

STATE OF COLORADO

DEPARTMENT OF HEALTH CARE POLICY & FINANCING

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Bill Owens
Governor

Stephen C. Tool
Executive Director

September 18, 2006

The Honorable Bernie Buescher, Chairman
Joint Budget Committee
200 East 14th Avenue, Third Floor
Denver, CO 80203

Dear Representative Buescher:

The attached report is in response to footnote 23 within House Bill 06-1385 (the Long Bill). Footnote 23 requested that the Department submit a report to the Joint Budget Committee on the managed care organizations' capitation rates for each population and the estimated blended rate for each aid category in effect for FY 06-07. In addition, the Department included a copy of each managed care organization's certification that the reimbursement rates are sufficient to assure the financial stability of the managed care organization with respect to delivery of services to the Medicaid recipients covered in their contract pursuant to section 26-4-115 (2) (k), C.R.S. (2005).

Questions regarding the attached report can be addressed to Jed Ziegenhagen, Rates Section Manager, at 303-866-3200.

Sincerely,

Stephen C. Tool
Executive Director

ST:jwr

Enclosure(s)

"The mission of the Department of Health Care Policy & Financing is to purchase cost-effective health care for qualified, low-income Coloradans."

<http://www.chcpf.state.co.us>

Cc: Senator Abel Tapia, Vice-Chairman, Joint Budget Committee
Senator Moe Keller, Joint Budget Committee
Senator Dave Owen, Joint Budget Committee
Representative Jack Pommer, Joint Budget Committee
Representative Dale Hall, Joint Budget Committee
Senator Joan Fitz-Gerald, President of the Senate
Senator Ken Gordon, Senate Majority Leader
Senator Andy McElhany, Senate Minority Leader
Representative Andrew Romanoff, Speaker of the House
Representative Alice Madden, House Majority Leader
Representative Mike May, House Minority Leader
John Ziegler, JBC Staff Director
Melodie Beck, JBC Analyst
Henry Sobanet, Director, Office of State Planning and Budgeting
Luke Huwar, Budget Analyst OSPB
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John Bartholomew, Budget Director
Lisa Esgar, Operations and Finance Office
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Chris Underwood, Operations and Finance Office
Jed Ziegenhagen, Operations and Finance Office
HCPF Budget Library, HCPF Division



**COLORADO DEPARTMENT OF HEALTH CARE
POLICY AND FINANCING**

REPORT TO THE JOINT BUDGET COMMITTEE

**MANAGED CARE ORGANIZATIONS' MEDICAL SERVICES
PREMIUMS**

SEPTEMBER 15, 2006

This report is presented to the Joint Budget Committee (JBC) of the Colorado General Assembly in response to footnote 23 of House Bill 06-1385, which states:

Department of Health Care Policy and Financing, Medical Services Premiums – The Department is requested to submit a report on the managed care organizations' capitation rates for each population and the estimated blended rate for each aid category in effect for FY2006-07 to the Joint Budget Committee by July 25, 2006. The Department is requested to include in the report a copy of each managed care organization's certification that the reimbursement rates are sufficient to assure the financial stability of the managed care organization with respect to delivery of services to the Medicaid recipients covered in their contract pursuant to section 26-4-115 (2) (k), C.R.S (2005).

The Governor vetoed footnote 23 stating:

I vetoed this footnote last year. This footnote is in violation of the Colorado Constitution, Article III and possibly Article V, Section 32, because it interferes with the ability of the executive branch to administer the appropriation and may constitute substantive legislation that cannot be included in the general appropriations bill.

However, the Department is providing the following information.

Behavioral Health Organizations (BHOs), Health Maintenance Organizations (HMOs), and Primary Care Physicians (PCPs) are all managed care organizations as defined by 26-4-114, C.R.S. (2005); however PCPs do not receive capitation payments and thus are not included in this report.

Attached to this report are eight certification letters. The first attachment is the Department of Health Care Policy and Financing's (the Department) FY 06-07 BHO capitation rate certification letter. Exhibit 1 of this letter contains the FY 06-07 BHO capitation rates by eligibility group for each of the BHOs. The BHO capitation rates reflect the adjustment to Colorado Access Behavioral Care for Goebel related payments effective July 1, 2006. The second thru sixth attachments are financial stability certification letters from the five BHOs: Northeast Behavioral Health, Foothills Behavioral Health, Colorado Health Partnerships, Colorado Access Behavioral Care and Behavioral HealthCare respectively.

The seventh attachment is the Department's FY 06-07 HMO capitation rate certification letter. Exhibits 1 and 2 of this letter contain the proposed FY 06-07 rates by eligibility group to Colorado Access HMO, while exhibit 3 contains the FY 06-07 rates by eligibility group accepted by Denver Health and Hospital Authority. The Department extended the FY 05-06 rates for three months while it negotiated with Denver Health and Hospital Authority. The eighth attachment is the financial stability certification letter from Denver Health and Hospital Authority. There is no financial stability certification letter for Colorado Access HMO as the provider chose not to participate under the Medicaid Managed Care Program, effective September 1, 2006.

ATTACHMENTS

- 1. THE STATE OF COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING'S FISCAL YEAR 2007 BEHAVIORAL HEALTH ORGANIZATION CAPITATION RATE CERTIFICATION LETTER**
- 2. NORTHEAST BEHAVIORAL HEALTH FINANCIAL STABILITY CERTIFICATION LETTER**
- 3. FOOTHILLS BEHAVIORAL HEALTH FINANCIAL STABILITY CERTIFICATION LETTER**
- 4. COLORADO HEALTH NETWORK FINANCIAL STABILITY CERTIFICATION LETTER**
- 5. COLORADO ACCESS BEHAVIORAL CARE FINANCIAL STABILITY CERTIFICATION LETTER**
- 6. BEHAVIORAL HEALTHCARE FINANCIAL STABILITY CERTIFICATION LETTER**
- 7. THE STATE OF COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING'S FISCAL YEAR 2007 HEALTH MAINTENANCE ORGANIZATION CAPITATION RATE CERTIFICATION LETTER**
- 8. DENVER HEALTH AND HOSPITAL AUTHORITY FINANCIAL STABILITY CERTIFICATION LETTER**