COLORADO
Department of Health Care Policy & Financing

November 1, 2018

The Honorable Millie Hamner, Chair
Joint Budget Committee
200 East 14th Avenue, Third Floor
Denver, CO 80203

Dear Representative Hamner:

Enclosed please find the Department of Health Care Policy and Financing and the Department of Military and Veterans Affairs' response to the Joint Budget Committee's Request for Information #4 regarding the potential for comparing Medicaid, veteran services and other data sources to identify individuals who may benefit from enrolling in or expanding their use of federal Veterans Administration (VA) benefits.

Multi-Department Legislative Request for Information #4 states:

> *Department of Health Care Policy and Financing, Executive Director's Office; and Department of Military Affairs, Executive Director and Army National Guard -- The Departments are requested to explore the potential for comparing Medicaid, veteran services, and other data sources to identify individuals who might benefit from enrolling in or expanding their use of federal Veterans Administration (VA) benefits. The Departments are requested to submit a report by November 1, 2018.*

The departments contracted with Health Management Associates (HMA) to compile Colorado-specific data and research other states' programs to augment Medicaid clients' benefits using data obtained from the Public Assistance Reporting Information System (PARIS). HMA looked at the State of Washington's program in addition to other states and recommended that the State of Colorado should proceed with a pilot program. Notwithstanding the differences between Washington and Colorado in terms of delivering care to veterans by the VA, HMA identified savings that could be achieved by developing a pilot program in Colorado.

The departments support the creation of a pilot program to identify individuals for whom benefits could potentially be enhanced. Such a pilot program would require additional funding for staff and operating expenses at both agencies. In HMA's report, they identified that proper staffing is critical for the success of any such program. While the Department of Health Care Policy and Financing does have staff who evaluate data from PARIS, those staff work with the PARIS interstate match data on another project, rather than the veterans match data. Similarly, the Department of Military and Veterans Affairs does not currently have dedicated resources for this work. County Veteran Service Officers (CVSOs) are county employees who are not currently tasked with the needed level of outreach with veterans, and many CVSO representatives only work part time.

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www.colorado.gov/hcpf

The departments do not believe that significant savings are achievable in the short-term, for a variety of reasons. First, HMA identified that the State could achieve $1.0 million total funds in annual Medicaid savings from "... [identifying] expensive users of long-term care services who could potentially shift more of their costs to the VA," and $500,000 total funds in annual Medicaid savings from "... identifying Medicaid clients who are veterans but have not yet applied for VA benefits." Savings would not occur in the short-term for multiple reasons, including the availability of veteran services in any given geographic area, and that any change to an individual's VA benefits requires an application to be submitted to, and approved by, the VA. The success of any program to enhance VA benefits for Medicaid recipients depends on the State's ability to successfully provide outreach and obtain approved benefits on behalf of individual veterans. This process is time-intensive. Furthermore, there is no guarantee that the veterans identified by this project would want to apply, or that the VA would approve additional benefits.

The report estimates that two million dollars could be saved annually by changing medical assistance rules to count income from VA aid and attendance (A&A) benefits, which is typically currently exempt from consideration. This change would represent a significant departure from current Medicaid eligibility policy that would require a rule change. This change would decrease available income to veterans on Medicaid. It is not clear that this outcome is desirable, and the departments are unsure that they support such a policy change at this time.

If the General Assembly appropriates resources for a pilot program, the departments would use the regular budget process in a future year to account for any savings achieved or expected.

If you require further information or have additional questions, please contact the Department of Health Care Policy and Financing's Legislative Liaison, David DeNovellis, at David.DeNovellis@state.co.us or 303-866-6912.

Sincerely,

Kim Bimestefer
Executive Director

KB/dls

Enclosure(s): Department of Health Care Policy and Financing and the Department of Military and Veterans Affairs FY 2018-19 RFI #4

Cc: Senator Kent Lambert, Vice-chair, Joint Budget Committee
Senator Kevin Lundberg, Joint Budget Committee
Senator Dominick Moreno, Joint Budget Committee
Representative Bob Rankin, Joint Budget Committee
Representative Dave Young, Joint Budget Committee
John Ziegler, Staff Director, JBC

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STATE OF COLORADO

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November 1, 2018

Representative Millie Hamner
Chair, Joint Budget Committee
200 East 14th Avenue, 3rd Floor
Denver, CO 80203

Dear Representative Hamner,

The Department of Military and Veterans Affairs is pleased to submit its FY 2018-19 response to Request for Information (RFI) #4 which reads as follows:

4. By Department of Health Care Policy and Financing, Executive Director's Office; and Department of Military and Veterans Affairs, Executive Director and Army National Guard – The Departments are requested to explore the potential for comparing Medicaid, veterans services, and other data sources to identify individuals who might benefit from enrolling in or expanding their use of federal Veterans Administration (VA) benefits. The Departments are requested to submit a report by November 1, 2018.

Sincerely,

Greg Dorman
Resource Director and Legislative Liaison
Colorado Department of Military and Veterans Affairs

Cc:
Representative Dave Young, Joint Budget Committee
Representative Bob Rankin, Joint Budget Committee
Senator Kent D. Lambert, Joint Budget Committee
Senator Dominick Moreno, Joint Budget Committee
Senator Kevin Lundberg, Joint Budget Committee
John Ziegler, Joint Budget Committee, Staff Director
Amanda Bickel, Joint Budget Committee, Staff
Cassie Rutter, Office of State Planning and Budgeting, Staff

HMA

HEALTH MANAGEMENT ASSOCIATES

PUBLIC ASSISTANCE REPORTING INFORMATION SYSTEM (PARIS) REPORT

PREPARED FOR
THE COLORADO DEPARTMENT OF HEALTH CARE POLICY & FINANCING

BY

ALANA KETCHEL

NOVEMBER 1, 2018

Research and Consulting in the Fields of Health and Human Services Policy, Health Economics and Finance, Program Evaluation, Data Analysis, and Health System Restructuring

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Introduction

The Colorado legislature has requested information from both the Department of Health Care Policy and Financing along with the Department of Military and Veterans Affairs to determine the costs and benefits associated with identifying veterans with Medicaid and assisting or encouraging them to access specific additional Veterans Affairs (VA) services in Colorado. Colorado may have an opportunity to save state general fund dollars for Medicaid recipients by identifying individuals eligible for and assisting with enrolling them to receive benefits from the U.S. Department of Veterans Affairs. As observed in states like Washington, a partnership between the state Medicaid agency and the state VA to outreach to veterans and inform them of their eligibility for VA benefits, including health care services, has resulted in millions of dollars in savings for the state Medicaid program. This report specifically addresses questions outlined in the Legislative Requests for Information for FY 2018-19 ("Multiple-Departments LRFI#4").

Background: Medicaid and Veterans Administration Benefits

Medicaid Benefits

Medicaid offers health coverage for low -income populations and is funded by both the state and the federal government. In Colorado, the program is known as Health First Colorado and is administered by the Department of Health Care Policy & Financing (HCPF). Medicaid covers a range of services, some of which are required by federal law, such as inpatient hospital services and nursing facility services.[1] Colorado Medicaid offers additional optional benefits such as dental services, hearing aids, and prescription drugs.[2]

Medicaid Long Term Services and Supports (LTSS)

Close to 20% of veterans have a service-connected disability rating[3] and may require ongoing care. Aging veterans and their families may also require home or facility care. Medicaid offers services to long-term services and supports-eligible individuals including nursing facility care and home and community-based services (HCBS) delivered by supports who go to individual's homes to provide the necessary services to keep a disabled or aged individual stable in the community and avoid admission to a nursing facility or hospital. HCBS can be delivered by family members but they cannot be paid for more than 444 personal care units per year. HCBS can also cover home modifications, adaptations, or improvements.[4]

[1] Medicaid.gov. "List of Medicaid Benefits". https://www.medicaid.gov/medicaid/benefits/list-of-benefits/index.html
[2] Health First Colorado, Colorado's Medicaid Program. "Health First Colorado Benefits & Services". https://www.colorado.gov/hcpf
[3] U.S. Census. "Veteran Statistics: Colorado". 2015. https://www2.census.gov/library/visualizations/2015/comm/vets/co-vet.pdf
[4] Code of Colorado Regulations. 10 CCR 2505-10 8.400.

Medicaid as Payer of Last Resort and Estate Recovery

Under federal law, Medicaid must be the "payer of last resort", meaning all other means of covering costs for services must be exhausted before Medicaid pays for the service. For example, if an individual has coverage through TRICARE, TRICARE would be considered the primary payer over Medicaid acting as payer of last resort.

The federal government also requires that Medicaid agencies conduct estate recovery to help pay for the costs of providing services. Colorado recovers payments for all medical assistance paid on behalf of an individual who was institutionalized at the time the individual received medical assistance; OR, for persons age 55 and older at the time they received medical assistance, HCPF may recover the costs of medical assistance provided for nursing facility care, HCBS, and related hospital and prescription drug services. Certain estates can be exempted from recovery.[5]

Veterans Benefits

Veterans are entitled to a range of benefits through the VA system, including:

- VA medical system access
- VA disability compensation
- Federally funded VA pensions
- Aid and Attendance payments
- Vocational rehabilitation

Veterans families are also generally entitled to benefits including:

- Pensions for widows and children of deceased veterans. Children must be under 18 or considered to be permanently incapable of self-support if disabled prior to the age of 18.
- The Civilian Health and Medical Program of the Department of Veteran's Affairs (CHAMPVA), for families of a veteran who was totally disabled or died due to a service-connected event
- Benefits through TRICARE, a Department of Defense managed health care program for retired veterans, their families, and survivors.

Benefits are tailored to each individual's eligibility status and therefore are not intended to be a sole source of health coverage for all veterans.

Aid and Attendance Payments

Aid and Attendance (A&A) provides financial support for those requiring in–home care, to pay for an assisted living facility or a nursing home, like services that are included in the Medicaid long term care benefit. A single veteran eligible for A&A may receive an enhanced monthly pension to cover the cost of assisted living, home care aids, adult daycare or skilled nursing, depending on the level of disability. A veteran may also receive additional payment for spouses who require A&A.

[5] Colorado Department of Health Care Policy & Financing. "Medical Assistance Estate Recovery Program". https://www.colorado.gov/pacific/sites/default/files/Medical%20Assistance%20Estate%20Recovery%20Program.pdf

County Veteran Service Offices

The Colorado Division of Veterans Affairs (CDVA) within the Department of Military and Veterans Affairs assists veterans through 80 County Veteran Service Officer representatives (CVSOs) located across Colorado's 64 counties. CVSO representatives are county employees as opposed to being employed by the state. They assist veterans and their families with accessing VA and other benefits. CVSOs in more rural counties have only one CVSO representative (either full or part-time) while more populated counties like El Paso, Jefferson, Arapahoe, and Larimer have more than one CVSO representative.

Comparing Benefit Options

VA health benefits are comparable to Medicaid benefits and tend to overlap. However, for some veterans, VA benefits could be more appropriate to their needs and more generous than those they could access under Medicaid. For example, veterans with service-connected disabilities can obtain specialized VA services for disability and face no or low copayments, which may build loyalty to the VA for care.[6] Also, the VA generally allows veterans to retain a higher level of assets than Medicaid does before covering the costs of long-term care. VA providers often have more training and experience addressing veteran-specific issues such as post-traumatic stress disorder from active duty.

It is important to note that not all veterans enrolled in the VA can easily use VA services if they do not live near a VA provider and cannot easily access transportation. Some veterans may also be ineligible to receive health insurance through the VA depending on their individual circumstances, such as being dishonorably discharged. Current census estimates are that less than 25% of veterans in Colorado use VA health care.[7]

Capabilities to Identify Dually Eligible Veterans in Colorado

Identifying Individuals Eligible to Receive Benefits from the VA

The Medicaid application process affords an opportunity for individuals to document their potential eligibility for VA benefits even if they are not yet enrolled. In Colorado, Medicaid applications can be submitted on paper or electronically through the Program Eligibility and Application Kit (PEAK) system.

Currently, certain Medicaid and public assistance application forms include questions about active military and veteran status but not all applications consistently ask the question in a manner that would inform eligibility for VA benefits. These questions are also often left blank as they are not mandatory nor referenced in the application guidance.

[6] Yoon, J. et. al. "Use of Veterans Affairs and Medicaid Services for Dually Enrolled Individuals". *Health Services Research.* 2018 Jun;53(3):1539-1561.
[7] U.S. Census. "Veteran Statistics: Colorado". 2015.
https://www2.census.gov/library/visualizations/2015/comm/vets/co-vet.pdf

Figure 1: Veteran-Related Questions on Colorado Medicaid and Public Assistance Applications

Medicaid and Child Health Plan Plus Paper Application

Are you, your spouse, or parent an honorable discharged veteran or an active-duty member of the U.S. military?	☐ Yes ☐ No

Application for Public Assistance

♦■ Is the non-citizen's spouse or parent a veteran or active-duty member of the US military?	❑Yes ❑No

Has anyone in the home been in the military? ❑Yes No❑

To systematically capture veteran status from Medicaid applications, the relevant information would have to feed into the Colorado Benefits Management System (CBMS), a statewide database through which all food, cash and medical assistance applications and eligibility determinations are processed. CBMS contains a "Veteran Information" page which stores information on an individual's veteran status. However, the Veteran Information page is not mandatory for any user to complete in either CBMS or PEAK. Therefore, while CBMS has the capability to capture veteran information on dually eligible individuals, PEAK is currently not feeding this information to CBMS in a manner that can be reported.

Identifying Individuals Whose VA Benefits Could Be Expanded

HCPF uses the Public Assistance Reporting Information System (PARIS), described below, to obtain a quarterly match between data on those receiving federal benefits and the Medicaid eligibility file. However, Colorado Medicaid originally established the match solely for income verification purposes and therefore not all PARIS fields are transmitted to and accessible through CBMS. For example, a field of high importance that is not currently accessible is the field noting the veteran's service connected disability rating. Therefore, HCPF does not act on this information, nor is it a complete source of information needed to determine if an individual's current VA benefits can be enhanced.

Enhancements Needed for Consistent Identification

While CBMS has the capabilities to store and report information on veterans enrolled in Medicaid potentially eligible for VA benefits and those eligible for VA benefit enhancements, several system updates are required to ensure veteran status is consistently captured. While these enhancements do not come with risks to beneficiaries, they will require a financial investment from the state.

Refine Application Questions. Questions on the Medicaid application that reference veteran status should be standardized and made mandatory across applications to ensure that information clearly and consistently identifies individuals who may be eligible for VA benefits.

Train Eligibility Workers. Currently Medicaid eligibility workers do not consistently request and document information on veteran status. Changing this practice requires training and education to help

them understand how to effectively solicit veteran status information and the impact of regularly documenting this information in PEAK.

Link Application Responses to CBMS. Veterans questions submitted through applications in PEAK will need to be mapped to the appropriate fields in CBMS for reporting. System triggers would need to be set up to send and post Medicaid application data identifying a veteran to the Veterans Information Page within CBMS.

Capture Additional PARIS Data in CBMS. Enhancements to CBMS will be required to capture all relevant VA data from the PARIS match, including benefit information related to A&A and service-connected disability ratings.

Distribute CBMS Reports to CDVA Staff. Once veteran information is consistently captured in CBMS, outreach reports would need to be developed to share with CDVA staff. These reports would provide CVSOs with the information they need to outreach to veterans and inform them of the potential to obtain or enhance VA benefits earned.

Overview of the Public Assistance Reporting Information System

To facilitate the identification of veterans eligible for Medicaid who could be receiving their care through the VA, states including Colorado have taken advantage of a federal computer data matching requirement known as the Public Assistance Reporting Information System (PARIS).

The U.S. Department of Health and Human Services operates PARIS. States submit data on recipients of state-administered public benefit programs, such as Medicaid, and federal agencies do the same for federally administered benefits. A computer system operated by the Department of Defense (DOD) conducts PARIS matches at no cost to the states. PARIS identifies public assistance recipients who are collecting federal benefits in addition to using interstate data to identify individuals who are simultaneously enrolled in public benefits in two or more states.

Fully utilizing the information obtained from PARIS could result in additional savings for states by disenrolling ineligible individuals from state benefits and identifying third party payors liable for costs that the state was previously covering. States can also use the information to expand access to VA benefits for individuals who are potentially eligible but are not currently not receiving them.

PARIS performs a specific veterans match based on claimants for VA monetary benefits but does not match state public assistance data against records of VA health care. However, states can make inferences based on compensation or pension types or amounts about veterans and their dependents who may qualify for VA health care benefits. For example, if a veteran receives high compensation for disability, the state can infer that the veteran may be eligible for long term care benefits from the VA.

State Case Study - Washington Veterans Benefits Enhancement Program

Since 2002, Washington has been taking advantage of the PARIS match to generate savings for Medicaid. Like HCPF, the Washington Health Care Authority (HCA), the state's Medicaid agency, submits

quarterly data, including social security numbers of all active recipients, to the PARIS system for matching. They leverage the veterans match for[8]:

- Income verification and identification of clients with VA income
- Health insurance identification (CHAMPVA and Veterans Health Care)
- Maximizing VA payments – ensuring the proper pension rate is coded and validating A&A payment eligibility

Washington also uses the federal match through the PARIS system to identify individuals eligible for TRICARE in cooperation with the state Coordination of Benefits office. TRICARE can be retroactively billed up to one year for any services paid for by Medicaid for which TRICARE would have been primary payer.[9]

HCA partnered with the Washington State Department of Veterans Affairs (WDVA) to establish a Veterans Benefit Enhancement (VBE) program, using the PARIS match data to outreach to certain veterans on Medicaid whose VA benefits could be enhanced. Washington also configured its eligibility system so that if an individual applying for Medicaid identifies as a veteran, the system sends an email to the appropriate contact at the local VSO.

Characteristics of Washington's Model

HCA, as the lead agency for the VBE program, dedicates two staff to oversee the PARIS initiative. HCA staff filter the PARIS veterans match file before sending it to WDVA for outreach. HCA staff also track the amount of savings resulting from the VBE program. Long term care eligibility workers also participate in the process by documenting when an individual applying for Medicaid long term care may be eligible for VA A&A benefits and forwarding that information to the WDVA.

The WDVA centrally manages initial veterans outreach, rather than through the local VSOs. Four WDVA staff are dedicated to outreaching to clients who appear to be eligible but not enrolled for CHAMPVA and VA monetary benefits based on the PARIS match. They mail letters to identified veterans to obtain more information regarding eligibility for services and compensation and to request that they submit an application for VA benefits. WDVA also takes advantage of its Veteran Work-Study Program by dedicating eight part-time work-study staff, funded by the federal government, to assist in outreach activities. Once the veteran's eligibility is confirmed through an initial call, the WDVA staff refer the client to the local VSOs. The VSOs assist the veteran in navigating the application process and determine the many benefits to which they may be entitled.

[8] Washington State Health Care Authority. "Veteran Benefit Enhancement Program Public Assistance Reporting Information System (PARIS). Webinar. June 30, 2018. https://www.hca.wa.gov/assets/PARIS-veterans-webinar-slides.pdf

[9] US Department of Health and Human Services. Public Assistance Reporting Information System FAQs. https://www.acf.hhs.gov/paris/state/faqs

Washington Observed Reduced Medicaid Expenditures

Washington officials have cited significant Medicaid cost avoidance from implementing the VBE program across the state – nearly $70 million in medical costs were avoided in the last ten years.[10] The areas of savings cited in a 2009 report obtained by HCPF included Long-Term Care VA monetary enhancements (47%), VA pharmacy claims (28%), institutional claim cost avoidance (10%), HMO premium cost avoidance (8%), third-party liability pharmacy claims (6%), and medical claim cost avoidance (1%).[11] Most of the savings come from the Long-Term Care monetary enhancements, which identifies and treats A&A payments as a third-party liability, thereby offsetting Medicaid's cost for long term care coverage. Also, because costs of HCBS and institutional care are subject to Medicaid estate recovery in Washington, Medicaid HCBS recipients are incentivized to apply for A&A to reduce the number of possible claims against their estates.[12]

A significant amount of dollars was also saved from identifying military-related third-party liability and subsequent denial of pharmacy charges.

In addition to savings from appropriately shifting long term care and pharmacy payments from Medicaid, Washington cites more modest savings from shifting costs to federal payers for enrollees potentially eligible for TRICARE and CHAMPVA. By noting that Medicaid beneficiaries are enrolled in these other health care programs, providers must bill TRICARE or CHAMPVA before Medicaid for covered services.

Finally, Washington cited savings from identifying veterans who are eligible to obtain all their long-term care services from the VA. Medicaid recipients who have a service-connected disability rating of seventy percent or more can qualify for full VA coverage of long-term care services and therefore may not require Medicaid coverage.

Other State VBE Experience

Several other states have implemented a process like Washington's, including California, Kansas, Oregon, and Texas.

California. California joined PARIS in 2009 and has expanded their VBE program statewide after an initial two-year pilot. Joining PARIS built on and expanded the already established partnership between California Medicaid and the state VA department. When an individual, spouse or child enters a nursing facility, they are screened for veteran status and potential benefits. If they meet criteria, a referral is sent to the VA office via a Veteran's Benefit Referral Form. If the applicant or beneficiary refuses to

[10] Washington State Health Care Authority. Webinar. June 30, 2018
[11] Washington State Department of Social & Health Services. "Veterans Benefit Enhancement Project Semi-Annual Update". 2009.
[12] California Legislative Analyst's Office. "Rethinking PARIS Data Match: Connecting Veterans on Medi-Cal to Federal Benefits". August 6, 2013. https://lao.ca.gov/Publications/Detail/2801

cooperate with the CVSO, they are determined to be ineligible for Medicaid.[13] This is not the current practice in Colorado.

The California Medicaid Agency (the Department of Health Care Services (DHCS)) was responsible for pulling data from PARIS and referring cases to the state VA. The state VA forwarded those referrals to the CVSOs and reported outcomes to DHCS.

California redirected staff to establish the PARIS pilot as opposed to appropriating additional funding for positions. A report found that a lack of resources plagued successful implementation.[14] For example, existing workload did not permit DCHS and DVA to adequately redirect staff to operate the pilot. The report also cited resource shortages at the CVSOs as a limiting factor for following-up with contacts.

California projects their VBE project will save $33,000,000 in the upcoming fiscal year (18-19).[15] While California's veteran population is larger than Colorado's and would likely generate more savings as a result, California's third-party liability (TPL) policies are more aligned with Colorado's than Washington's. In California, A&A payments outside of the first $90 is treated as TPL for institutionalized individuals with no spouse or minor child. Institutions under that definition include a nursing home, acute care facility, or a state operated veteran's home. In Colorado, A&A is treated as TPL only when the veteran and/or spouse has no dependents and is in a state operated veteran's home.

Kansas. Kansas' PARIS unit formed in 2013 with two staff. Staff reported that the PARIS unit has since been dissolved due to policy changes in the state's Medicaid program that added complexity. The state participates in the interstate match, but the eligibility vendor does not conduct the VA match.

Oregon. The Oregon Medicaid agency has been piloting use of the PARIS report in collaboration with the Oregon VA Department for several years. In 2016, a data sharing agreement was signed to allow sharing of Medicaid data with the VA. The VA plans to leverage CVSOs to outreach to veterans and collect information back regarding outcomes.[16]

Texas. Texas Medicaid, the Texas Veterans Commission (TVC) and the Veterans Land Board (VLB) have worked under a Memorandum of Understanding since 2011 to coordinate information obtained from PARIS and develop strategies to use the data effectively to identify individuals who may be eligible for expanded VA benefits. Texas funds two full time staff per fiscal year to analyze PARIS data and facilitate claims for VA benefits for veterans enrolled in Medicaid.

[13] California Code of Regulations 22 CCR § 50186
[14] California Legislative Analyst's Office. "Rethinking PARIS Data Match: Connecting Veterans on Medi-Cal to Federal Benefits". August 6, 2013. https://lao.ca.gov/Publications/Detail/2801
[15] Washington State Health Care Authority. "Veteran Benefit Enhancement Program Public Assistance Reporting Information System (PARIS). Webinar. June 30, 2018. https://www.hca.wa.gov/assets/PARIS-veterans-webinar-slides.pdf
[16] Oregon Department of Human Services. "Biennial Report to the Oregon Legislative Assembly". September 19, 2016. https://www.oregon.gov/DHS/ABOUTDHS/DHSBUDGET/20152017%20Budget/veterans-outreach-report-2016.pdf

In the 62 months the PARIS project has been active, TVC has sent 1400 claims to the VA. When all claims pending adjudication are included, the state anticipates receiving a total of $4,832,954 in retroactive payments.[17]

Potential Costs and Benefits Associated with Establishing a Veterans Benefits Enhancement Program in Colorado

Potential for Savings

There are approximately 40,000 veterans in Colorado enrolled in Medicaid.[18] Approximately 4,000 of these veterans are eligible for long term care benefits, while the remainder falls under Modified Adjusted Gross Income (MAGI) Medicaid.[19] HCPF reviewed the latest PARIS match to identify a sample of 11,500 individuals on Medicaid who were accessing VA benefits. State expenditures for these individuals total an estimated $65.5 million from June 1, 2017 through June 30, 2018. However, not all of these expenditures may be covered by the VA. There are factors discussed below that may limit the ability of veterans to use their VA benefits in Colorado, and therefore limit the state's ability to realize the transfer costs for VA-covered services to the federal government.

Significant Medicaid Service Expenditures that Could be Covered through the VA. It is not possible to predict exactly what expenditures could be paid for by the VA as opposed to Medicaid as VA benefits are linked to a specific veteran's or their dependents' service record and disability rating. However, based on the PARIS sample, the largest category of state expenditures was in long-term care. Long term care also does not draw in the enhanced federal match rate that applies to other Medicaid services provided to the Medicaid ACA expansion population, resulting in a higher share of cost for the state. Expenditures on long term care services totaled almost $38 million over June 1, 2017 through June 30, 2018, with an approximate state share of $19 million.

Based on the experience of other states, we predict that a significant number of these and other veterans could better access VA services than they do presently, resulting in potential state savings. More analysis is necessary to identify the magnitude of the Medicaid population that may be 70% or more service-connected disability rated and therefore eligible to receive their care at a VA contracted facility.

Network Adequacy Impacts Take-up of VA Services. VA hospitals and clinics are limited to certain geographies in the state. Hospitals that serve Colorado veterans are in Denver and Grand Junction, resulting in veterans living outside of these hospitals' service areas using hospitals in Utah, New Mexico and Wyoming. Thirteen cities have community outpatient services for veterans but may or may not

[17] Public Assistance Reporting Information System. US Department of Veterans Affairs Match Report. October 1, 2017. https://oig.hhsc.texas.gov/sites/oig/files/reports/PARIS-VA-Match-Report-FY-2017.pdf.
[18] Families USA. "Cutting Medicaid Would Hurt Veterans". Fact Sheet. May 2017. https://familiesusa.org/product/cutting-medicaid-would-hurt-veterans
[19] Estimate based on the September 2018 Colorado Department of Health Care Policy and Financing Joint Budget Committee Monthly Premiums Report.

include a doctor. According to a CDVA analysis, approximately 1,650 of the 11,500-person sample of current veterans on Medicaid have no access to VA services in their county. Veterans may apply to see a private doctor, outside of the VA system, but the wait time for approval may be several months. Without adequate access, veterans may prefer to obtain their services through Medicaid and not make the shift to the VA.

Policies are not Aligned for Maximum Savings. Due to the differences in the way that A&A payments are treated in Washington and Colorado (e.g. A&A is not treated as third-party liability), Colorado would not realize the magnitude of savings that Washington experienced. For Colorado to optimize savings, rules would need to be changed to mirror Washington's policy.

Outreach is Dependent on Level of Staffing and Resources. The amount of follow-up that CDVA can do to assess eligibility for services, weigh pros and cons of an individual taking up VA services, and process applications is dependent on available time and resources. Currently this level of outreach and collaboration with the VA is not part of the CVSO's workload.

Costs Involved in Implementing PARIS

The costs to establish a VBE program largely includes staffing for data collection and outreach as well as one-time changes to the information technology systems that take in and push out information about veterans' status for those on Medicaid. Washington was appropriated $1,000,000 annually to fund their program. Below we provide Department estimates of the costs for establishing an enhanced PARIS match in Colorado over two years.

Information Technology Enhancement Costs

The state would have to dedicate some funds for information technology improvements, allowing CBMS and PEAK to intake relevant information from PARIS and push that information out in the form of reports that CDVA staff can use to conduct outreach. Currently, Colorado's technology vendor charges approximately $130 per hour for enhancements. Based on projects of a similar scope, HCPF provided rough estimates that it will cost approximately $200,000 for the changes required to PEAK and CBMS.[20]

Staffing

States typically must increase staffing to implement a VBE program centrally and then leverage the state VA and local VSOs for outreach. Given that CVSOs are operated at the county-level in Colorado, and many CVSO representatives only work two days out of the month, Colorado will likely have to dedicate additional central outreach staff or incentives for local VSO staff to execute this role. Colorado would also need to assign resources to follow-up, report, and quantify state savings to evaluate the program's effectiveness.

Modeling off Washington, and accounting for the fact that Colorado has fewer veterans, CDVA estimates it would need one Service Officer and one Administrative Assistant 2 to perform initial veteran outreach.

[20] Please note that these estimates have not been vetted by the Governor's Office of Information Technology, and the cost to implement any system changes or enhancements may be significantly different depending on the scope of changes needed.

Given that outreach will be primarily accomplished through mailings, CDVA identified costs associated with postage and supplies.

Other state experience also suggests that HCPF will need one staff person, at least in the short term, to pull the PARIS matches and share the results with CDVA and track the program's effectiveness. The staff member will also attend an annual PARIS conference to identify and learn from best practices across the nation.

Summary of Estimated Costs by Pilot Year

	Year 1	Year 2	TOTAL
CDVA Costs[21]			
Staffing	$115,378	$116,532	$231,910
Computers and Programs	$8,000		$8,000
Postage	$10,000	$10,000	$20,000
Supplies	$2,000	$2,000	$4,000
Furniture	$5,200		$5,200
HCPF Costs			
IT Systems Enhancements	$200,000	$75,000	$275,000
Staff	$64,668	$69,829	$134,497
Conferences	$12,000	$12,000	$24,000
Supplies and Telephone	$950	$950	$1,900
Computer	$1,230	$0	$1,230
Furniture	$3,473	$0	$3,473
TOTAL	**$422,899**	**$286,311**	**$709,210**

Summary of Financial Costs and Benefits

Colorado could save as much as $3.5 million annually if the state implemented all opportunities to identify and outreach to veterans on Medicaid to help them take advantage of their VA benefits, including implementing a rule change to treat A&A as TPL to mirror Washington.

If Colorado could use the existing PARIS match report to identify veterans who may benefit from obtaining more care from the VA and to identify TPL, requiring the least amount of investment, the state could see approximately $1 million in annual savings. While the current PARIS match will not capture all veterans, the state will be able to identify expensive users of long term care services who could potentially shift more of their costs to the VA resulting in additional savings. This would require investment to update fields available on the existing PARIS report and to begin regularly monitoring the report.

[21] Any additional costs to local entities, CVSOs, etc. have not yet been estimated.

A greater systems investment will be required to update CBMS and PEAK to enable the state to realize savings from veterans who are not accessing VA benefits. Estimates suggest the state could save approximately $500,000 per year from identifying Medicaid clients who are veterans but have not yet applied for VA benefits. Although this process will potentially capture a more sizable veteran population, the population will likely be less intensive service users on MAGI Medicaid for whom the state can obtain a high federal match rate, limiting the potential for state savings from shifting costs to the VA.

If Colorado revised its policy to treat A&A as third-party liability, the state could achieve up to $2 million in annual savings by shifting veterans' use of high cost long term care Medicaid benefits to receipt of these services from the VA.

Factoring in estimated costs, the total potential Colorado cost avoidance from implementing a two-year VBE pilot would be approximately $6.3 million.

Recommendations on Establishing a VBE Program in Colorado

Given the potential for state savings relative to cost, we recommend the state proceed with a pilot, implementing a federal data matching system in select counties, to further assess the potential for savings if implemented statewide. Based on our analysis in Colorado and the experience of other states, we believe that assisting or encouraging a targeted group of individuals to access specific additional VA services could yield both service benefits to the individual and financial benefits to the state.

Short Term Opportunity

Colorado could begin to act now on existing information drawn from the quarterly PARIS matches. By reviewing the report for veterans whose benefits could potentially be enhanced, and referring those veterans to the CDVA for outreach, the state could begin to identify veterans for whom a shift of benefits to the VA may be beneficial.

Longer Term Opportunity

Once changes are made to systems to optimize veteran identification and reporting, more individuals could be identified for potential take-up of VA benefits, resulting in greater potential savings for the state.

Implementation Considerations for Pilot

Colorado can learn from the experience of other states in implementing a VBE program. The following are elements of success identified through a review of other state program reports.

Designate Lead Department

States found identifying a lead department to coordinate PARIS implementation was helpful to get the program off the ground efficiently.

Formalize Partnership between Medicaid and the CDVA

Officials in other states emphasized that a close working partnership between the Medicaid agency and the state VA, and any other agencies involved in veterans' care, is critical to the success of the program. Washington formalized the partnership into a contract, outlining roles and responsibilities of the respective agencies and aligning the agencies' goals. Since Medicaid is typically referring cases to the VA for follow-up, it is critical to set clear standards so that agencies are held accountable.

Ensure Sufficient Staffing and Resources for Outreach

Adequate outreach staff is critical to ensure veterans and their families understand the benefits they are eligible for and implications of any shift they make. The level of outreach also determines the extent to which the program results in savings.

Several states reported limitations on the level of outreach and coordination performed at the local level. For example, an audit of New York's localities' efforts to coordinate veteran's health care benefits under Medicaid and the VA system found referrals to the state DVA/local VSA were not made in 80 of 91 or 89% of the cases tested. Local departments of social services did not use available resources to identify veterans and coordinate their health care benefits.[22] California reported veterans outreach staff was only able to conduct PARIS outreach after they had completed their routine duties, which did not always result in adequate time for effective outreach.

Outreach Must be Tailored to Veterans and Family Needs to Avoid Potential Unintended Consequences of the PARIS Pilot

Not all veterans will benefit from taking advantage of VA benefits as opposed to Medicaid. Medical care at the VA is not always a viable solution as it can take significant time to get enrolled and there are wait times to access primary care and other services. For elderly veterans, transportation to a VA doctor may be challenging. For disabled veterans living in the community, VA benefits may not provide as comprehensive health care coverage as Medicaid. Therefore, outreach staff need to be well educated on coaching veterans and their families on the pros and cons of benefit options. Outreach staff should consider the individual's eligibility for benefits, their preferences in terms of receiving care, and potential financial and quality implications of benefit decisions. This will require training of CDVA and CVSO staff on Medicaid programs and eligibility requirements.

Consider Policy Changes to Maximize Savings

As noted earlier in this report, Colorado may want to consider policy changes that would expand the potential for savings, as seen in Washington. For example, the state could assess the potential impacts of treating A&A as third-party liability.

[22] Office of the New York State Comptroller. "Medicaid Program: Oversight of Localities' Efforts to Coordinate Veteran's Health Care Benefits Under Medicaid and the U.S. Department of Veterans Affairs". Audit Report. March 19, 2014. https://osc.state.ny.us/audits/allaudits/093014/12s162.htm