



## COLORADO DEPARTMENT OF HEALTH CARE POLICY & FINANCING

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

July 25, 2008

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

Dear Representative Buescher:

This letter is in response the Legislative Request for Information number 20 which states:

*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 2008-09 to the Joint Budget Committee by July 25, 2008. The Department is also 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 attached report includes the documents requested under Legislative Request for Information number 20. Questions regarding the attached report can be addressed to Jed Ziegenhagen, Rates Section Manager, at 303-866-3200.

Sincerely,

Joan Henneberry  
Executive Director

JH/jm

Representative Buescher– Legislative Request for Information #20  
July 25, 2008  
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Cc: Senator Moe Keller, Vice-Chairman, Joint Budget Committee  
Representative Jack Pommer, Joint Budget Committee  
Representative Al White, Joint Budget Committee  
Senator John Morse, Joint Budget Committee  
Senator Steve Johnson, Joint Budget Committee  
Senator Peter Groff, 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, Office of State Planning and Budgeting  
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**COLORADO DEPARTMENT OF HEALTH CARE  
POLICY AND FINANCING**

**REPORT TO THE JOINT BUDGET COMMITTEE**

**MANAGED CARE ORGANIZATIONS' MEDICAL SERVICES  
PREMIUMS**

**JULY 25, 2008**

This report is presented to the Joint Budget Committee (JBC) of the Colorado General Assembly in response to Legislative Request for Information number 20, which states:

*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 2008-09 to the Joint Budget Committee by July 25, 2008. 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.*

In response to the legislative request for information number 20, the Department has attached two actuarial certification letters and seven financial stability certifications. The first attachment is the Department of Health Care Policy and Financing's (the Department) July 1, 2007 – December 31, 2008 Behavioral Health Organization (BHO) capitation rate certification letter. Exhibit 1a of this letter contains the July 1, 2008 – December 31, 2008 BHO capitation rates by eligibility group for each of the BHOs. The second thru sixth attachments are financial stability certification letters from the five BHOs: Northeast Behavioral Health, Foothills Behavioral Health, Colorado Health Network, Colorado Access Behavioral Care and Behavioral HealthCare respectively.

The seventh attachment is the Department's July 1, 2008 – December 31, 2008 Health Maintenance Organization (HMO) capitation rate certification letter. The Rates Exhibits on pages 14 and 15 of this certification letter contain the actuarially sound rate ranges and the state capitation payment maximum, which is equal to one hundred percent of the direct health care cost of providing these same services on an actuarially equivalent Colorado Medicaid population. As specified in C.R.S. 25.5-5-408(9), HMOs must submit a capitation payment proposal to the Department which does not exceed the state capitation payment maximum. For the capitation rates effective July 1, 2008 – December 31, 2008, both Colorado Access and Denver Health submitted capitation proposals that are equal to the state capitation payment maximum.

The eighth attachment is the financial stability certification letter from Denver Health and Hospital Authority, which includes their actuarial certification and capitation payment proposal. The ninth attachment is the financial stability certification letter from Colorado Access, which includes their actuarial certification and capitation payment proposal.

BHOs, HMOs, and Primary Care Physicians (PCPs) are all managed care organizations as defined by C.R.S. 25.5-5-403 (2007); however PCPs do not receive capitation payments and thus are not included in this report.

## **ATTACHMENTS**

- 1. THE STATE OF COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING'S JULY 1, 2007 -DECEMBER 31, 2008 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 JULY 1, 2008 -DECEMBER 31, 2008 HEALTH MAINTENANCE ORGANIZATION CAPITATION RATE CERTIFICATION LETTER**
- 8. DENVER HEALTH AND HOSPITAL AUTHORITY FINANCIAL STABILITY CERTIFICATION LETTER**
- 9. COLORADO ACCESS FINANCIAL STABILITY CERTIFICATION LETTER**