

Medicaid Efficiencies Act (MEA) FY 2010-11
Savings/Cost Avoidance Ranges

MEA Initiative	Description	FY 2010-11 Total Costs	Cost Avoidance Range	Net	Notes
State False Claims	Implement State False Claims Act in line with the Federal False Claims Act.	\$272,102	(\$400,000) - (\$500,000)	(\$127,898) - (\$249,572)	Costs include funding for 3.0 FTE, including operating expenditures. These FTE would be appropriated to the Attorney General's Office Medicaid Fraud Control Unit and receive a 75% federal match rate. Estimated savings are due to the Department being able to recover an additional 10% from overpayments. Due to the wide variance of recovered amounts from year to year, the range for estimated savings is small.
Program Integrity Funds	Directs 50% of recovered funds from the State False Claims act into program integrity efforts for the Attorney General and HCPF	\$200,000	-	\$200,000	Assumes that 50% of the savings from false claims above would be deposited in the Health Care Policy and Financing Cash Fund for program integrity efforts.
Implement National Correct Coding Initiative	Systems and ongoing operational funding to implement and maintain federal National Correct Coding Initiative (NCCI) edits into the MIS (pre-payment review).	\$723,106	(\$901,300) - (\$1,802,600)	(\$178,194) - (\$1,079,494)	In order to estimate the savings, the Department analyzed outpatient and physician claims to determine the amount paid for claims that would not have been paid with the software installed. The cost avoidance included ranges from 10% of current total physician and outpatient claims paid that could potentially be avoided with this software up to 30%. Due to the IT system changes necessary to implement this initiative, the Department does not believe more than 30% of the estimated savings could be achieved in the first year.
Pharmacy COB Manager	Allows the Department to contract on a contingency basis to enhance third-party recoveries related to pharmacy claims.	\$37,674	(\$351,262)	(\$313,588)	Includes costs for IT systems development to create an interface between the MMIS and private vendor system. Savings are based on previously implemented programs in other states; the Department assumes in the first year savings would be about 10% of the amount of savings as other states. In addition, savings are offset by costs for a contingency contractor at 6.33% of costs avoided. Due to the IT systems changes necessary to create the interface, the Department believes the range of savings would not vary significantly from this total in the first year.

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PARIS Interstate Matches	Public Assistance Reporting and Information System (PARIS). Interstate data matches devoted to the oversight, training, filtering, and utilizing PARIS data in order to close cases for clients no longer Medicaid eligible in Colorado.	\$328,561	(\$430,807) - (\$1,292,420)	(\$102,246) - (\$963,859)	Includes costs for 2.0 FTE and funding for county administration. Savings estimated based on a study completed showing the number of cases that could be closed due to expanded use of PARIS; the cost avoidance included in this estimate ranges from approximately 10% to 30% of savings included in the report. Due to implementation and ramp-up of the expanded use of PARIS, the Department does not anticipate more than 30% savings could be achieved in the first year.
HIBI Expansion	Expand the current Health Insurance Buy-In (HIBI) program to 2000 clients in FY 2010-11	\$64,280	(\$707,201) - (\$990,081)	(\$642,921) - (\$925,801)	Includes costs for 1.0 FTE to manage a contingency contractor. Savings are approximately 50% to 75% of what the Department anticipates will be saved due to staggered enrollment of 1,500 additional clients in the HIBI program. Savings are offset by costs for a contingency contractor at 12% of costs avoided.
Internal Auditors	2.0 FTE for expansion of inter-Departmental review.	\$140,678	-	\$140,678	Includes costs for 2 internal Department auditors.
Authority for Chief Medical Officer	Grants the Department the authority to compensate the Chief Medical Officer/Medicaid Director a comparable salary to what would be received in the private sector.	-	-	-	The Department currently contracts with the Colorado University Health Sciences Center for clinical expertise. There is funding available to shift from the contract to increase the Chief Medical Officer's salary, making this initiative budget neutral.
TOTAL		\$1,766,401	(\$2,790,570) - (\$4,836,363)	(\$1,024,169) - (\$3,069,962)	