

# COLORADO'S ANSWER TO INTEGRATED DELIVERY SYSTEM REFORM

By Laurel Karabatsos



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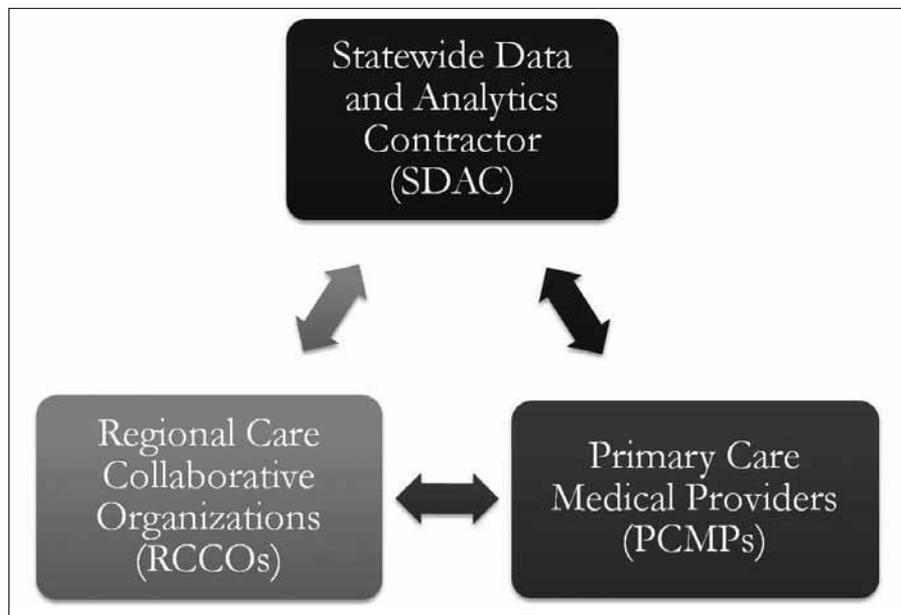
**C**olorado recognized the imperative for better coordination among providers, clinics, hospitals, clients and social service organizations when it developed its Medicaid reform program, the Accountable Care Collaborative program or ACC, *before* passage of national health care reform. The vision of the ACC is to transform the health care delivery system from a traditional fee-for-service model to a regional, outcomes-focused, client/family-centered, coordinated system of care for Medicaid clients.

The ACC takes into account lessons learned from the state's previous attempts at capitated managed care. Colorado currently has 85 percent of its 588,925 Medicaid clients in an unmanaged fee-for-service (FFS) system. Unmanaged fee-for-service care can lead to duplicative care, creating an unnecessary burden on clients and preventable costs to the state. This high percentage of unmanaged care, coupled with the historic Medicaid caseload, heightened the need to implement a more cost-effective system to receive more value and better outcomes for every Medicaid dollar spent. Colorado's Medicaid caseload has grown by more than 42 percent since 2008.

The ACC was introduced as a budget initiative building upon lessons learned from other reform efforts that focus on *value* of care. For example, non-emergent use of emergency room (ER) services is estimated to cost Colorado \$50 million per year. A 2009 survey of Medicaid clients using ER services showed that that 87 percent of clients were not seen at a clinic or a doctor's office before coming to the ER. A strong client-provider relationship rewarding the *right* care at the *right* time in the *right* place will prevent inconvenience on the part of the clients, save the clients hassle and allow the state to use its resources more effectively.

### Stakeholder Collaboration

The ACC program envisions a focal point-of-care for all clients. To develop a client-centered system with close collaboration among providers and community partners, we implemented an extensive stakeholder engagement process. Vendors, providers, clients, family members, physician's specialists and advocacy groups participated in the process. These stakeholders were involved throughout the design, development and implementation of the ACC program. Given our unique geography,



ACC Components Chart

Medicaid population demographics and provider networks, a Colorado-specific solution was needed using best practices from other states incorporating feedback from our stakeholders. We conducted multiple public forums for participants, who could come in person or sign in electronically. The eventual model developed from this process included three key components, with an organization responsible at the regional level for improved health and reduced costs. Incentives were built into the model to encourage the regional care organizations, providers, communities and clients to coordinate whole-person care.

### Key Components

Colorado's ACC program has three key components: the Regional Care Collaborative Organization (RCCO) responsible for achieving health and cost outcomes, the Primary Care Medical Provider (PCMP) responsible for providing comprehensive primary care and the Statewide Data and Analytics Contractor (SDAC) that

serves as a data repository and will provide data and analytics to the RCCOs and PCMPs.

### Accountability at Every Level

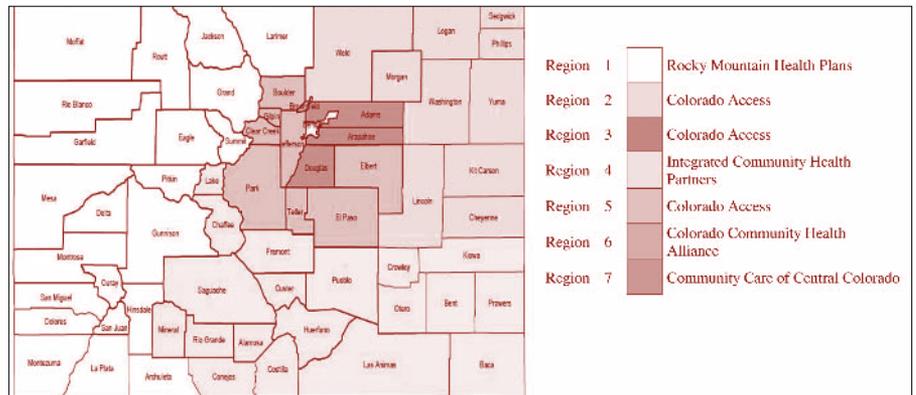
A central component to the vision for the ACC program is the role of the accountable care organization, known in Colorado as our Regional Care Collaborative Organization. The RCCOs act as system navigators and are responsible for health and affordability goals under the ACC. Unprecedented data and access to analytics will assist RCCOs in performance improvement, provide feedback and support innovation. But accountable care goes beyond the RCCO and is extended to every level of the model. A new advisory and oversight structure was established to ensure that the ACC program and each of its components are performing, improving and innovating to meet needs of the Colorado's Medicaid clients.

## Regional Care Collaborative Organizations

Given Colorado's geographically diverse landscape, the state was divided into seven regions, each with a RCCO. The department considered many other factors such as referral patterns, patient patterns of access, provider capacity, public health districts, community input and population density maps in considering the regions. Each RCCO is unique and designed to meet the needs of its particular region. Care coordination can be among providers and with other services such as behavioral health, long-term care and with other government social services. The RCCO contracts were awarded by early 2011.

The RCCOs ensure comprehensive care coordination and a focal point of care for every member by developing a robust network of providers, supporting their providers, providing medical management and care coordination and being accountable to Colorado Medicaid for progress. Along with primary care medical providers, RCCOs are also responsible for creating a virtual network of specialists and ancillary providers to meet their members' needs; the network automatically includes all providers participating in Colorado Medicaid. The RCCOs administratively support the provider networks with clinical tools, client materials, data and analytics. They also assist the providers with the referral process and provide utilization management coordination and integrated disease management with the goal of client-centered care coordination.

In this first phase of the program, RCCOs chose focus communities for



Regional Map of Colorado Regional Care Collaborative Organizations

implementing the program. RCCOs selected focus communities based on excellent systems of care, an opportunity to promote best process and reduce unnecessary variations in care and strong connections between health providers and community partners.

## Statewide Data and Analytics Contractor

Another critical component of the ACC program is the Statewide Data and Analytics Contractor, Treo Solutions, which is responsible for building a data repository, hosting and maintaining a web portal, pushing data out to RCCOs, performing analytics and creating reports. The data will foster accountability among the RCCOs and providers and identify data-driven opportunities to improve care and outcomes.

The first round of data will include raw claims data to be followed by advanced health care analytics. Initial measures to be calculated include emergency room utilization, hospitalizations and imaging (specifically MRI, CT and x-ray tests). The first round of SDAC data was released in August 2011.

## Primary Care Medical Providers

Primary Care Medical Providers are another key partner in the ACC program. They provide comprehensive primary care for program clients and coordinate a client's health needs across specialties and along the entire continuum of care. PCMPs provide whole-person oriented, coordinated, member/family-centered care in a culturally and linguistically sensitive manner. PCMPs include individual physicians; advance practice nurses; physician assistants and federally qualified health centers (FQHCs); rural health centers (RHCs); clinics or group practices with a focus on primary care; general practice; internal medicine; pediatrics; geriatric; obstetrics and gynecology.

PCMPs in the ACC program contract with both Medicaid and the RCCOs and are accountable to both the state and the RCCOs. All participating PCMPs in the ACC program are eligible to receive a per-member-per-month (PMPM) payment for medical home services. Along with the PMPM, providers will receive care-coordination support from the RCCOs and in return are required

to offer increased access to clients (extended office hours, some same-day appointments).

As with other partners in the ACC model, PCMPs are accountable. They must be committed to achieving operational and fiscal efficiencies, and they must track performance and process improvement activities, track follow-up on diagnostic tests and improve care transitions and coordination with specialists.

### **Whole-Person, Client-Centered Care**

Clients are at the center of the ACC model. Clients will receive the same Medicaid benefit package but can expect better coordinated care from the regional care organizations and PCMPs, which are familiar with the medical and social services offered in each region. ACC members can see participating primary care providers, have access to specialty care outside the region and can visit hospitals accepting Medicaid.

Beyond coordinating care, providers will also help members become active in their care by educating them about their options and giving them easy access to their medical records. Clients will further benefit from the RCCOs standards for care access that ensure 24/7 phone coverage in the region with access to clinicians that can triage and a place to direct members during evening and weekend hours.

### **Roll-out and Expansion**

The ACC program is still in its early stages; Colorado Medicaid began passive enrollment of clients in May 2011. Of Colorado's 64 counties, 14 counties are within the initial RCCO focus

communities. This first phase includes enrollment of 60,000 Medicaid clients. If the pilot program is successful and meets budget goals, expansion of the program will begin in July 2012.

Once implemented, it is estimated that the ACC program could save the state up to \$14 million per year by reducing avoidable, duplicative, variable and inappropriate use of health care resources and aligning incentives to encourage care coordination. We hope that eventually savings realized by the ACC program will be shared between the department, RCCOs and participating providers. Examples of shared savings could include comparing the actual annual regional performance, on a per-capita cost basis, to a risk-adjusted FFS control group and measuring the actual cost reduction realized versus projected costs for the enrolled ACC program populations.

To help achieve the cost savings while focusing on client outcomes, the payment system for the ACC is unique. PCMPs are reimbursed on a FFS basis for medical services and receive a PMPM medical home payment. RCCOs receive a PMPM payment for PCMP support and care-coordination. If the RCCOs achieve savings targets they receive additional incentive payments.

To evaluate the effectiveness of the ACC program, the initial year includes collecting monthly utilization measures and performing quarterly cost-savings analyses. In subsequent years a hybrid of utilization measures and quality/outcomes measures will be used to evaluate the program.

### **ACCs and ACOs**

Colorado's ACC program has similarities and differences with the Accountable Care Organizations (ACOs) mentioned in national health care reform. Colorado's Regional Care Collaborative Organizations and the federal ACOs are geared toward outcomes and are focused on reengineering the primary care medical home model. A key difference is that Colorado's program interfaces directly with clients while the federal ACOs focus on providers.

### **Conclusion**

Colorado is well on its way to implementing Medicaid reform. The ACC program has the potential to transform Colorado's delivery system from a disjointed fee-for-service provider-centered model to a more coordinated, effective, client-centered model while achieving cost savings. The ACC program will evolve as more is learned from program data, regional care organizations, providers and community partners as we work toward meeting our mission of improving access to cost-effective, quality health care services for Coloradans. 