

# *Medical Services Board*

*July 13, 2018*

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Executive Director

*Department of Health Care Policy & Financing*



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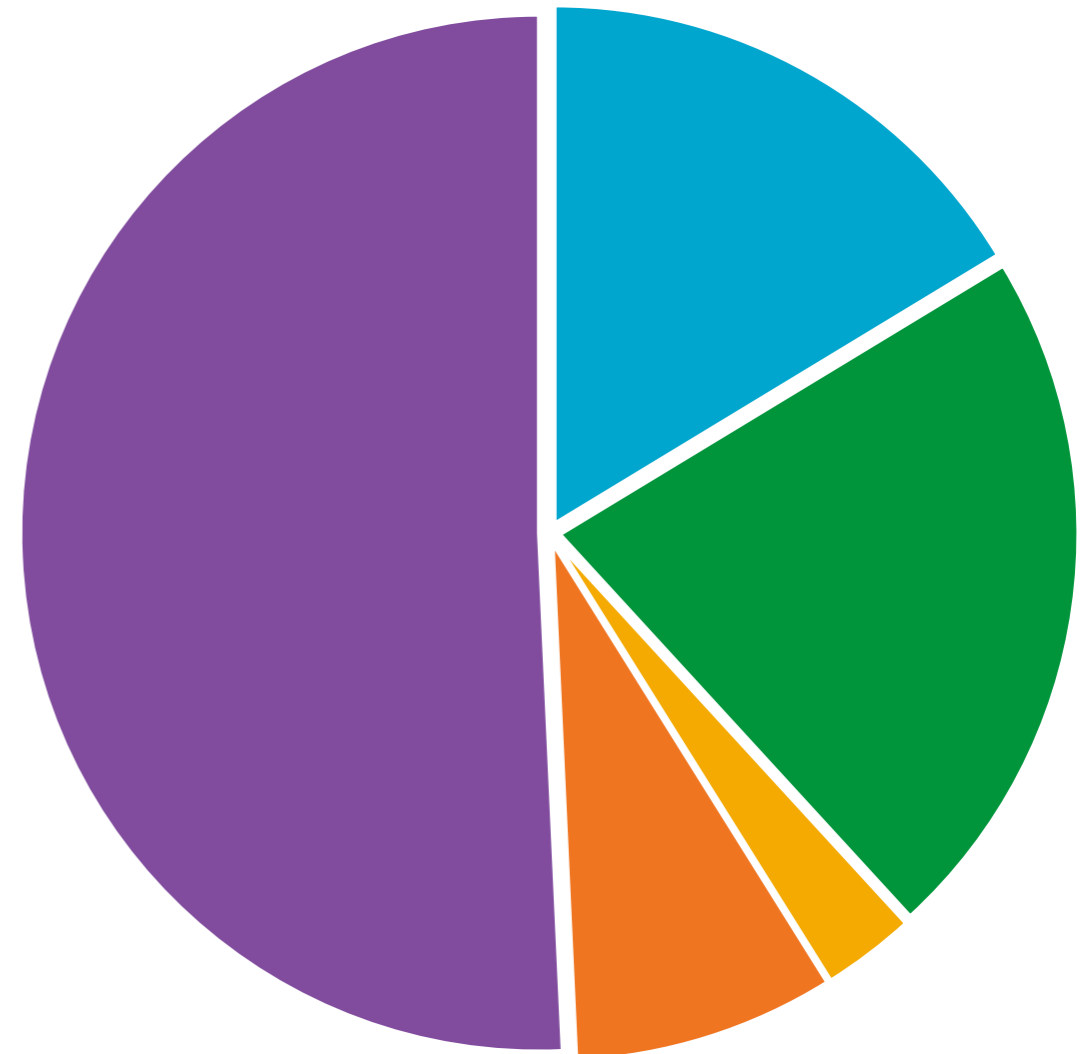
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# Medical Payer Market Scope & Insights into Payer Mix

- US spends \$3.5 trillion on health care
- Medicaid is 22% of national market today
  - Serves ~ 22% of CO population
  - Consumes 34% CO state budget
  - Rural CO payer mix is far more Medicaid

<u>Payment Source</u>	<u>In Millions</u>	<u>%</u>
Medicare	56	16%
Medicaid	75	22%
ACA State Exchanges	10	3%
Uninsured	28	8%
Commercial Carriers	174	51%

U.S. Payment Source In Millions



- Medicare
- Medicaid
- ACA State Exchanges
- Uninsured
- Commercial Carriers



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# Respond to Needs of Colorado Medicaid Members



**41%**

Age 20 & younger and qualifying former foster care youth



**47%**

Adults ages 21-64



**6%**

People with Disabilities all age groups



**3%**

Individuals 65 and older

## 2017 Eligibility Income Levels by Family Size

FPL*	Family of 1	Family of 4
133%	\$16,044	\$32,724
260% (CHP+)	NA	\$60,625

\* FPL = Federal Poverty Limit

Total Medicaid Enrollment: 1.3+ Million  
 = 22% of Colorado's overall population  
 Medicaid Expansion Began: 2014  
 Current Expansion Enrollment: 429,000

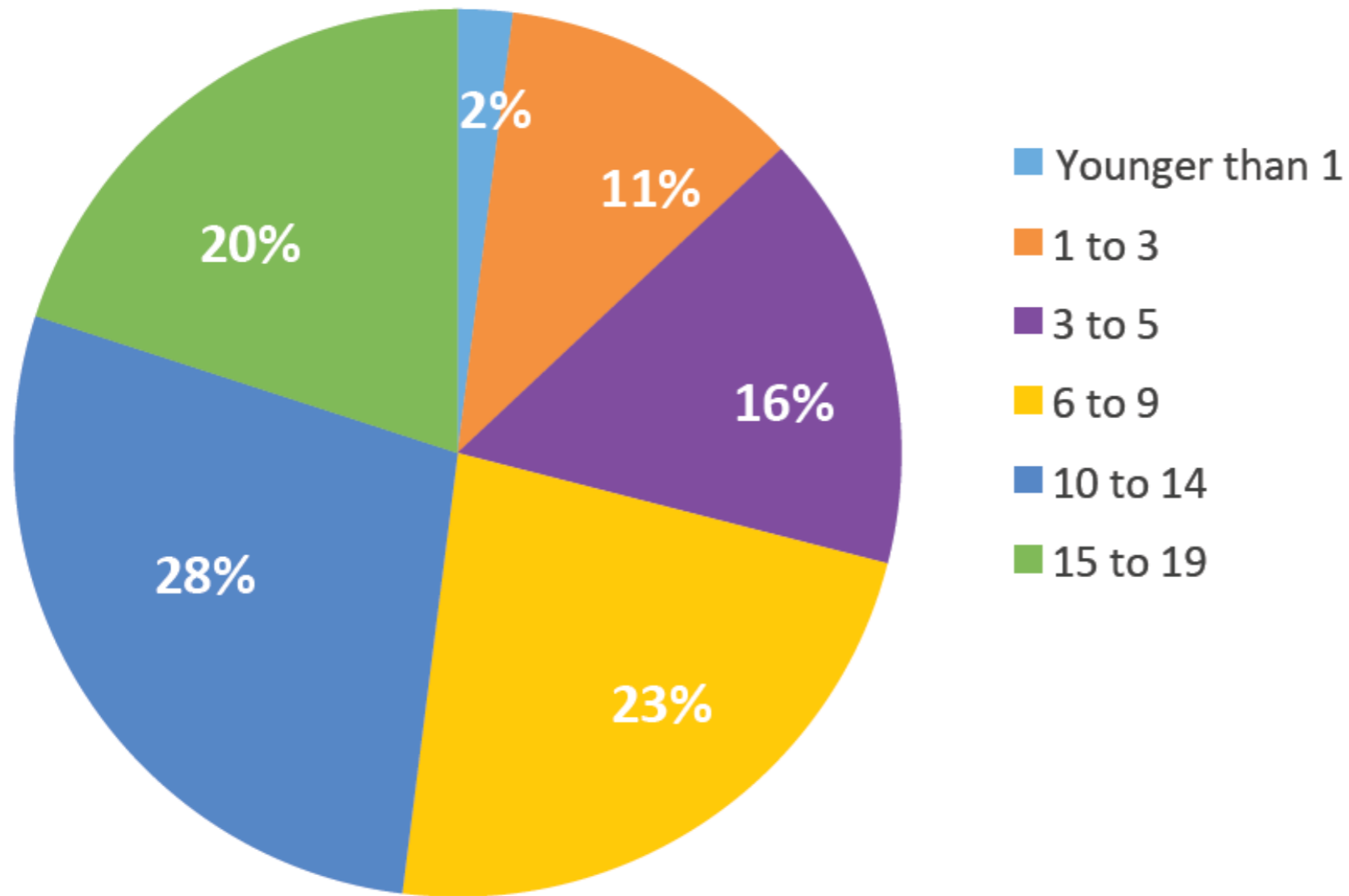
Source Note: FY 2016-17 data, the sum does not equal 100% due to rounding and exclusion of individuals who receive partial coverage.



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# Respond to the Needs of our CHP+ Program Members

## CHP+ Kids by Age



CHP+ Enrollment  
as of March 31,  
2018

**83,981**  
Kids

**865**  
Pregnant Women

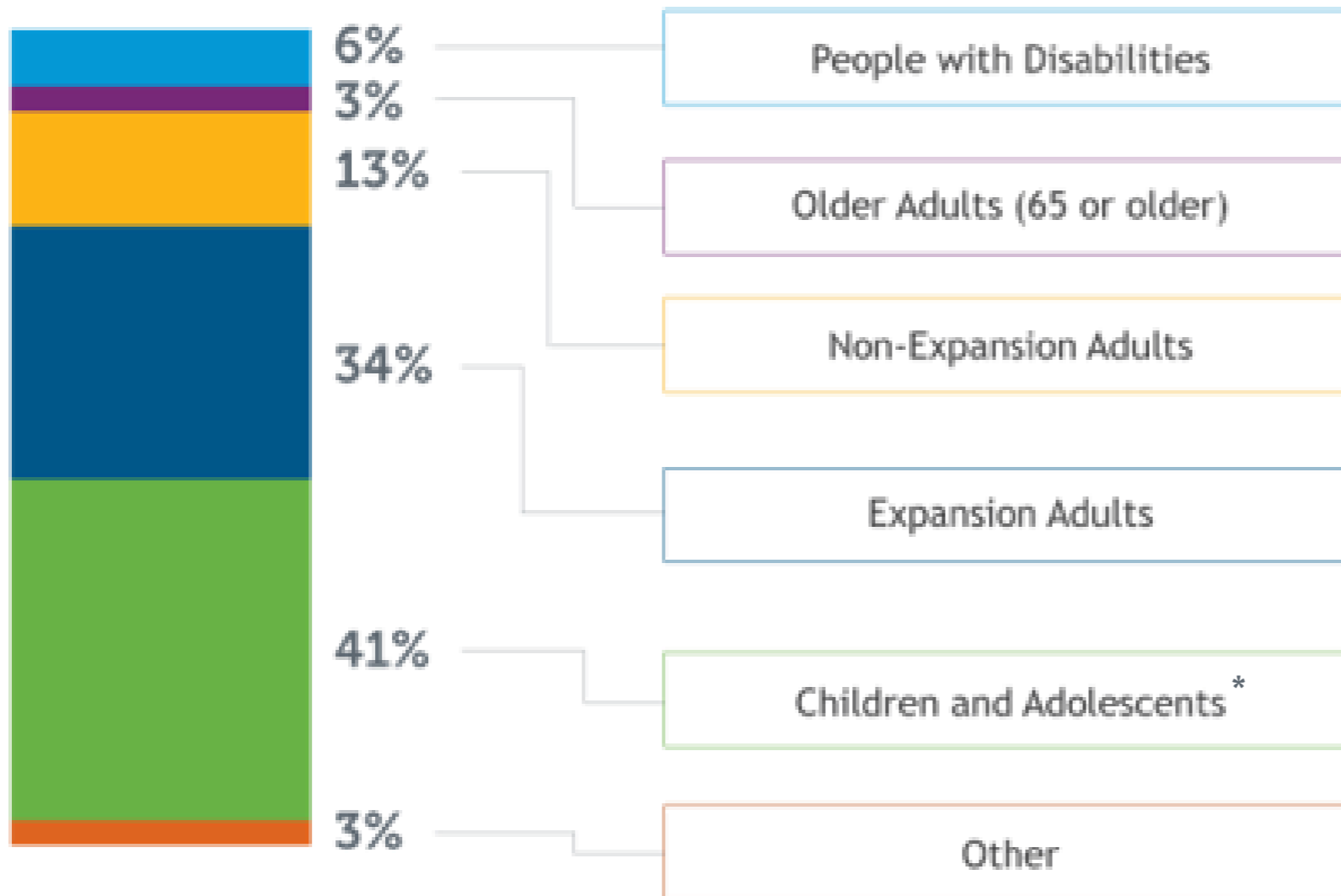
### CHP+ Health Maintenance Organizations:

- Colorado Access
- Colorado Choice Health Plans
- Denver Health Medical Plan
- Kaiser Permanente
- Rocky Mountain HMO
- State Managed Care Network

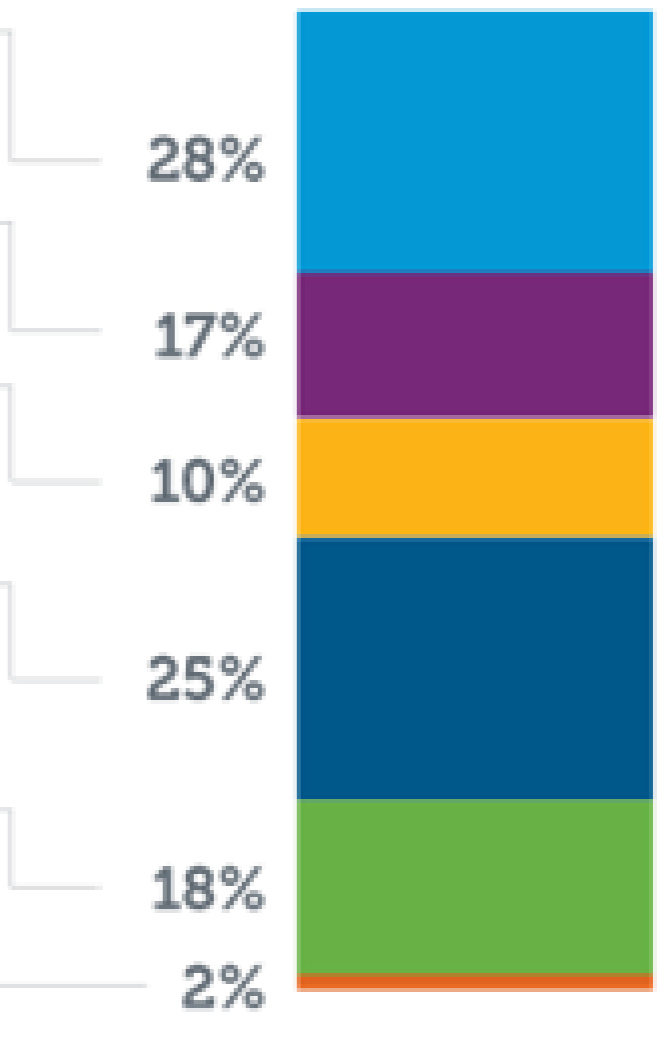


# Drive Efficiency, Quality By Community

## Enrollment by Population



## Expenditures by Population

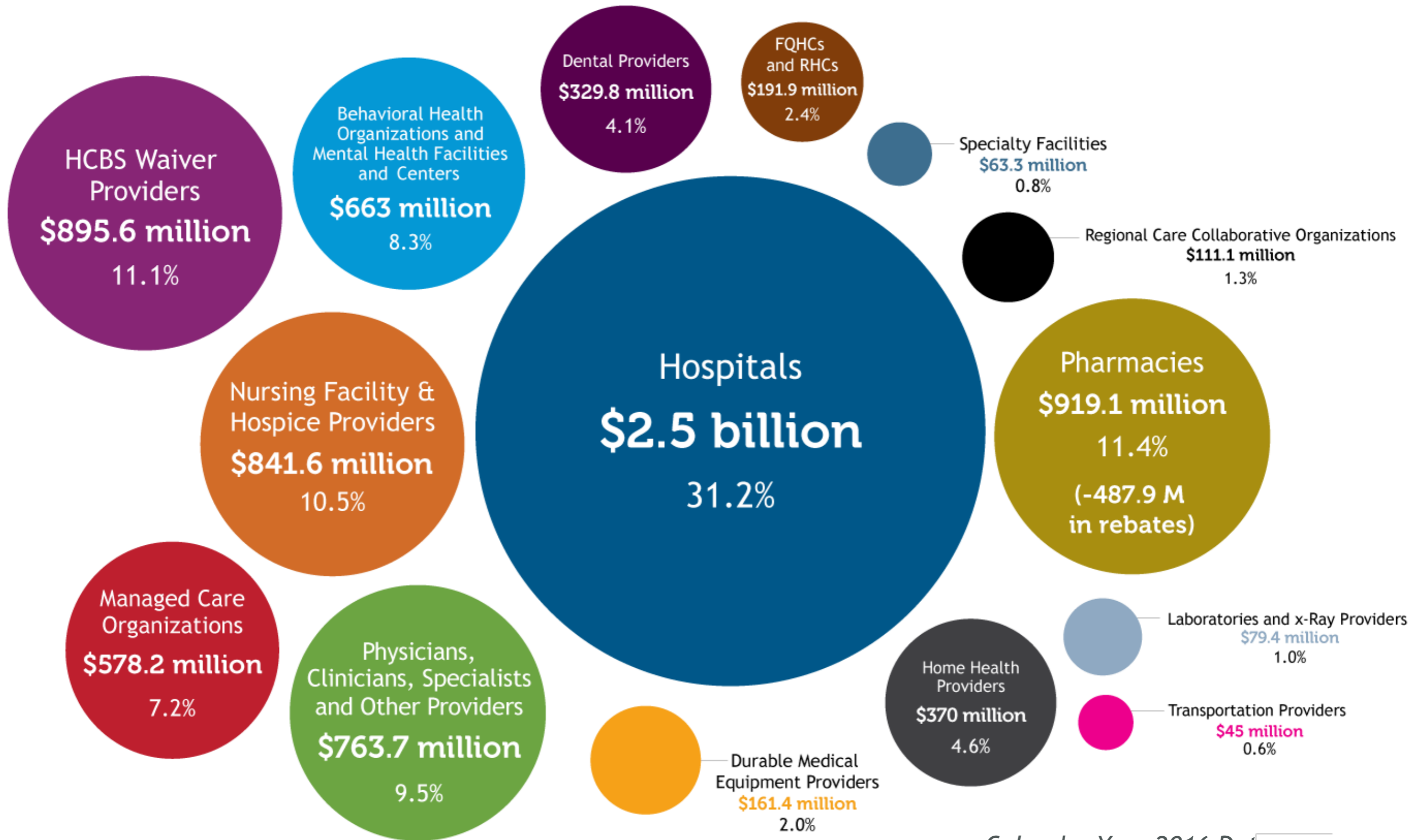


Calendar Year  
2016 Data

\*Age 20 & younger and qualifying former foster care youth

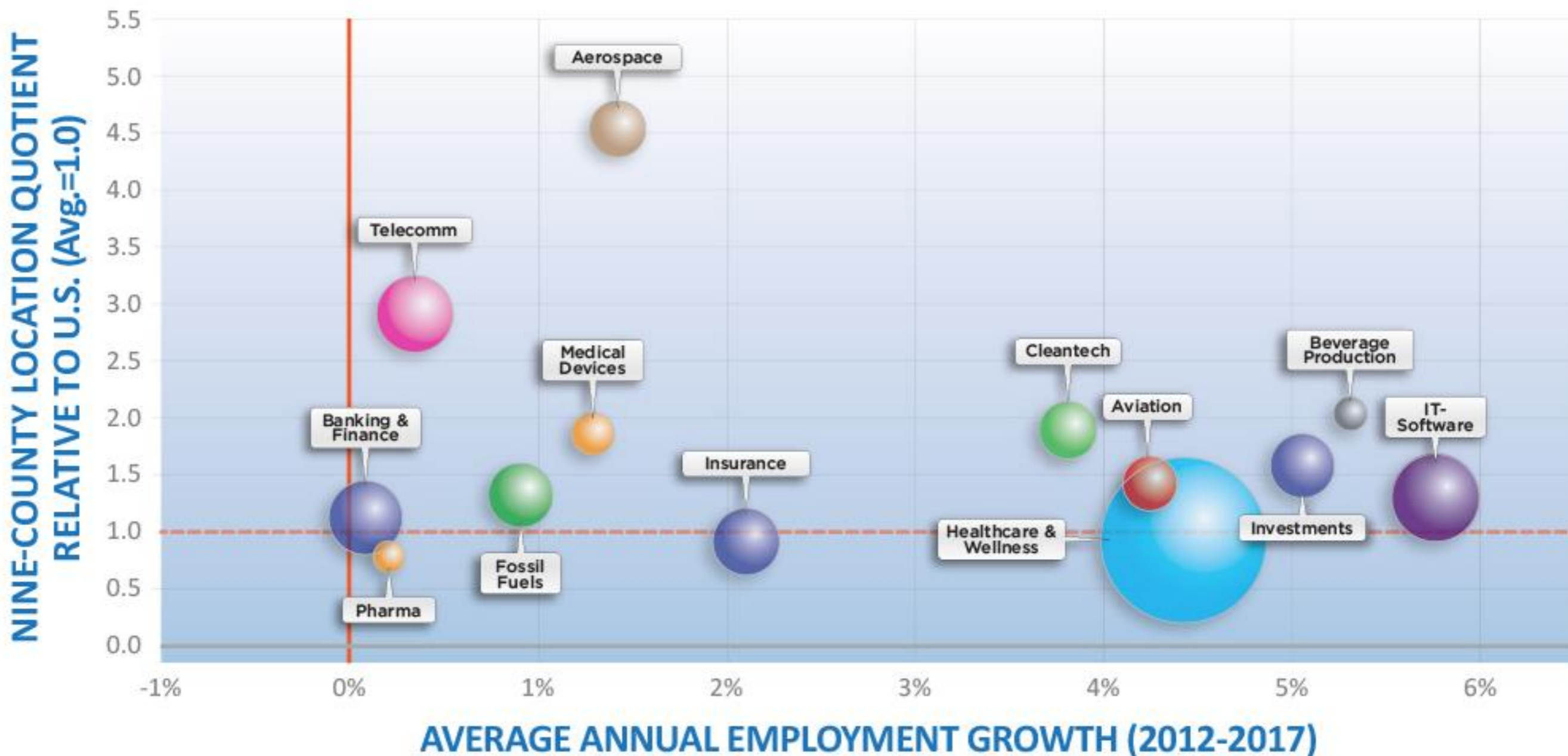


# Drive Efficiency & Quality - Partnership, Focus



Calendar Year 2016 Data

# Thoughtfully Impact the Healthcare Sphere



Source: 2018, Metro Denver Economic Development Corp.

*Goal: Shrink the blue sphere via APM, innovation, efficiencies to aid employers/consumers*  
*Goal: Grow the blue sphere via innovation, care & intellectual property exportation, medical tourism*

# Focus Area 1: Inside Medicaid, CHP: Drive Healthcare Costs Down, Quality Up

Focus Area #1 - Inside HCPF, 12 workstreams, i.e.:

- Hospital Costs, Claim System, Rx / Specialty Rx, Long Term Services & Support, PACE / Seniors, Gov Agency Overlap, Fraud-Waste-Abuse, FQHC/Doc partnerships, etc.
- Working through November budget submissions now, maximizing opportunities from this work

Recent Cost Control Evolution: Transition to Regional Accountable Entities

- Eff 7/1/2018 (week 2 status)
- Integration Behavioral & Physical Care Management
- New attribution models - all 1.277M members attributed

Medicaid Cost Containment Law SB 18-266 passed all committees, Senate and House unanimously. Signed into law May 2018.

- New Director of the Cost Control Office should start August 6<sup>th</sup>
- Hospital Review being implemented for 1/1 (side project on readmission policy)
- Claim System Rules and Edits being modernized for 1/1
- Prometheus (identifies Potentially Avoidable Costs) being implemented for 2018 Q3/Q4
- New Rx Tool to improve physician prescribing efficacy will be bid for 7/12019





# *Focus Area #2 Addresses Challenges in the Hospital Delivery System through the Hospital Transformation Program (HTP)*

- Distributes provider fee to hospitals not just based on Medicaid volume but based on behaviors, outcomes, actions that “transform” the delivery system for the better. Ties supplemental payments (provider fee) to value.
- Colorado’s HTP Waiver due no earlier than 10/1. In active negotiations with CO Hospital Association
- Trying to use HTP to address Delivery System challenges, such as:
  - Emergency Room/Department (ER/ED) excess access
    - Standalone construction vs community preferred extended hour primary care or MHSA
    - Dual track preference (have to address EMTALA)
  - Arms race/excess capacity vs. COE partnerships that drive higher quality and lower prices
  - Independent docs vs. hospital owned
    - Clinical pathway - efficiency vs. system referral
  - Acquisition of ASC and billing practices
  - What prescription drugs are prescribed and why?
  - Not enough inpatients beds (access) to serve Medicaid member needs when the New Medicaid Substance Abuse Inpatient Coverage takes effect (75%+ low)

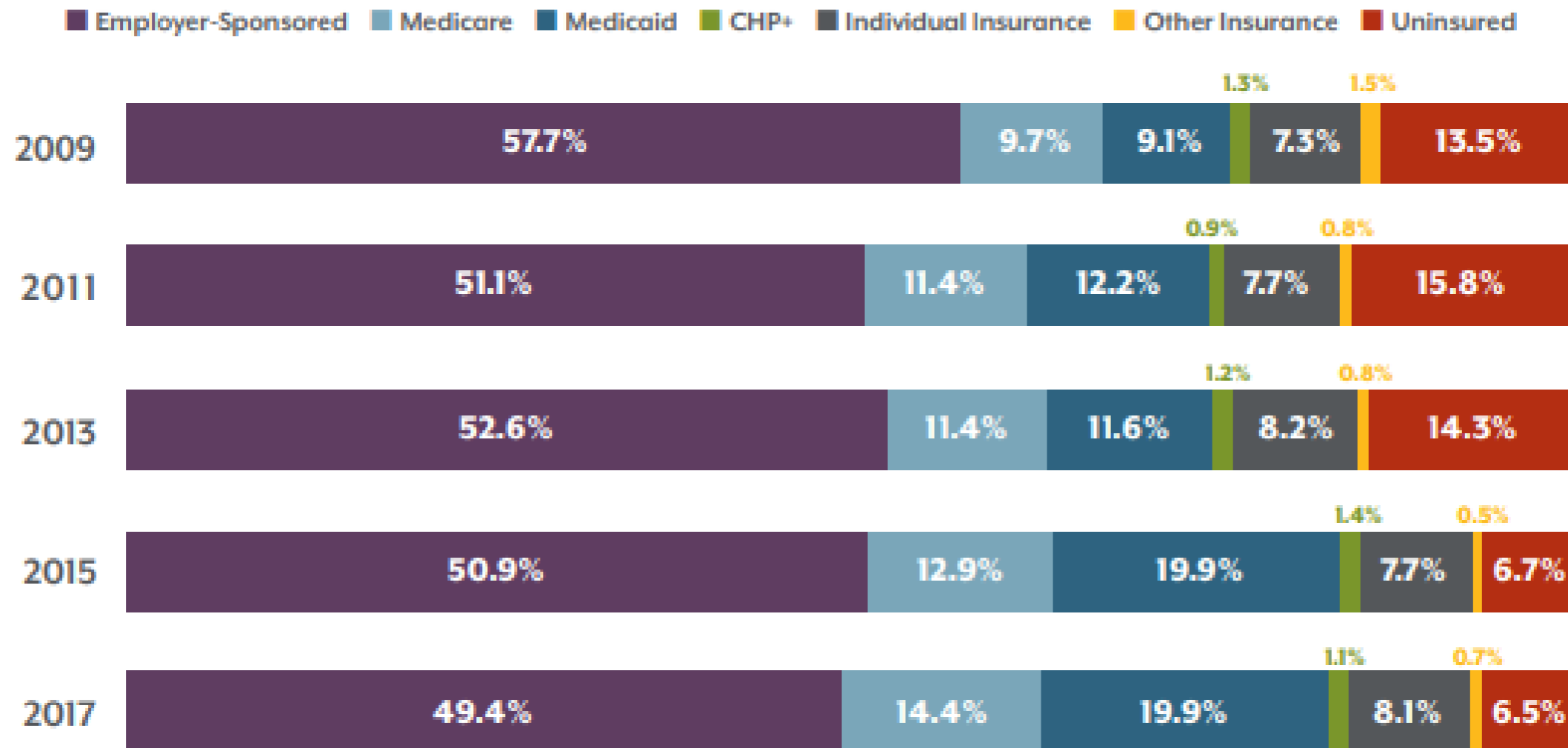


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# Recognize the Changing Payer Mix Impact on Hospital Income

HEALTH INSURANCE COVERAGE, ALL AGES, 2009-2017



Source: Colorado Health Institute, [Colorado Health Access Survey](#), September 2017, Pg. 8



# Focus Area 2: Collaborating on Hospital Transformation Program (HTP)

## Today's Hospital Quality Incentive Program (HQIP)

- Payment for Providing Services that Improve Health Care Outcomes
  - 7% (statute) of Prior Year Hospital Supplemental Payments: \$90+ million

## Tomorrow's HTP - Some of the Ideas in active negotiations with CO Hospital Association

- Eco-System Efficiency: Shared End of Life education tools and & document repository; shared prescribing efficacy tools; shared MESA highest user management tools, shared quality metrics
- Incentives to Drive Delivery System Efficiency: Collaboration btw hospitals and Medicaid's care management arms (RAEs); Reducing FSEDs; Centers of Excellence provider partnerships (improved consumer outcomes, lower costs to payers, higher profits to those who outsource, more volume to COEs)
- Quality: Improved maternity outcomes and opioid management
- Quality: Evolution of Prometheus (identifies PACs to be addressed), driving appropriate care to appropriate settings/site at appropriate price
- APM: Continued quality-driven supplemental payments; Evolution to global budgets in rural communities (high priority CMMI opportunity)
- Hospital Financial Transparency (reduce cost shift to employers)



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# Focus Area 3: 3-5+ Year Roadmap to Control Costs, Prices to the Benefit of Employers, Consumers and Other Payers

- Inside Cost Control Unit and HCPF Dept. Goals. Creates a framework to control Employer, Consumer, State healthcare costs/prices
  - Responds to the voice of consumers, employers
  - Maximizes/documents work to date and forward - Cost Commission, SIM, CPC+, various State Agencies, etc.
  - Framed by experts; refined by stakeholders
  - Inclusive process
  - Addresses: Hospital, Pharma, Seniors, Innovation Opportunity, Physician, Population Health, Eco-System Efficiencies, Alternate Payment Methodologies, and More
- Informs policy for Medicaid
- This workstream should monitor and align with Denver Chamber cost control work, where possible
- Health Cabinet input, 3<sup>rd</sup> session is this month. CHI working on external messaging. Roadshow starting Sept and forward to secure market input, support, avenues to implement.



## Stakeholder Collaboration

Employers & Associations  
Unions & Advocates  
Governor's Health Cabinet  
Carriers / Payers  
Regional Accountable Entities  
Providers & Associations  
Legislators  
CIVHC, COHRIO & CO Health Institute  
Others, Including YOU

