to statute?

22. Is the intention of the Department to enroll all people dually eligible for Medicaid and Medicare into the Accountable Care Collaborative? The strategic plan includes a goal of 70 percent by FY 2015-16.
23. The Department received federal funding to study services for people dually eligible for Medicaid and Medicare, and plans appear to link the Accountable Care Collaborative with this project. How will the Department modify the dual eligible proposal based on stakeholder input and how is the Department coordinating between the duals project and the larger ACC project? What expertise do the ACC vendors have to serve this more vulnerable population, and what assurances can you provide that the model is cost effective and of the highest quality?
24. What is the Department's opinion about removing the prohibition against managed long term care services, particularly in light of the current budget situation?
25. How will the Department work with the Program for All-inclusive Care for the Elderly, the Community Centered Boards, and Single Entry Points in designing the dual eligible project?
26. How is the Department planning on utilizing current Medicaid long-term care providers who coordinate care for this population in the development of the dual eligible proposal?

12:00 – 1:30 Lunch

1:30 – 2:00 Expenditure and Caseload Forecast

27. Briefly describe the Department's method for forecasting the Medicaid caseload, highlighting the population and economic indicators that are most predictive of the caseload.
 - a. Include a discussion of whether the Department uses U3 or U6 unemployment statistics in the forecast, and why.
 - b. Please show the Medicaid caseload as a percentage of Colorado's population over time, and indexed to Colorado's population.
28. Please show changes in expenditures by service type over time. Which service types are increasing most rapidly and what is the Department doing to contain costs for these services?
29. In March of 2011 the Department provided a table with both monthly and annual income levels associated with different percentages of the federal poverty guidelines. Please provide an update of that table in the same format.
 - a. Does the Department have a projection of what the federal poverty guidelines will be in FY 2013-14 when the Affordable Care Act is fully implemented?

30. How will federal sequestration and related federal budget balancing measures impact Colorado's Medicaid program?
31. Please define the foster children ages 21-26 who will be newly eligible for Medicaid under the Affordable Care Act? Does this include children who are adopted?
32. The majority of Colorado's Medicaid reimbursement rates appear below the rates paid by Medicare. Is that appropriate?
 - a. Please explain why Colorado's Medicaid rates for radiology pay more than Medicare.

2:00 – 2:30 Medicaid Budget Reductions (R-6)

33. Please take the Joint Budget Committee on a tour through the cost containment strategies contained in R-6.
 - a. How many people will be impacted by each proposal and what will be the impact on their benefits?
 - b. What will be the impact on providers of each proposal?
 - c. Will pediatric services be subject to the caps on home health care and home health therapies?
 - d. How will the Department fulfill minimum standards for Early and Periodic Screening, Diagnostic, and Treatment services with the proposed caps on Home Health?
 - e. How does the Durable Medical Equipment Preferred Provider proposal to use a sole-source contract for diabetic testing supplies relate to cost containment measures requested last year?
34. Please explain recent cuts in Medicaid services and programs by service and program area, noting the impetus for each change, the savings, net system impacts, and performance.

2:30 – 2:45 Pharmacy

35. What is the Department doing to contain the cost of pharmaceuticals?
36. What was the original projected savings in FY 2011-12 when the Department planned to add more drugs to the State Maximum Allowable Cost (SMAC) list? What savings has the Department actually realized by adding more drugs to the SMAC?
37. How can the Department guarantee \$4.0 million in savings from the Pharmacy Rate Methodology Transition before completing the studies of dispensing and acquisition costs?

38. What portion of the projected \$4.0 million savings from Pharmacy Rate Methodology Transition will be from the additional drugs added to the SMAC list and what portion will be from the reimbursement charges?
39. Why are there pre-determined dollar amounts for the dispensing fee when the Department has not completed a study on the cost of dispensing? Does the Department already believe the cost of dispensing should be \$9.00?
40. What is the aggregate reduction in pharmacy reimbursement since 2007? How does the 5.0 percent market reduction from the First Databank Lawsuit impact the aggregate reduction in pharmacy reimbursement? How does the aggregate reduction in pharmacy reimbursement since 2007 compare to reductions for other providers?
41. Why are 340B pharmacies included in the cost of dispensing study when they purchase well below what retail pharmacy can?
42. Please provide a 5-year history of pharmacy expenditures and rebates.
43. How does the Department's pricing for pharmaceuticals compare to the pricing for the Department of Corrections? Would there be efficiencies from combining the reimbursement schedules?

2:45 – 3:00 Cost Sharing for Medicaid and CHP+ (R-7)

44. A number of proposals in the Department's request have already been implemented. What is the Department's process for keeping the legislature informed of rule-making decisions that impact the budget?
45. Please update the Committee on the status of implementing the cost-sharing proposals in R-7. Will there be a supplemental associated with this request?
46. What is the experience of other states in allowing state employees to enroll in those states' version of the Children's Basic Health Plan?
47. Why did the Department let SB 10-213 get vetoed, rather than offering the compromise approach contained in R-7 during debate on the bill?

3:00 – 3:10 Break

3:10 – 3:40 CHP+ Eligibility for Children of State Employees (R-9)

48. Please coordinate with the Department of Personnel and provide an estimate of the net fiscal impact of allowing state employees to enroll in the Children's Basic Health Plan and waiving the 3-month waiting period for state employees (R-9).

49. How much of R-9 can be implemented through rule and what statutory changes are required?

50. If R-9 is implemented, how will health options for state employees compare to health options for private-sector employees? Will the State have a competitive advantage as an employer?

3:40 – 3:50 Utilize Supplemental Payments for General Fund (R-10)

51. Please describe the impact on providers of withholding federal funds from the Physician Supplemental Payment and the Inpatient High Volume Supplemental Payment (R-10), including the impact on Rural Health Centers and School Based Health Centers.

3:50 – 4:10 Colorado Indigent Care Program

52. Please explain the financing for the Colorado Indigent Care Program.

53. Has the Department recently implemented any caps on the Colorado Indigent Care Program?

54. Please compare actual provider uncompensated and undercompensated care with payments through the Colorado Indigent Care Program. What percentage of uncompensated and undercompensated care does the Colorado Indigent Care Program cover?

55. How does the Department anticipate the Colorado Indigent Care Program changing with the implementation of the Affordable Care Act?

4:10 – 4:15 Other

56. Please provide an update on grants applied for and received related to implementing federal health care reform. Is this information available through a state website?

57. Is the Department in compliance with the Secure and Verifiable Identity Document Act and related provisions contained in Sections 24-72.1-101 through 106 and Section 18-5-102, C.R.S.?

4:15 – 4:30 Closing Comments

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED

Please provide:

1. What is the Department's entire Information Technology (IT) budget for FY 2011-12 and FY 2012-13? Does the Office of Information Technology (OIT) manage the Department's entire IT budget? If not, what IT activities is the Department managing separate from OIT and what percentage is that of the entire IT budget for the Department for FY 2011-12 and FY 2012-13? Of the IT activities the Department still manages outside of OIT, what could be moved to OIT?
2. What hardware/software systems, if any, is the Department purchasing independently of the Office of Information Technology (OIT)? If the Department is making such purchases, explain why these purchases are being made outside of OIT?
3. Please list and briefly describe any programs that the Department administers or services that the Department provides that directly benefit public schools (e.g., school based health clinics, educator preparation programs, interest-free cash flow loan program, etc.).