



COLORADO DEPARTMENT OF HEALTH CARE POLICY & FINANCING

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Bill Ritter, Jr., Governor • Joan Henneberry, Executive Director

August 28, 2007

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

Dear Senator Tapia:

This letter is in response to footnote 25 of Senate Bill 07-239, which states:

The attached report is in response to footnote 25 within Senate Bill 07-239 (the Long Bill). Footnote 25 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 07-08. 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 25.5-5-404 (1)(k), C.R.S. (2006).

Unforeseen delays in the rate-setting process required managed care organizations to require additional time to certify rates. Although Footnote 25 requested a report by July 25, 2007, the Department elected to delay reporting of the information until all capitation rates were finalized.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Joan Henneberry".

Joan Henneberry
Executive Director

JH/jm

Senator Tapia – Footnote 25

August 28, 2007

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Cc: Representative Bernie Buescher, Vice-Chairman, Joint Budget Committee
Senator Moe Keller, Joint Budget Committee
Senator Steve Johnson, Joint Budget Committee
Representative Jack Pommer, Joint Budget Committee
Representative Al White, 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
Todd Saliman, Director, Office of State Planning and Budgeting
Luke Huwar, Budget Analyst OSPB
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**COLORADO DEPARTMENT OF HEALTH CARE
POLICY AND FINANCING**

REPORT TO THE JOINT BUDGET COMMITTEE

**MANAGED CARE ORGANIZATIONS' MEDICAL SERVICES
PREMIUMS**

AUGUST 28, 2007

This report is presented to the Joint Budget Committee (JBC) of the Colorado General Assembly in response to footnote 25 of Senate Bill 07-239, 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 FY 2007-08 to the Joint Budget Committee by July 25, 2007. 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 25.5-5-403 (1) (l), C.R.S.

The Governor vetoed footnote 25 stating:

I am vetoing this footnote for two reasons. First, this footnote violates the separation of powers in Article III of the Colorado Constitution by attempting to administer the appropriation. Second, this footnote violates Article V, Section 32 of the Colorado Constitution because it constitutes substantive legislation that cannot be included in the general appropriations bill. Notwithstanding this veto, I will direct the department to comply with this footnote to the extent feasible.

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 25.5-5-403, C.R.S. (2006); however PCPs do not receive capitation payments and thus are not included in this report.

Attached to this report are eight certification letters and the Denver Health HMO Contract. The first attachment is the Department of Health Care Policy and Financing's (the Department) FY 07-08 BHO capitation rate certification letter. Exhibit 1 of this letter contains the FY 07-08 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 07-08 HMO capitation rate certification letter. The Rates Exhibit on page 14 of this certification letter contains the actuarially sound rate range for FY 07-08 rates by eligibility group. The eighth attachment is the financial stability certification letter from Denver Health and Hospital Authority. Attachment A of this financial stability certification letter includes the HMO capitation rates proposed by Denver Health which are within the actuarially sound rate range certified by the Department's actuaries (included in attachment seven). These rates also do not exceed the maximum proposal amount allowable under Colorado law Section 25.5-5-408 (9), C.R.S. (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**