

**Schedule 13**

**Funding Request for the FY 2015-16 Budget Cycle**

**Department of Health Care Policy and Financing**

PB Request Number R-13

**Request Titles**

R-13 ACC Reprocurment Preparation

Dept. Approval By:	Josh Block		<input checked="" type="checkbox"/>	Supplemental FY 2014-15
			<input type="checkbox"/>	Change Request FY 2015-16
			<input type="checkbox"/>	Base Reduction FY 2015-16
OSPB Approval By:			<input type="checkbox"/>	Budget Amendment FY 2015-16

Line Item Information	Fund	FY 2014-15		FY 2015-16		FY 2016-17
		Appropriation	Request	Base Request	FY 2015-16	Continuation
	Total	\$6,151,808	\$0	\$5,481,508	\$250,000	\$100,000
	FTE	-	-	-	-	-
Total of All Line Items	GF	\$2,225,315	\$0	\$1,918,265	\$125,000	\$50,000
	CF	\$727,500	\$0	\$727,500	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$3,198,993	\$0	\$2,835,743	\$125,000	\$50,000

Line Item Information	Fund	FY 2014-15		FY 2015-16		FY 2016-17
		Appropriation	Request	Base Request	FY 2015-16	Continuation
	Total	\$6,151,808	\$0	\$5,481,508	\$250,000	\$100,000
01. Executive	CF	\$727,500	\$0	\$727,500	\$0	\$0
Director's Office -	FF	\$3,198,993	\$0	\$2,835,743	\$125,000	\$50,000
General Professional Services and Special Projects	GF	\$2,225,315	\$0	\$1,918,265	\$125,000	\$50,000

Letternote Text Revision Required?	Yes	No	X	If Yes, describe the Letternote Text Revision:
	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Cash or Federal Fund Name and CORE Fund Number:				FF: Title XIX
Reappropriated Funds Source, by Department and Line Item Name:				N/A
Approval by OIT?	Yes	No	Not Required:	X
Schedule 13s from Affected Departments:	N/A			
Other Information:	N/A			



#### ***Cost and FTE***

- The Department requests \$250,000 total funds, \$125,000 General Fund, in FY 2015-16 and \$100,000 total funds, \$50,000 General Fund, in FY 2016-17.
- No FTE are requested with this Change Request.

#### ***Current Program***

- The Accountable Care Collaborative (ACC) Program serves as Colorado's platform for reforming Medicaid care delivery, and has demonstrated a net return on investment while simultaneously improving client outcomes.
- Seven Regional Care Collaborative Organizations (RCCOs) are the primary entities responsible for driving change in the ACC Program.

#### ***Problem or Opportunity***

- The RCCO contracts, central to the ongoing operation of the ACC Program, will be reprocured during FY 2016-17, with new contracts effective July 1, 2017.
- The Department lacks sufficient resources to carry out key functions that will ensure a successful reprocurement process that moves the ACC Program forward.
- The ACC reprocurement presents an important opportunity to make significant improvements in the ACC Program, such as behavioral health integration.

#### ***Consequences of Problem***

- Without a neutral convener to facilitate stakeholder engagement, the Department could fail to adequately engage with stakeholders and thereby undermine long-term program efficacy.
- The Department risks a failed reprocurement, which could result in additional Medicaid enrollees in fee for service, or a loss of faith and engagement amongst the stakeholder community.
- The Department requires additional expertise in technical assistance regarding financial analysis. Without such assistance, the Department could lose an opportunity to make significant improvements in the ACC Program, or even risk losing hard-earned progress in containing costs and improving client outcomes.
- With a constraint on internal resources, the Department would not have the capacity to perform the research and outreach necessary to develop all processes necessary for the next phase of the program.

#### ***Proposed Solution***

- The Department requests \$250,000 total funds, \$125,000 General Fund, in FY 2015-16 and \$100,000 total funds, \$50,000 General Fund, in FY 2016-17 to hire consultants to provide assistance in facilitating stakeholder engagement, researching policy options, and providing recommendations for program design.
- The Department would seek consultants with expertise in conducting complex stakeholder engagement processes and in Medicaid system redesign, drawing on expertise from other states to enable Colorado to make programmatic decisions in a way that leverages the lessons and best practices from other states and other programs.
- This proposal would allow the Department to maximize investment in the program to ensure continued improvements in the way that it serves Medicaid clients in the ACC Program, which is essential to the Department's mission to improve health care access and outcomes for Coloradoans and the Governor's goal to make Colorado the healthiest state in the nation.



# COLORADO

Department of Health Care  
Policy & Financing

FY 2015-16 Funding Request | November 1, 2014

John W. Hickenlooper  
Governor

Susan E. Birch  
Executive Director

**Department Priority: R-13**

**Request Detail: ACC Reprourement Preparation**

Summary of Incremental Funding Change for FY 2015-16	Total Funds	General Fund
ACC Reprocurment Preparation	\$250,000	\$125,000

### **Problem or Opportunity:**

In 2009, the General Assembly approved a budget action authorizing the Medicaid Value-Based Care Coordination Initiative, now known as the Accountable Care Collaborative (ACC) Program. Contracts central to the ongoing operation of this program, for the Regional Care Collaborative Organizations (RCCO), will be reprocured during FY 2016-17, with new contracts effective July 1, 2017. Because these contracts will shape the future of the ACC Program and the Medicaid delivery system in Colorado, a successful reprourement incorporating program elements that drive future quality outcomes and cost efficiencies in the Medicaid program is critically important. However, the Department lacks sufficient resources to carry out key functions that will ensure a successful reprourement process that moves the ACC Program forward. Specifically, the Department has identified that additional resources are needed to support an independent stakeholder engagement process, technical support, and program/policy assessment. Without additional support through the reprourement process, the State would risk loss of gains the ACC Program has created both in terms of cost efficiencies and client outcomes.

The ACC Program serves as Colorado’s platform for reforming Medicaid care delivery, and has demonstrated a net return on investment while simultaneously improving client outcomes. Regional entities, the RCCOs are the primary entities responsible for driving change in the program. The state is geographically divided into seven regions, each one with one RCCO responsible for all of the ACC members in that region. The RCCOs' four main responsibilities and mechanisms for driving change include the following:

- Network Development: RCCOs are charged with the development of a formal contracted network of primary care providers and an informal network of specialists and ancillary providers. This addresses the core program goal of ensuring access to primary care.
- Provider Support: RCCOs are charged with support of primary care physicians participating in the ACC in providing efficient, high-quality care through activities such as providing clinical tools, client materials, administrative support, practice redesign, etc. This responsibility ties to the core program goal of ensuring a positive provider experience.

- **Medical Management and Care Coordination:** the RCCOs must ensure that every client receives an appropriate level of medical management and care coordination. This links to the program goal of ensuring a positive provider experience as well as a positive member experience. RCCOs can assist providers with addressing the non-medical needs of their clients that they may not have the in-house capacity to address.
- **Accountability and Reporting:** the RCCOs are responsible for reporting to the state on the regions' progress.

Needed support for re-procurement of RCCO contracts falls into three domains: stakeholder engagement, technical assistance related to financial processes, and program / policy assessment.

For reprocurement to be successful, the Department must conduct an intensive stakeholder-engagement process. With a weak engagement of clients, providers, and other stakeholders, the Department risks a failed reprocurement which could result in additional Medicaid enrollees in fee for service, or a loss of faith and engagement amongst the stakeholder community. Continuing to improve the ACC Program is essential to the Department's mission to improve health care access and outcomes for Coloradoans and the Governor's goal to make Colorado the healthiest state in the nation.

The ACC reprocurement presents an important opportunity to make significant improvements in the ACC Program. One important area for improvement is behavioral health integration. A robust strategic planning and stakeholder process could result in a more significant step towards integration at both the system level and at the point of care. This could result in administrative efficiencies as well as improvements in care delivery that could result in lower costs and better outcomes.

The Department also requires additional expertise in technical assistance regarding financial analysis. Goals of the ACC include moving towards purchasing value and away from an expensive and inefficient "volume-driven" system of payments. Technical assistance is necessary to expediently evaluate current payment methodologies, best practices in payment from other states, and opportunities for cross-agency savings.

Finally, technical assistance is required for program design and assessment. Policy analysis of the strengths and weaknesses of the current ACC program would help to guide contract requirements for the RCCOs during the reprocurement process. Additional national perspective and research capacity would help to identify best practices in the area of primary care practice support and subsequently the manner through which such best practices can be operationalized through the forthcoming contracts. Furthermore, this technical assistance and research capacity will also help to identify care coordination best practices in the current system and elsewhere and then establish care coordination requirements derived therefrom.

***Proposed Solution:***

The Department requests \$250,000 total funds, \$125,000 General Fund, in FY 2015-16 and \$100,000 total funds, \$50,000 General Fund, in FY 2016-17 to hire consultants to provide assistance in facilitating stakeholder engagement, researching policy options, and providing recommendations for program design. The Department does not currently have the range of expertise to research and evaluate these options adequately. Furthermore, a neutral convener would be helpful in conducting necessary stakeholder

engagement. External consultants would provide the temporarily-necessary capacity to complete this work. The Department would seek consultants with expertise in conducting complex stakeholder engagement processes and in Medicaid system redesign. Consultants with expertise from other states could enable Colorado to make programmatic decisions in a way that leverages the lessons and best practices from other states and other programs.

The Department believes that hiring a consultant to perform this work is the best solution to the problem for several reasons. First, external consultants would have more national exposure to best practices and other states' policies than is currently available internally. The broader range of expertise would be required to complete a thorough analysis of the program subsequently informing the reprocurement of the RCCO contracts. Second, this solution would allow an independent party to interface with relevant stakeholders and solicit information and feedback on the program and its future. Third, this proposal would allow the Department to maximize the investment in the program to ensure continued improvements in the way that it serves Medicaid clients in the ACC Program. This additional expertise would help to accelerate payment reform and delivery system redesign in Colorado.

If this request is not be approved, the Department could lose an opportunity to make significant improvements in the ACC Program, or even risk losing hard-earned progress in containing costs and improving client outcomes. Without these resources, the Department would not be able to learn about methods that are working in other states that may also work for Colorado. Furthermore, the Department could fail to adequately engage with stakeholders and thereby undermine long-term program efficacy. With a constraint on internal resources, the Department would not have the capacity to perform the research and outreach necessary to develop all processes necessary for the next phase of the program.

#### ***Anticipated Outcomes:***

As a result of the research completed by the consultant, the Department expects to have a clear understanding of the best ways to deliver services for ACC clients that could be leveraged in the reprocurement of the RCCO contracts. This could have significant impacts in the cost and quality of services.

The outcomes mentioned above align with the Department's performance plan by striving to improve health outcomes, client experience, and lower per capita costs through the strategy of benefit and program design.

#### ***Assumptions and Calculations:***

FY 2015-16 costs associated with the request would be \$250,000 total funds, of which \$125,000 is General Fund, paid to the consultant for the deliverable(s). This request would not require any additional FTE. This cost estimate is based on data on comparable activities performed for other states as well as experience in costs for the initial phase of the development of the ACC Strategic Plan. During the spring of 2014, the Department contracted with the Colorado Health Institute (CHI) to conduct initial stakeholder meetings across the state. This contract resulted in 10 meetings across the state, as well as revisions to the ACC Strategic Plan, and insight that shaped the request for information associated with this reprocurement. The contract with CHI, for \$50,000, was more limited in scope than is the stakeholder engagement effort that would be financed through this request.

The specific costs components of the request include:

- \$100,000 for client, provider, and other stakeholder engagement across Colorado. This funding would allow for targeted workgroups, facilitating in-depth technical discussions with stakeholders and other experts as necessary during the re-procurement. The Department intends to engage with two to three times the number of stakeholders as during the spring 2014 CHI stakeholder effort. Based on the larger scope of work, a stakeholder outreach effort of this size would require an outlay approximately twice the size of the initial CHI contract.
- \$150,000 for technical assistance on financial analysis and development of best practices. This funding supports research into provider reimbursement and payment methodologies, cross-agency savings opportunities, and other payment reforms. Assistance also facilitates independent guidance on maximizing strengths of the ACC program, as well as best practices for care coordination and practice support.

The Department assumes ongoing stakeholder engagement throughout FY 2016-17 leading up to the July 1, 2017 reprocured contract effective dates would cost \$100,000.