



Department of Health Care Policy and Financing

Hot Topics

Prepared for the Colorado General Assembly

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The Mission of the Department of Health Care Policy and Financing is to provide cost-effective, quality health care services for Coloradans.

Colorado Medicaid Containing Health Care Costs

Colorado Medicaid's efforts to decrease non-emergent emergency room visits have resulted in more appropriate, less expensive visits to primary care providers.

In Fiscal Year 2007-08, Colorado Medicaid reimbursed hospital providers for over 306,000 emergency room visits at a cost of \$49.4 million. Evaluation of visits according to principal diagnosis showed that 20 percent of all visits were for potentially non-emergent reasons, while an additional 25 percent of visits could have been treated by a primary care provider. Over 40 percent of Medicaid clients who use the emergency room do so more than once per year.

A survey of 1700 emergency room clients by nine participating hospitals that accept Medicaid payments found that principal reasons Medicaid clients use the emergency room include convenience of location and hours of business. A distinct difference between Medicaid clients and clients with other payment resources was that Medicaid clients did not have a relationship with a primary care provider.

In 2008, the Department sub-granted federal funds – totaling \$1.8 million over two years – to Valley-Wide Health Systems and to Peak Vista Community Health Centers – serving southern Colorado.

Valley-Wide Health Systems opened a Convenient Care Community Clinic near the San Luis Valley Regional Medical Center. The clinic offers evening and weekend hours and the availability of walk-in visits. Community acceptance of the clinic has been immediate and sustained, averaging over 1,000 visits per month since it opened. Many of the visits are for conditions which would otherwise have been presented in the emergency room less than a mile away. The Medical Center refers clients who do not need emergent care to the clinic.

Peak Vista collaborated with Memorial Hospital to station staff in the hospital's emergency room during the busiest hours of the week. Staff educate the clients about how primary care improves overall health and reduces the need for emergent care. They also assist clients in making primary care appointments.

In one year, over 5,000 individuals scheduled primary care appointments as a result of phone calls from Peak Vista staff and over 300 children have received immunizations on follow-up visits: most of them returning for additional immunizations required by standards of care. Over 100 people with diabetes have come to the clinic for blood testing in order to improve management of their disease.

First Phase of Health Care Affordability Act Implemented

The first phase of the Colorado Health Care Affordability Act has been successfully implemented. The first phase of the Act authorized the Department to collect fees from hospitals, pay increased rates for caring for the uninsured, expand eligibility to parents of children on Medicaid to 100% FPL and expand CHP+ eligibility to kids and pregnant women to 250%.

Payments to and withdrawals from hospitals occurred on time on April 16th. The CBMS and MMIS changes were implemented on time for new clients on May 1.

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Effective May 1, parents who have a child on Medicaid, children and pregnant women became eligible for health care coverage as a result of the hospital provider fee at no cost to the taxpayer.

CHP+ eligibility increased from 205 percent of the federal poverty level, or \$45,000 per year for a family of four, to 250 percent which is about \$55,000 per year for a family of four.

Eligibility for parents with a child on Medicaid is now up to 100 percent of the FPL - \$22,056 per year for a family of four. This is up from 60%, or \$13,234.

CHP+ State Managed Care Network Hospital Reimbursement

Due to critical budget constraints and for the program to remain viable, the CHP+ program must take steps to assure solvency next year. The Department remains committed to providing basic health insurance coverage for uninsured children and pregnant woman of low-income families so has decided to adjust reimbursement rates for hospitals. Effective July 1, 2010, reimbursement rates for covered hospital inpatient and outpatient services provided to members of the CHP+ State Managed Care Network (SMCN) program will change to the following amounts:

Contracted Hospital Providers

Covered Inpatient Hospital Services 135% of the CO Medicaid DRG

Covered Outpatient Services 135% of the CO Medicaid Outpatient Cost-to-Charge amount

Non-Contracted Hospital Providers

Covered Inpatient Hospital Services 100% of the CO Medicaid DRG

Covered Outpatient Services 100% of the CO Medicaid Outpatient Cost-to-Charge amount

The Department is making this change after careful consideration of other possible solutions such as "capping" membership or cutting benefits to Colorado's most vulnerable population.

Department Bills Signed into Law

All four bills initiated by the Department have been passed by the Legislature and will be signed into law. They include:

House Bill 1043, *Concerning Outdated References to the Federal Aid to Families with Dependent Children*, sponsored by Representative Apuan, Senator Sandoval) – Former statute required us to use a more restrictive practice of calculating income when determining eligibility for Family Medicaid than the Social Security Act allows. The Department was able to realign the State Plan and the Colorado Revised Statutes to mirror existing operations of the Family Medicaid program, which is to disregard \$90 per month, per person whose earned income is used to determine program eligibility. The bill was signed into law by the Governor on April 15, 2010.

Senate Bill 129, *Concerning Care Coordination Services for Children with Autism*, sponsored by Senator Hudak and Representative Rice. The legislation allows for more case management options for Home and Community-Based Services Children with Autism Waiver. The bill expands the statutory language, which designates Community Centered Boards (CCBs) as the Single Entry Point (SEP), to include CCBs, SEPs, or other department-approved case management agencies. The bill was signed into law by the Governor on April 15, 2010.

House Bill 1330, *All Payer Claims Database*, sponsored by Representatives Kefalas and Kagan and Senator Morse, is scheduled to be signed on May 26. The bill requires the executive director of the department to appoint an advisory committee to make recommendations regarding the creation of a Colorado all-payer health claims database for the purpose of transparent public reporting of health care information. The executive director is required to appoint an administrator to create the database. The administrator, in consultation with the advisory committee, shall create the database if sufficient gifts, grants, and donations are received on or before January 1, 2012, to pay for the creation and maintenance of the database. The executive director shall promulgate rules to create

and maintain the database. The data shall be made available to the public, state agencies and private entities consistent with privacy laws. The advisory committee is scheduled to sunset July 1, 2016. This bill will be signed by the Governor on May 26th.

Senate Bill 167, sponsored by Senator Boyd and Representative Riesberg, *Medicaid Efficiency and False Claims Act*, is scheduled to be signed on May 26. This legislation combines a number of efficiencies aimed at strengthening our programs and processes in Medicaid. Some elements include: a state false claims act, which allows the Department to achieve a greater share from Qui Tam (whistleblower) recoveries paid by the federal government; a National Correct Coding Initiative that will automatically check provider claim requests to determine if they include contradictory service codes, which will help mitigate a time-consuming and complicated review process which locates the error after the fact; and an internal audit unit to assure compliance with the Department's many responsibilities to the state, federal government and the taxpayer. This bill will be signed by the Governor on May 26th.

For more information on any of these topics, please contact Nicole Storm at 303-866-3180 or Nicole.Storm@state.co.us