Annual Report
State Fiscal Year 2002

Submitted by
The CBHP Policy Board

STATE OF COLORADO

DEPARTMENT OF HEALTH CARE POLICY & FINANCING

1575 Sherman Street
Denver, CO 80203-1714
(303) 866-2993
(303) 866-4411 FAX
(303) 866-3883 TTY

Bill Owens
Governor

Karen Reinertson
Executive Director

November 1, 2002

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

Dear Representative Young:

Attached for your review is the State Fiscal Year 2001-2002 Children's Basic Health Plan Annual Report. In accordance with the C.R.S. 25.5-1-303 (7), The Medical Services Board is required to submit this document to the Joint Budget Committee of the General Assembly and the Health, Environment, Welfare and Institutions Committee of the House of Representatives.

If you have any questions about this report, please contact Barbara Ladon, CHP+ Program Director, at (303) 866-3227.

Sincerely,

Michael Oliva

Michael Oliva
President, Medical Services Board

MO:gv

cc: Senator Penfield Tate, Joint Budget Committee
Senator Dave Owen, Joint Budget Committee
Senator Peggy Reeves, Vice-Chairman, Joint Budget Committee
Representative Gayle Berry, Joint Budget Committee
Representative Tom Plant, Joint Budget Committee
Representative Doug Dean, Speaker of the House
Representative Lola Spradley, House Majority Leader
Representative Dan Grossman, House Minority Leader
Senator Stan Matsunaka, Senate President
Senator Bill Thiebaut, Senate Majority Leader
Senator John Andrews, Senate Minority Leader
Senator Rob Hernandez, Chairman, Senate HECF Committee
Representative Lauri Clapp, Chairman, House HEWI Committee
Kenneth Conahan, JBC Staff Director
Melodie Jones, JBC Analyst
Dr. Nancy McCallin, Executive Director, OSPB
Amy Downs, Budget Analyst OSPB

bcc: HCPF Executive Director's Office
Lisa Esgar, Budget Director
Marilyn Golden, Operations & Finance Office
Barbara Prehmus, Legislative Liaison
Karen Reinertson Executive Director

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PREFACE

The Medical Services Board respectfully submits the following annual report to the Joint Budget Committee, the Health, Environment, Children and Families Committee, and the Health, Environment, Welfare, and Institutions Committee of the State of Colorado General Assembly. The report covers state fiscal year (SFY) 2002, which spans from July 1, 2001 to June 30, 2002, and is in accordance with the C.R.S. 25.5-1-303 (7). The statute states the following:

> …the board shall report annually to the Joint Budget Committee of the General Assembly and the Health, Environment, Children and Families Committee of the Senate and the Health, Environment, Welfare and Institutions Committee of the House of Representatives on the implementation and performance of the Children's Basic Health Plan program, including but not limited to the extent to which private sector strategies and resources are effectively used as part of the program.

In response to this legislative mandate, the Medical Services Board requested the assistance of staff at the State of Colorado Department of Health Care Policy and Financing (Department). Those who prepared the report strove to accurately summarize activities over the past year by reviewing all relevant documents and interviewing key individuals involved in the administration of the plan.

Many programmatic changes have occurred during the SFY 2002 program year. These changes will have a significant impact on Children's Basic Health Plan (CBHP) administration and enrollments. They include:

- Developing and implementing a dental benefit;
- Improving administrative efficiencies between CBHP and Medicaid by stationing Medicaid technicians at the CBHP processing office; and
- Developing a program and benefit package for pregnant women and their newborns

Governor Owens and the General Assembly enacted a pre-natal and pregnancy coverage program for women meeting the same income standards. This program expansion was operational on October 8, 2002.

EXECUTIVE SUMMARY

CBHP is a public/private partnership providing subsidized health insurance for children in low-income families statewide who are not eligible for Medicaid. By the end of SFY 2002, approximately 43,600 children were enrolled in the program. This constitutes a 25% increase over the 34,890

childen who were enrolled at the end of SFY 2001.

In SFY 2002, CBHP was administered by the Department of Health Care Policy and Financing through private contractors who provided various services. During the fiscal year, CBHP implemented a new dental benefit available to all members statewide. In addition, Governor Owens and the General Assembly enacted a program expansion so that pregnant women can receive health care. CBHP has implemented this expansion on October 8, 2002

CBHP has continued its efforts to partner with many community-based organizations throughout the year. CBHP created partnerships with more than 2500 community-based organizations including: schools; Head Start programs; family resource centers; community health centers; United Way agencies; public health departments; county departments of social services; Women, Infants, and Children programs; and many others. These extensive partnerships represent an extraordinary commitment statewide to enroll uninsured children as part of the CBHP comprehensive marketing and outreach strategy. In addition, it continued its targeted television advertising campaign and tested employer-based outreach activities. All of these activities represent CBHP's interest in reaching families in every way possible.

For SFY 2002, the General Assembly appropriated $43,214,605 million to CBHP. Medical and dental benefits accounted for $38,219,060, while core administrative functions were $4,995,545.

CBHP is poised to capitalize on the experiences gained from five years of operation. According to state law, CBHP must re-bid its administrative contracts this year. CBHP expects to complete this process by January 2003.

During SFY 2002, CBHP focused on the following three goals:

1. Enrolling every eligible child in Colorado;
2. Improving the health status for participants by assuring access to appropriate health care services; and
3. Maximizing the effectiveness of CBHP as a public/private partnership.

CBHP continues to improve on its ability to enroll every eligible child in Colorado. It also will be continuing its evaluation of care quality over the next year. Finally, it continues to expand and improve on its ability to use the best aspects of both public and private sectors to offer low cost health insurance to working families by contracting for services, partnering with public and private organizations and easing the burden on working families.

A COMMITMENT TO CHILDREN: PROGRAM OVERVIEW

State Children's Health Insurance Programs Nationwide

Created in 1997 under Title XXI of the Social Security Act, the State Children's Health Insurance Program was allocated $48 billion nationally, over ten years, to expand health care coverage to uninsured children. The program enables states to insure children from working families with income or resources too high to qualify for Medicaid but too low to afford private health insurance, with some latitude to adjust upper-income limits.

The authorizing federal legislation allows states considerable discretion in designing a program to meet their particular needs. As of July 1, 2000, all 50 states, the District of Columbia, and five U.S. Territories had implemented a State Children's Health Insurance Program covering over two million children. Of these states, 16 have created a separate child health program, 14 have expanded Medicaid, and 20 have developed a combination of the two.

Children's Basic Health Plan in Colorado

The State of Colorado elected to develop a separate program that is not a Medicaid expansion. The program was enacted as the Children's Basic Health Plan (CBHP) through C.R.S. 26-19-101, et seq., and is marketed as the Child Health Plan *Plus* (CHP+).

CBHP provides subsidized health insurance coverage for low-income children under 19 years of age statewide who are not eligible for Medicaid. It offers a wide variety of services including:

- Check-ups and shots;
- Other doctor visits;
- Hospitalization and hospital services;
- Prescribed medications;
- Mental health services;
- Hearing Aids; and
- Glasses.

Two additions have been made to the program: First, a new dental benefit this year; Second, an expansion of prenatal services to pregnant women that will begin October 8, 2002.

> ***I'd like to send my deepest gratitude to the founders of your program. Among all the things I have to worry about, thank goodness, healthcare is not one of them. (CHP+ mother)***

NEW Dental Benefit

In February 2002, CBHP added a dental benefit to the program. This benefit is available to all members statewide. These benefits are administered by Delta Dental Plan of Colorado who was chosen from four bidders interested in providing this service. The benefit provides preventive and diagnostic services, basic restorative services, oral surgery and endodontics care. This means children can receive cleanings, x-rays, crowns, fillings and root canals, among other benefits. There is a maximum

allowable benefit of $500 per child per calendar year.

Governor Owens and the General Assembly enacted this benefit based on recommendations from the Governor's Commission on Children's Dental Health. This Commission found that:

- 31% of Colorado children between 6-8 have untreated cavities;
- 50% of 15-year-olds are living with untreated cavities; and that
- These statistics tend to be higher for low-income children.

Program Goals

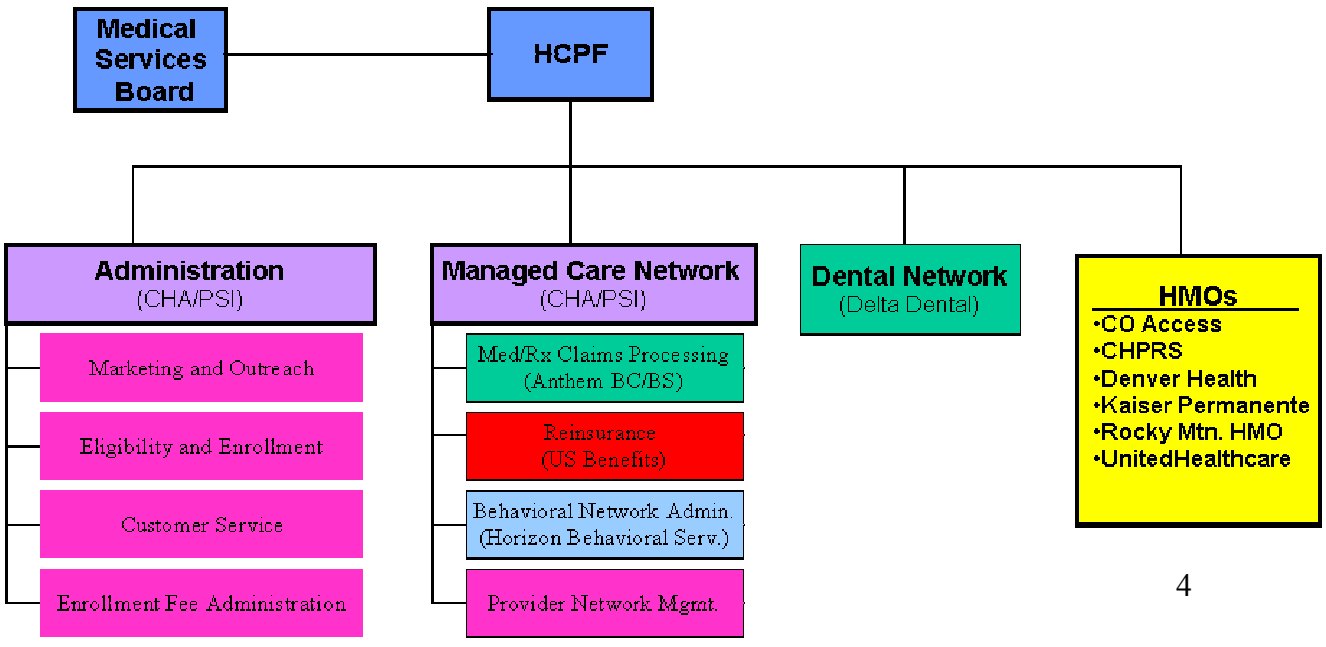
During SFY 2002, CBHP focused on the following three goals:

- Enroll every eligible child in Colorado;
- Improve health status for participants by assuring access to appropriate health care services; and
- Maximize the effectiveness of CBHP as a public/private partnership.

CBHP Administration

By the end of SFY 2002, approximately 43,600 children were enrolled in the program. This constitutes a 25% increase over the 34,890 childen who were enrolled at the end of SFY 2001. In addition, more than 83,486 children have been served since the program began. It appears that families are using CBHP as a bridge to other health care coverage.

SFY 2002 CHP+ ADMIN. STRUCTURE



The CBHP, by statute and operation, is a non-entitlement, commercial-coverage health plan with largely privatized administration. (See SFY 2002 Administrative Structure Chart above.) Public/private collaboration and co-operation are hallmarks of CBHP.

The combined efforts of the Department, private contractors, as well as involvement from numerous community partners have contributed to the successful implementation of the program statewide. These working relationships are still developing as the program expands.

In SFY 2002, CBHP received 36,368 applications, compared to 30,437 and 24,152 for the same time period the previous two years. This represents an increase of 19% over SFY 2001 and 51% over SFY 2000.

Although all of these applications were processed, not all of them resulted in CBHP enrollments. Some children may be determined ineligible for CBHP primarily because their families are over the income limits (15%) or they are eligible for Medicaid (27%).

Department of Health Care Policy and Financing

The Department of Health Care Policy and Financing (Department) is the agency responsible for three of Colorado's major, publicly funded health care programs including:

- The Children's Basic Health Plan (CBHP);
- The Colorado Indigent Care Program; and
- Medicaid.

In SFY 2002, the Department received $43,214,605 for implementing CBHP: approximately $15,755,686 in cash funds and $27,458,919 in federal matching funds. (Please refer to the report section entitled "The Costs of Covering Children" for more information on appropriated funding.) By statute, the Department fulfills the following responsibilities:

- Assures compliance with all related federal and state laws and regulations;
- Establishes the schedule of benefits, financial management rules and cost-sharing structures, and submittal of them to the Medical Services Board for approval;
- Manages administrative and health-related service; contractors;
- Conducts program evaluation and development; and
- Coordinates with other public and private health care delivery and financing programs.

Administrative Services Contractor

Child Health Advocates is the Department's CBHP administrative services contractor and fulfills the following contractual obligations:

- Marketing and outreach, including statewide mass media, and community organization recruitment, training and support;
- Eligibility and enrollment, including processing mail-in applications, recruitment, training and support to statewide community partners, and referring non-eligible applicants to Medicaid or other resources;
- Statewide customer service including application assistance, information and

problem resolution for CBHP plan members, agencies and providers;
- Information systems management and development, including maintenance and user assistance for the Internet-based eligibility determination and enrollment network;
- Resource development, including obtaining foundation, corporate and United Way support for the CBHP program; and
- Family premium administration, and CBHP provider network administration.

Child Health Advocates was acquired in April 2002 by Policy Studies, Inc. at which time the CBHP administrative contracts were legally assigned to Policy Studies, Inc. The Policy Studies, Inc unit doing business with the State continues to be called Child Health Advocates. Child Health Advocates has been the Department's main CBHP administrative services contractor since March 1, 1999.

As required by law, this contract is in the process of being re-bid by the Department. This process is expected to end by January 2003.

Health Care Service Delivery

Managed Care Organizations

Statute requires CBHP to enroll children in managed care organizations for their health care services. The Department has contracted with six managed care organizations, which are available to 84% of the eligible population. In 39 Colorado counties, enrollees receive health care services through the following health maintenance organizations: Colorado Access, Community Health Plan of the Rockies, Denver Health Medical Plan, Kaiser Permanente, Rocky Mountain HMO, and UnitedHealthcare. These managed care organizations are under full risk contracts with the Department. UnitedHealthcare will be withdrawing from the program November 1, 2002.

Network

The Department contracts directly with health care providers in counties where managed care organizations have been unable to offer coverage. This also ensures that children get services before they are enrolled with their chosen health maintenance organization. The Department contracted directly with over 2,250 providers: 1,500 primary care physicians, 700 specialists, 51 hospitals and a number of ancillary service providers, which include essential community providers, to create a state-run managed care network.

In SFY 2002, the Department contracted directly with Child Health Advocates to administer this managed care network. Child Health Advocates is responsible for provider relations, training and contracting support, as well as customer service. Child Health Advocates subcontracted with HMO Colorado, a subsidiary of Anthem Blue Cross and Blue Shield of Colorado for claims administration, utilization review and case management. Child Health Advocates subcontracted with Horizon Behavioral Health Services to deliver network behavioral health benefits.

Dental Services

The new dental services that began February 2002 are administered by Delta Dental Plan of Colorado. They were awarded the dental services contract because of their ability to

provide a statewide dental benefit; provide cost-effective care and contract with enough providers to service CBHP children. There were four organizations that bid for the right to provide these services.

The Delta Dental Plan of Colorado is the state's largest dental benefits carrier. It serves more than 900,000 people and contracts with 90 percent of Colorado dentists.

Children throughout Colorado can receive their dental care from a Delta Dental Plan of Colorado provider. Delta contracts with individual dentists and providers at various community health clinics.

SFY 2002 Eligibility and Application Requirements

Eligible Children

Children (and adolescents) are eligible for CBHP if they are under nineteen years of age, live in a family earning up to 185% of the federal poverty level and are not eligible for Medicaid.

Estimated Eligible Population

The Department estimates that approximately 69,157 children are eligible for CBHP. This estimate was derived from Census data, data on uninsured populations and other relevant information. Due to the lack of reliable data, as well as the highly diverse and mobile nature of the eligible population, a definitive estimate is difficult to derive. Recently, data from the 2000 census became available that will be useful in evaluating and, potentially, revising these estimates.

Of the 69,157 children eligible for the program, the Colorado General Assembly provided funding to assure services for 43,600 children over the course of the year. This represents 63% of the estimated eligible children.

My wife and I would like to thank you for extending our coverage another year. We have been very pleased with the care that our children have received.
(CHP+ father)

Eligibility Requirements

Children residing in Colorado in families with incomes at or below 185% of the Federal Poverty Level that are not eligible for Medicaid are eligible for CBHP. Families must complete an application and provide income verification with the application.

Pre-HMO Enrollment Period

CBHP enrollees may access benefits and services immediately upon program eligibility determination in every county of the state. This "pre-HMO enrollment period" is important because it enables children to access services as soon as they are enrolled. These initial services are delivered statewide through the CBHP Network until enrollment in the family's choice of health maintenance organization is operationally possible (usually for a period

of up to two months) where a health maintenance organization is available.

Coordination with Medicaid

In SFY 2002, CBHP altered its referral patterns for potentially eligible Medicaid families. Federal law requires that children appearing eligible for Medicaid cannot be enrolled in CBHP. Prior to action by the General Assembly in the fiscal year, applications that came to the CBHP processing office and appeared eligible for Medicaid were forwarded to county departments of social services. Now, applications are processed by Medicaid technicians housed at the CBHP processing offices.

From the beginning of this arrangement in February 2002 to the end of the fiscal year in June 2002, 4,815 applications were processed by the Medicaid technicians. Of those, 75% were approved for Medicaid.

Coordination with the Colorado Indigent Care Program

In order to assure that children are enrolled in the most appropriate program for them, the Department encourages coordination among state programs. One program with similar income guidelines to CBHP is the Colorado Indigent Care Program.

In SFY 2002, the Medical Services Board adopted a rule requiring the Colorado Indigent Care Program to screen children for CBHP before providing benefits. This allows children to receive more comprehensive benefits that better serve their needs and assures that they are enrolled in the most appropriate program.

COST SHARING

SFY 2002 Cost-Sharing Structure

Cost-sharing is an important tenet of the CBHP program. Private insurance utilizes cost sharing and families will need to know how this works when they leave CBHP to join a private insurance plan.

Promoting Preventive Care

There are no fees charged to clients for preventive medical and dental care. This is to encourage the use of preventive services.

Providing Cost-Sharing Successfully

Families with incomes between 151% and 185% of the federal poverty level pay an annual enrollment fee of $25 for one child and $35 for two or more, along with a small co-payment for each provider visit or each dental procedure.

For families between 100% and 151% of the federal poverty level, there is also a small co-payment for provider visits and dental procedures, but no enrollment fee.

Families enrolled in CBHP with the lowest incomes do not pay an enrollment fee or copayments.

SFY 2002 ENROLLMENT

Enrollment

As of June 30, 2002, approximately 43,600 children were enrolled in CBHP. This represents approximately 63% of all estimated eligible children. Twenty-five percent more children were enrolled in the program this year than in SFY 2001.

By County

After four years of operation, with the combined effort of the state and its partners, 42 (65%) of the state's 64 counties exceeded the statewide enrollment average of 63%. The outreach strategies employed by these counties vary significantly. Some of the recurring themes include community-wide involvement from all agencies serving the eligible population, school-based support, and strong leadership from a core team of community activists.

Nearly two-thirds (42,729) of the eligible population lives in the Denver metropolitan area. Many of the counties in the metro area continue to have enrollments below the state average. CBHP will continue to focus enrollment efforts on this region of the state.

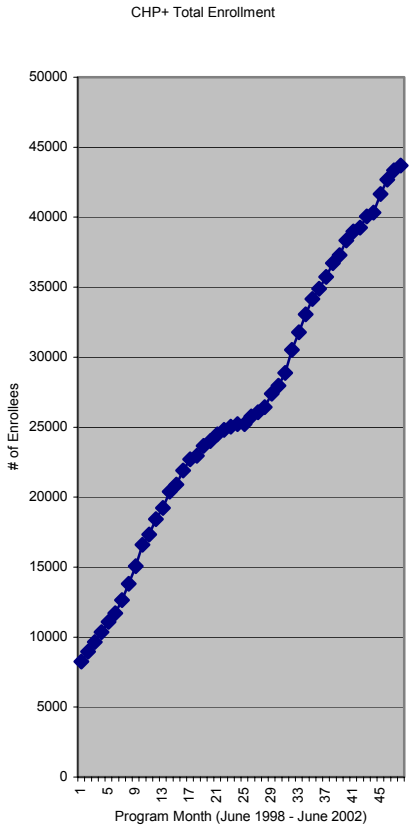
Application Submissions

CBHP experienced a record number of applications this year with applications increasing almost 20% over last year.

Applications are collected through the following sources: satellite eligibility determination sites, county departments of social services, and the mail. Satellite eligibility determination sites are community partners who are given the tools to determine eligibility on site, in some cases having on-line capability, and are required as part of their contract to provide CBHP outreach to their community. In turn, CBHP pays them for completed applications.

Approximately 55% of applications in SFY 2002 were mailed directly to the CBHP processing offices. Families obtain applications from a variety of sources including schools, Child Health Advocates, and county departments of social services. Satellite eligibility determination sites submit approximately 31% of applications, while county departments of social services account for approximately 14% of applications submitted.

Of these sources, Satellite Eligibility Determination Site applications have increased significantly over the past year. These sites accounted for 21% of applications in the previous year. This increase parallels the significant changes made to the Satellite Eligibility Determination Site program that provided better collaboration and communication with these sites and a stronger contractual relationship.



CBHP TOTAL ENROLLMENT FROM April 1998-June 30, 2002 (GRAPH)

Renewals

For CBHP to grow efficiently, it must maintain the children eligible that have already enrolled. Substantial effort is made to reach current members, assuring they are

satisfied and making the renewal process as simple as possible. Families are sent a renewal reminder 90 days before the end of their enrollment year and are periodically reminded throughout that 90 days that they should re-enroll. This has resulted in a **15% increase in the number of renewals** compared to last year.

CBHP has benefited from a residual effect of this strong customer service approach. After operating for five years, it is expected that some families could need to use the program again. This year, more than 700 applications were from families who had been enrolled in the program previously. Whether from the economic problems experienced across the nation or for other reasons, these families have had a good experience with CBHP and are choosing to return.

Disenrollment

Although 83,486 Colorado children have been in the program at one time or another, approximately 43,600 were enrolled by the end of SFY 2002. This highlights the frequent changes in program membership. Given these facts, member retention continues to be a high priority for CBHP.

However, data analysis has indicated that the majority of surveyed disenrollees (79%) left CBHP because they found other health insurance. This indicates that CBHP is serving as a "bridge" for families in need, and that families leave the program for what policymakers and advocates alike would consider the "right" reasons. These state studies have been recently confirmed by national studies conducted by interest groups concerned about CBHP and similar programs.

PRIVATE SECTOR PARTNERSHIPS

Outreach and Enrollment

The CBHP has created an extensive marketing and outreach program encompassing strategies that range from grass roots networking to mass-market advertising campaigns. These efforts have been implemented to reach families many different ways with different messages.

A cornerstone of the CBHP outreach strategy is to maintain and build on community partnerships. To reach all eligible families through as many avenues as possible, CBHP is working with more than 2500 partners. These include: schools; Head Start programs; family resource centers; community health centers; United Way agencies; public health departments; county departments of social services; Women, Infants, and Children nutrition programs; and a myriad of others. This represents an extraordinary commitment statewide to reach uninsured children at the local level.

So far, the most effective efforts in actually enrolling families are through schools, doctor's offices, health departments, community health centers, and departments of social services. Also, friends and neighbors are spreading the word. Experience has shown that multiple contacts throughout the community are important to the eventual enrollment of an eligible child.

Managed Care Organizations

Most managed care partners have committed extensive time and effort to reach disenrollees, as well as to find new enrollees through advertisements, partnerships and events. All of CBHP's managed care partners have participated in various community events throughout the state.

Advertising and Earned Media

CBHP has experienced an increased number of applications from concentrated advertising campaigns. CBHP consistently noted spikes in requests for information after television advertisements or newspaper stories about the program appeared. Television was surpassed only by word of mouth as the highest source of referral for individual applications.

The health coverage extended to my children helps our family more than you can imagine. (CHP+ mother)

In addition, there was substantial media interest in the added dental benefit. Every major media outlet in the state attended the Governor's press conference highlighting this change.

It is expected that media efforts will increase again when CBHP adds the prenatal benefit.

County Departments of Social Services

County departments of social services provide support to low-income families in communities ranging from food stamps and Women, Infants, and Children programs to child care and Colorado Works. Many CBHP referrals came from these programs. In addition, because federal law mandates linkage between CBHP and Medicaid (for example, through a common application) about 14% of CBHP applications were submitted through the Medicaid application process managed by county departments of social services. CBHP will continue to focus on ways to minimize delays in referrals so that eligible children can be enrolled.

Satellite Eligibility Determination Sites

As mentioned above, CBHP has a network of 73 satellite eligibility determination sites statewide, including multiple locations for some sites. For example, Plan de Salud del Valle, Inc. is a site with six physical locations. These sites comprise community health centers, county nursing services,

school-based health centers and other community providers, and have been an essential component of the program's outreach and enrollment activities. As part of their contract with CBHP, they are required to provide outreach to their community for CBHP.

CBHP evaluated the efficiency and effectiveness of the Satellite Eligibility Determination Sites and implemented a revised training and support strategy. As a result efficiency and effectiveness has improved tremendously so that more than half of the sites have an efficiency rating of 80%.

Schools

Schools have been consistently one of the most frequently cited sources of referral by applicants. Clearly, schools are an effective vehicle for getting information out to families with children. A record number of school districts partnered with CBHP this year to assure the children they serve know about the program.

This strong partnership is exemplified by the fact that more than half of the school districts in the state (99) have agreed to participate in the Back-to-School outreach campaign in 2002. This is an 88% increase from previous participation as more school districts become familiar with CBHP.

Community Health Centers

The Colorado Community Health Network has made involving its members in CBHP outreach a priority. Community health centers are the largest group of primary care providers throughout the state serving low-income children. Some serve as satellite eligibility determination sites. Others participate in community coalitions that strive to enroll children in CBHP.

Covering Kids & Families Colorado

CBHP worked closely with this organization's predecessor, Covering Kids Colorado. Covering Kids & Families has been made possible by a grant from the Robert Wood Johnson Foundation. It will provide extensive grant funds to three communities, Denver, Pueblo and the combined community of Eagle, Garfield and Pitkin counties to assure all children eligible for CBHP and Medicaid are enrolled in their respective programs. Statewide outreach will also be a component of the grant.

Community Voices

Denver Health's Community Voices program is another important partner responsible for CBHP outreach and enrollment in the metropolitan area. This is a joint Kellogg Foundation and Colorado

Trust funded program, which has among its goals to improve the health of Denver's medically underserved through innovations in community outreach, enrollment in publicly funded health insurance programs like CBHP, as well as small employment health plans, and clinical case management. Community Voices' efforts are designed to demonstrate that culturally sensitive community outreach to underserved populations improves enrollment of eligible individuals into plans, while engaging and empowering communities to assume greater responsibility for health.

Fundraising Partners: Working Together for Children's Health

One of the primary advantages of a public/private partnership to improve the health of children is the ability to maximize community resources statewide in a concerted effort. This was explicitly anticipated in the enabling CBHP statute. While few funds were collected in SFY 2001, the first quarter of SFY 2002 has experienced the generous contributions of the Rose Family Foundation, the Colorado Trust and the Horwich Foundation totaling $1,022,706 in funding. These funds are being used to expand community involvement in enrolling children in CBHP and evaluate the effectiveness of CBHP. Mile High United Way has been an ongoing partner in fundraising efforts.

In addition, Delta Dental Plan of Colorado has pledged $125,000 to evaluate the effect of providing a dental benefit to children.

Health Care Services: Quality, Utilization and Evaluation

Quality and Utilization

The Department continues to work with a broad-based group of quality experts to consider the most reliable methods to assure quality of care for CBHP children. CBHP is pleased with the continued extent to which children have a medical home throughout the state and that providers are available for all enrolled children.

CBHP expects to have recommendations from the group within the next year so that Health Plan Employer Data and Information Set (HEDIS) measures and other quality indicators can be implemented as part of providers' performance-based contracts.

Evaluation

During SFY 2002, a number of projects were undertaken to evaluate and improve CBHP:

- Submitting information for the March 2002 Evaluation of CBHP required of all states by the federal government;
- Conducting key evaluation studies on the CBHP population (including perceived access and utilization of enrolled families, as well as potentially eligible families that are not enrolled); and
- Evaluating the Satellite Eligibility Determination program to improve its efficiency and effectiveness.

Upcoming evaluation projects include:

- The effects of the new dental benefit funded by Delta Dental Foundation;
- A marketing effectiveness evaluation funded by the Rose Community Foundation; and
- Analysis of the movement of children between the Medicaid and CHP+ programs.

THE COSTS OF COVERING CHILDREN

To adequately provide for the families served by CBHP, the General Assembly appropriated $43,214,605 to the program for SFY 2002 including $9.8 million from the Tobacco Settlement. Appropriated funding splits for the overall CBHP program were as follows: $15,755,686 cash funds exempt and $27,458,919 federal funds. Below is an accounting of how those funds were used to fund benefits, the HMO risk pool, and administrative costs.

Benefit Costs

For SFY 2002, the Department received an appropriation of $38,219,060 million to fund the cost and delivery of medical and dental benefits covered under the CBHP. (Dental benefits started Febraury 1, 2002). This appropriation reflected a projected, per child per month cost of $84.43, for an average monthly enrollment of 40,960 children.

There are three key variables that may cause expenditures to differ from the projections on which appropriations are based:

- Variation in the total level of program enrollment;
- Distribution of enrollments between managed care organizations and the non-

managed-care delivery system, and within the nine age and income rating categories established for the program;
- Utilization of benefits covered directly by the state within the network.

However, benefit expenditures did not deviate significantly from budgetary projections during SFY 2002.

HMO Risk Pool

Due to extensive program experience and more established trends in program utilization, a risk pool was not necessary in this fiscal year or moving forward.

Administrative Costs

The Department received a SFY 2002 appropriation of $4,995,545 to fund core administrative functions for CBHP. These included marketing, eligibility, enrollment, family premium administration, community outreach and coordination. This appropriation also included funds for necessary professional services staffing and agreements maintained by the Department for conduct of program administration, accountability, evaluation and oversight. Finally, this appropriation reflected investments made by the Department in the development of information systems and program infrastructure, which will improve the efficiency of operations and capture program data essential to informed, state policy making.

10% Administrative Limit

The federal law that established all Title XXI programs specifies that federal funding is not available for state administrative expenditures in excess of 10% of total program expenditures. The General Assembly also established the standard that CBHP administrative expenditures may not exceed 10% of total program expenditures. CBHP has maintained administrative costs below the 10% limit. Of the $4,995,545 appropriation for SFY 2002, total allocated expenditures for CBHP administration were $1,759,237 and total allocated expenditures related to mandatory requirements to screen for Medicaid eligibility prior to determining eligibility for CBHP were $3,130,655. This is in accordance with a federally approved cost allocation plan, which reflects that a high percentage of the work of determining eligibility is applicable to the Medicaid program first and then to S-CHIP.

MOVING FORWARD

CBHP continues to improve on its ability to enroll every eligible child in Colorado. It also will be continuing its evaluation of care quality over the next year. Finally, it continues to expand and improve on its ability to use the best aspects of both the public and private sectors to offer low cost health insurance to working families.

In FY 2003, CBHP expects to continue its expansion to offer a new benefit for pregnant women. This benefit will offer prenatal, delivery, post partum and general health care to pregnant women meeting the program guidelines. In addition, the newborn children will be automatically enrolled in CBHP.

In addition, CBHP expects another exceptional year of growth as it strives to serve the children and families of Colorado.

GLOSSARY

Appropriation

A legislative spending authority for a specific purpose, as contained in the Long Bill and special bills.

Cash Funds Exempt

Revenues that are exempt from the 'Taxpayers' Bill of Rights (TABOR) limitation such as: donations, collections from a previous year or revenues transferred from another agency.

Federal Funds

Matching revenues from the federal government based on a percentage of state expenditures.

General Fund

State revenues collected through taxation that are legislatively appropriated to various financial priorities statewide.

Supplemental

A requested revision to the revenues appropriated for the current state fiscal year. Revisions may be positive, negative or simply change the spending authority as recorded in the Long Bill.